

RUNNYMEDE GAZETTE

A JOURNAL OF THE DEMOCRATIC RESISTANCE

DECEMBER 2012

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EDITORIAL

A PROSPEROUS NEW YEAR?

Wishing others the 'compliments of the season' has become, like much else in our world, a form of mechanised ritual. Few of us are sufficiently rooted in the old mores of community and extended family, for such sentiments to carry any sincerity beyond a very limited circle.

This edition will appear too late for any Christmas compliments to be paid. As to whether we are all looking forward to a prosperous New Year, we might look no further than Ellen Brown's item on *Why Bankers Rule The World*. The appendix showing the true indebtedness of virtually every major state (except, significantly, China; they do things a little differently), has been retained deliberately.

These numbers are jaw-dropping ... the UK especially so. Whatever our glib wishes, prosperity is an unlikely prospect any time soon.

THE 'FREE' MARKET?

Cognitive polyphasia is all about the failure to make logical connections and the resultant tendency to hold contradictory ideas.

As a tribe Conservatives are naturally inclined to display a higher degree of cognitive polyphasia than most others. So we find them at one moment gazing in admiring rapture at the great corporate citadels, whilst in the next we find them raging and fuming about corruption, fraud, abuse of power, loss of basic liberties, loss of personal privacy to mention just a number of the grievances which have become so commonplace.

No connection is ever made between the two.

Yet, in reality the logical thread is simple. If you allow unlimited mounts of

wealth and thus power to concentrate into ever fewer hands, the result will be abuse. If you allow oligopoly, you will get oligarchy as assuredly as you will get an epidemic by pouring typhoid into the water supply.

Sean Gabb's contribution ... that there needs to be a divorce between Libertarian Conservatism and Corporate Capitalism ... is timely, and well worth a listen. Many others of his persuasion have been treading that path for a while. We can only hope that even more will begin to understand the vital importance of the politics of institutional scale, and that the real divide is between those who wish to concentrate power, and those who wish for genuine people power.

Frank Taylor

12 SIMPLE STEPS TO VERICHIP THE WORLD

Julie Beal; Activist Post

We are the last generation with a voice and free will to change the course of history. Everyone connected everywhere – smart phones are to be the tools of the Smart World Order; bringing an end to physical cash, keys, drivers' licences, etc. They are also intended to be used daily to validate identity in the new 'trusted' Internet community.

The phone, or the chip that links the user's ID to the phone, then becomes too valuable to lose, and the only safe place is under the skin. Unless we refuse to comply....

It goes something like this:

1. Create a climate of fear.
2. Get everyone online.
3. Enable even the poor to carry a cell phone.
4. Get everyone to talk about RFID and biometrics: the first phase of acceptance is expectation.
5. Chip as many things and people as you can (phones, pets, clothing, etc.) to make it normal.
6. Set up a global ID system but keep it hush hush.
7. Promote implants for health and safety, so people think they're good.
8. Make it so you can use your phone for everything, especially payments and proving identity.
9. How do we know it's really you? Your biometrics please!
10. Cyber attack! Revolution! Please protect us!
11. The economy collapses..... cash is gone, and all payments are now digital.
12. Phones get lost and stolen; biometrics get spoofed; carrying a phone is such a bother – and Verichips are just easier all round....

But... "Pssst!! Rewind!"

Time to change our minds.

We don't have to cooperate. Awake and determined, we refuse to sign up with an Identity Provider, and we refuse to pay for anything with a phone.

We make it plain: they can stick their NSTIC up their ***

Their planned revolution takes a different course: Be part of the movement they didn't expect. We are the warriors, writing history:

By the year 2020, in a bid to be free, we stood up to the corporatocracy, and won.

This article first appeared at Get Mind Smart. Julie Beal is a UK-based independent researcher who has been studying the globalist agenda for more than 20 years. Please visit her website, Get Mind Smart, for a wide range of information about Agenda 21, Communitarianism, Ethics, Bioscience, and much more.

ENTIRE NATIONS INTERCEPTED ONLINE, KEY TURNED TO TOTALITARIAN RULE

Julian Assange: interview with Laura Smith; Russia Today

WikiLeaks founder Julian Assange says all the necessary physical infrastructure for absolute totalitarianism through the internet is ready. He told RT that the question now is whether the turnkey process that already started will go all the way.

RT: So you've written this book 'Cypherpunks. Freedom and the Future of the Internet' based on one of the programs that you've made for RT. In it, you say that the internet can enslave us. I don't really get that, because the internet it's a thing, it's a soulless thing. Who are the actual enslavers behind it?

Julian Assange: The people who control the interception of the internet and, to some degree also, physically control the big data warehouses and the international fiber-optic lines. We all think of the internet as some kind of Platonic Realm where we can throw out ideas and communications and web pages and books and they exist somewhere out there. Actually, they exist on web servers in New York or Nairobi or Beijing, and information comes to us through satellite connections or through fiber-optic cables.

So whoever physically controls this controls the realm of our ideas and communications. And whoever is able to sit on those communications channels, can intercept entire nations, and that's the new game in town, as far as state spying is concerned – intercepting entire nations, not individuals. 'intercepting entire nations, not individuals'

RT: This sounds like a futuristic scenario, but you are saying that the future is already here.

JA: The US National Security Agency has been doing this for some 20-30 years. But it has now spread to mid-size nations, even Gaddafi's Libya was employing the EAGLE system, which is produced by French company AMESYS, pushed there in 2009, advertised in its international documentation as a nationwide interception system.

So what's happened over the last 10 years is the ever-decreasing cost of intercepting each individual now to the degree where it is cheaper to intercept every individual rather than it is to pick particular people to spy upon.

RT: And what's the alternative, the sort of utopian alternative that you would put forward?

JA: The utopian alternative is to try and gain independence for the internet, for it to sort of declare independence versus the rest of the world. And that's really quite important because if you think what is human civilization, what is it that makes it quintessentially human and civilized, it is our shared knowledge about how the world works, how we deal with each other, how we deal with the environment, which institutions are corrupt, which ones are good, what are the least dumb ways of doing things. And that intellectual knowledge is something that we are all putting on to the internet – and so if we can try and decouple that from the brute nature of states and their cronies, then I think we really have hope for a global civilization.

If, on the other hand, the mere security guards, you know, the people who control the guns, are able to take control of our intellectual life, take control of all the ways in which we communicate to each other, then of course you can see how dreadful the outcome will be. Because it won't happen to just one nation, it will happen to every nation at once. It is happening to every nation at once as far as spying is concerned, because now every nation is merging its society with internet infrastructure.

RT: And in what way are we, as sort of naïve internet users, if you like (and I exclude you from that, obviously), kind of willingly collaborating with these collectors of personal data? You know, we all have a Facebook account, we all have telephones which can be tracked.

JA: Right. People think, well, yeah, I use Facebook, and maybe the FBI if they made a request, could come and get it, and everyone is much more aware of that because of Petraeus. But that's not the problem. The problem is that all the time nearly everything people do on the internet is permanently

recorded, every web search. Do you know what you were thinking one year, two days, three months ago? No, you don't know, but Google knows, it remembers.

The National Security Agency who intercepts the request if it flowed over the US border, it knows.

So by just communicating to our friends, by emailing each other, by updating Facebook profiles, we are informing on our friends. And friends don't inform on friends. You know, the Stasi had a 10 per cent penetration of East German society, with up to 1 in 10 people being informants at some time in their life.

Now in countries that have the highest internet penetration, like Iceland, more than 80 per cent of people are on Facebook, informing about their friends. That information doesn't [simply] go nowhere. It's not kept in Iceland, it's sent back into the US where it IS accessed by US intelligence and where it is given out to any friends or cronies of US intelligence – hundreds of national security letters every day publicly declared and being issued by the US government.

RT: So do we risk kind of entering a scenario where there are almost two castes of people: a safe minority who are very savvy about the workings of the internet and the things that you described, and just people who go online for kicks?

JA: We have this position where as we know knowledge is power, and there's a mass transfer as a result of literally billions of interceptions per day going from everyone, the average person, into the data vaults of state spying agencies for the big countries, and their cronies – the corporations that help build them that infrastructure. Those groups are already powerful, that's why they are able to build this infrastructure to intercept on everyone. So they are growing more powerful, concentrating the power in the hands of smaller and smaller groups of people at once, which isn't necessarily bad, but it's extremely dangerous once there is any sort of corruption occurring in the power. Because absolute power corrupts, and when it becomes corrupt, it can affect a lot of people very quickly.

Bill Binney, National Security Agency whistleblower, who was the research head of the National Security Agency's Signals Intelligence Division, describes this as a 'turnkey totalitarianism', that all the infrastructure has been built for absolute totalitarianism

It's just the matter of turning the key. And actually the key has already been turned a little bit, and it is now affecting people who are targeted for US drone strikes, organizations like WikiLeaks, national security reporters who are having their sources investigated. It is already partly turned, and the question is, will it go all the way?

RT: But has it been built really by corporations and kind of unwittingly subscribed to by people, in order to advertise products to make money, or has it been built deliberately by governments for the sole purpose of surveillance?

JA: It's both. I mean the surveillance infrastructure, the bulk surveillance infrastructure – there are hundreds of companies involved in that business. They have secret international conferences, they have prospectuses that they give to intelligence agencies that we have obtained and published this year together with Privacy International and the Bureau of Investigative Journalism. Also, The Wall Street Journal has done some good work on this. They are building devices that they advertise to intercept entire nations, to install the data from those intercepts permanently – strategic interception, because it's cheaper.

So it's a combined corporate/government amalgam. That's one of the problems, one of the reasons it's so unaccountable is that it crosses boundaries. Companies don't just sell to their home country, they sell to companies overseas. There are shareholdings held in BVI, and the company might be British-registered, like BIA, but actually a lot of research and development is done in Sweden, etc.

And then you also have Google and Facebook, who started up predominantly serving the public, but also have developed side projects to service the US intelligence complex. And individuals are constantly pushing their thoughts into Google as each thing that they want to research; it is pushed via emails, and on Facebook, through their social relationships. Facebook is completely undreamt of even by the worst spying nation, given the richness and sophistication of relationships expressed.

RT: And willingly contributed to.

JA: Well, no. But not with informed consent. People don't actually know. When on Facebook it says "share this to your friends," that's what it says. It doesn't say "share this with state agencies."

RT: Who do you think has the organized power to stop these things that you are talking about?

JA: If there is political will, everything is possible. So if we get the political will, then of course those

agencies can be dismantled. Very aggressive legislation, policing can be pushed upon them. In some regions of the world, such as Latin America, perhaps that's a possibility. There is a certain democratic tendency, which Ecuador is part of that might do that. But in general I think the prognosis is very grim. And we really are at this moment where it can go one way or the other way.

To a degree, perhaps the best we can be sure, if we work, of achieving is that some of us are protected. It may only be a high-tech elite, hopefully expanded a bit more – people who can produce tools and information for others that they can use to protect themselves. It is not necessary that all of society is covered, all of society is protected. What's necessary is that the critical accountability components of society that stop it from going down the tubes entirely, that those people are protected. Those include corruption investigators, journalists, activists, and political parties. These have got to be protected. If they are not protected, then it's all lost.

RT: Is there a way that I can protect myself without knowing all about computers?

JA: Well, a little bit. But the first thing to be aware of is how much you are giving away. The first way to protect yourself is to go, "OK, I'll discuss that in person, and not over Facebook chat," or, "OK, I will discuss this using some forms of encrypted chat, like OTR, and not on a Facebook chat." You can go to torproject.org and download encrypted anonymizing software. It is slower than normal, but for things like internet chat it's fine, because you are not downloading very much at once. So there are ways of doing this.

What is really necessary, however, for those to be properly developed, there needs to be enough market demand. It's the same situation as soap and washing your hands. Once upon a time, before the bacterial theory of disease, before we understood that out there invisibly was all this bacteria that was trying to cause us harm – just like mass state surveillance is out there invisible and trying to cause society a large harm.

– no one bothered to wash their hands. First process was discovery; second process, education; third process, a market demand is created as a result of education, which means that experts can start to manufacture soap, and then people can buy and use it.

So this is where we are at now, which is we've got to create education amongst people, so there can be a market demand, so that others can be encouraged to produce easy-to-use cryptographic technology that is capable of protecting not everyone, but a significant number of people from mass state spying. And if we are not able to protect a significant number of people from mass state spying, then the basic democratic and civilian institutions that we are used to – not in the West, I am no glorifier of the West, but in all societies – are going to crumble away. They will crumble away, and they will do so all at once. And that's an extremely dangerous phenomenon.

It's not often where all the world goes down the tube all at once. Usually you have a few countries that are OK, and you can bootstrap civilization again from there.

RT: We just passed the second anniversary of Cablegate, and since then this war on whistleblowers and this state surveillance seems to have got worse. Do you think something as large as Cablegate could ever happen again and it would have a similar impact?

JA: Yes, yes. Hopefully next year.

RT: What sort of time next year?

JA: I won't go into it, but hopefully earlier rather than later.

RT: Do you feel that when WikiLeaks is making these releases you're having as large an impact as you've had before?

JA: Well, Cablegate was extraordinary. It was published over a period of 12 months. It's the most significant leak. Our previous leak, on the Iraq war, was also 400,000 documents, showing precisely how over 100,000 people were killed. That was also very significant. But yes, no one has done anything as significant as that since, but yes, hopefully, that will continue. The successes of WikiLeaks shouldn't be viewed merely as a demonstration of our organization's virility or the virility of the activist community on the internet. They are also a function of this hoarding of information by these national security [agencies]. The reason there was so much information to leak, the reason it could be leaked all at once is because they had hoarded so much. Why had they hoarded so much? Well, to gain extra power through knowledge. They wanted their own knowledge internally to be easily accessible to their people, to be searchable, so as much power could be extracted from it as possible. WikiLeaks attempts to redress the imbalance of power.

HOW FREE ARE TODAY'S "FREE" MARKETS?

Dr. Sean Gabb; Radio Free Market

<http://www.libertarian.co.uk/multimedia/2012-08-09-iness-sig.mp3.mp3>

On Thursday, the 9th August 2012, Sean Gabb spoke in Bratislava to the Institute of Economic and Social Studies (INESS) on the subject of "Libertarianism: Left or Right?" He made the following points:

1. That libertarianism is a child of the Enlightenment, and is a champion of rationalism and humanity. As such, it was inevitably opposed to large elements of the European Old Order. This can be seen in the writings of John Locke, Adam Smith, John Stuart Mill, Frederic Bastiat, and in the speeches and writings of Cobden and Bright.
2. That, during the 1880s, libertarians in England became increasingly alarmed by the progress of state socialism in its various forms that they entered into an alliance with the landed aristocracy, which was itself worried about the tendencies of the age. The most obvious sign of this alliance was the Liberty and Property Defence League.
3. That the decline of the landed interest after 1914, and the global challenge of Soviet socialism required libertarians to go into a new alliance with corporate big business.
4. That this need has evaporated since 1989, and libertarians are free to choose their friends in ways that were not possible before.
5. That, while the English landed aristocracy was perhaps the most liberal ruling class in history, and that compromise with it was natural and even desirable for libertarians, corporate big business is little more than the commercial arm of an utterly malign ruling class that legitimises itself by cultural leftism and maintains its global hegemony via the military-industrial complex.
6. That libertarians are perhaps mistaken when they worship actually existing capitalism as if it were a variety of a genuinely free market, and when they implicitly regard the poor as enemies and dismiss the complaints of the poor as hostility to free markets.
7. That libertarians should focus more on showing how the established order of things hurts the poor – by using the tax and regulatory structures to raise the minimum scale of output and stop the poor from starting micro-businesses that would free them from the oppression of bad employers and the welfare authorities.

Much else is covered, including intellectual property and whether Britain and Slovakia should leave the European Union.

POPULAR CULTURE PROMOTES THE POLICE STATE

'Sartre'; Activist Post

The New World Order, designed around a functional police state that is encouraged by continuous popular cultural messages, is apparent to even the most avid establishment apologist. Liberty and freedom, hardly ever mentioned in a positive light by the mass media, is a direct threat to the ruling class. The proliferation of degenerate behavior is lauded so that those who object to such conduct will be demeaned as outcasts of the decadent society. The imposition of a police state is necessary to coerce decent people into forced obedience.

Cultural celebrities and icons come and go, but their art often rings on for good or bad. Political propaganda, embedded in media projects, has transcended subliminal messages and now emphasizes

in your face brashness. The breakdown of the traditional value society is so complete, that what was once viewed as insulting political disinformation now passes as a promotion for a loyalist NWO drama.

One such Showtime production is the pathetic Homeland series.

Rachel Shabi offers her review assessment in the piece; Does Homeland just wave the American flag?

Instead, Homeland presents a retuned version of the same unshakable assurance that, even when things are really complicated, American values are the fairest, the most right and the best. Sure, the series shows US forces doing terrible things: covering up a drone attack that kills civilians in Iraq; trigger-happy in a US mosque, leaving innocents dead there, too. But these are presented as necessary acts in pursuit of far worse crimes. Homeland's core message is that the US means well, but sometimes has to do bad things; while the Arab and/or Muslim enemy doesn't mean well and hence does unfathomably bad things. Not much of a progression really, is it?

When the postmortem of the Patriotic Act era is dissected, the treason of intelligence community operations will be written in their full horror. The police state glorified in Homeland episodes is meant to prepare the public for the next stage of centralized oppression.

While cable or broadcast TV is so removed from Little House on the Prairie, today's programming is designed to facilitate the psychological acceptance of the transition into a maximum lock-down prison society.

In the essay, Mass Mind Control Through Network Television, Alex Ansary warns of the prison industrial complex.

Turn on your local newscast. You have a few minutes of blue-collar crime, hardly any white collar crime, a few minutes of sports, misc. chit chat, random political jibber-jabber, and a look at the weather that no one is forecasting correctly. Is that what happened in your town? And we're supposed to own the airwaves! The mainstream media openly supports the interests of the prison industrial complex. The stories focus on minority criminal groups, and exploit the real threat to appear much more dangerous than they are. Think about the growing per capita number of prisoners in the country. Then remember that this is happening at the same time that our prison boom began. The police on our streets have created criminals. The focus is to keep us in a state of fear, that way the elitists can attack any group they want to without fear of consequence. This is why the media is continuing to craft the timeless art of dehumanization.

The cutting edge of mind control has long included the use of music and lyrics that produce subconscious meanings. Now the fascist messages in street music indoctrinate not only the youth but target to reinforce the despotic aspirations of TSA flunkies.

The article, The Transhumanist and Police State Agenda in Pop Music, provides two examples of globalist messages disguised as performances by Rihanna and Beyonce.

In hip-hop slang, the term 'hard' usually refers to someone who is street-savvy, gritty, rebellious and who is decisively 'not down with police'. Hard transposes this term to a military context. Her militaristic video features a gang of uniformed men dancing under the orders of 'General Rihanna'. We've come a long way from Public Enemy's Fight the Power...it is now Submit to the Power. All of this military/dictatorial imagery is mixed with Rihanna's sexy moves and outfits, appealing to the masses' basest instinct: sex.

Beyonce walks on stage with a bunch of men dressed in riot gear... the type of unit a police state would use to repress opposition during popular turmoil. What are they doing in Beyonce's performance? Contributing to permeate popular culture with police-state imagery."

In the follow-up account, you can read the description mentioned in this report.

Two recent examples of the perpetuation of the police state agenda in popular culture are Jay-Z and Kanye West's music video No Church in the Wild and Adam Lambert's Never Close our Eyes. In spite of, or perhaps because of, the fact that these songs are two different genres that aim to reach two different markets, they both contribute to the saturation of popular culture with police state imagery. While the authorities are not necessarily portrayed as the 'good guys', they are nevertheless there, as if their presence at any kind of public demonstration is normal.

Contrast this dark brute force portrayal, with an age of optimism and hope. The peace and love themes in the music and political actions of John Lennon offer a rudimentary alternative to the grisly atrocities that the establishment commits routinely in the name of national security.

Gangster rap has little in common with All You Need is Love.

Rebellion of youth is natural, but resigned acceptance for submission to the police state is repression. The thirty-two years since his assassination has been one long road into oblivion. Read the "Interview With Investigative Reporter Jack Jones" for insights into the elimination of a dangerous messenger of peace. What a long way away from John Lennon's lyrics in the song Revolution.

You say you'll change the constitution
Well, you know
We all want to change your head
You tell me it's the institution
Well, you know
You'd better free your mind instead
But if you go carrying pictures of Chairman Mao
You ain't gonna make it with anyone anyhow

Now, transition from the mental liberation of the Beetle era, and go back and examine the overt war crimes of the premier American despot, Abraham Lincoln. Biographer and jingoism jezebel LBJ groupie, Doris Kearns Goodwin's book, Team of Rivals: The Political Genius of Abraham Lincoln served as the backdrop of Steven Spielberg's production of the recent released Lincoln film.

Alec Ryan writes in the American Renaissance:

In the modern Hollywood narrative, all American history revolves around the Sacred Black Experience. Lincoln confirms this, bending historical truth to paint the most ruthless, bloody-minded, strong-willed American leader in history as some kind of smug, pre-post-modern storyteller croaking gamely through the difficulties like a paleface Obama sans teleprompter. The few Southerners are snarling, greasy bigots, recoiling before the erect, scowling black Union guards as they slink by during a meeting that led to the Hampton Roads peace conference of February 1865.

The film has throughout a sense of hushed awe, as if kowtowing to its own self-evident righteousness. There is no balance, no complexity, no sense of inner struggle or desperation. No opposing arguments. Its simplistic outlook more closely resembles the popcorn-psychology Avengers or Justice League rather than the serious historical movie that it clearly wishes to be acclaimed.

The point of evaluating the worship adoration of the destroyer of the Republic with the authoritarianism of the newly re-elected president is to equate the despotism of both of their regimes. The imposition of the police state is part of the master plan to enslave the inherent autonomy of free citizens.

The insidious popular culture strips the institutions of traditional constitutional protections and separations of powers by diminishing the will of sovereign citizens to fight tyranny. The goal of imposing savage dehumanizing ruthlessness seeks to spread the Sons of Anarchy mindset into positions of authority. The merging of law enforcement into the ranks of criminal organizations becomes a common occurrence in the police state environment.

Once upon a time, the peace officer maintained order and balance. Now law enforcement deems that natural rights are arbitrary and conditional on obedience to government dictates.

911 provided the excuse to inflict a "War of Terror" under the disguise of national security. The Homeland program scripts that foster the ends justify the means are repugnant to every liberty advocate. Each day, the evolving police state is becoming more invasive and punitive.

A culture that glorifies jack booted thugs that order innocent citizens around as sinister terrorists destroys the essence of the nation. The New World Order essentially uses depressing indoctrination of the inevitability for submission to their mind game matrix.

The walking dead that accept a dependent society administered by bureaucratic goons, willingly tolerant a fate of bondage. Since texting is all the rage and the written language is sorely deficient, maybe the best way to communicate though the popular culture is to withdraw from the experience as much as possible. Try one on one contact; you might be surprised with the results.

SARTRE is the pen name of James Hall, a reformed, former political operative. This pundit's formal instruction in History, Philosophy and Political Science served as training for activism, on the staff of several politicians and in many campaigns. A believer in authentic Public Service, independent business interests were pursued in the private sector. Speculation in markets, and international business investments, allowed for extensive travel and a world view for commerce. SARTRE is the publisher of BREAKING ALL THE RULES. Contact batr@batr.org

BIN SNOOPERS' HAVE THEIR POWER OF ENTRY BINNED

Big Brother Watch

(At least we may be thankful for a few small mercies - Ed)

Eric Pickles may not have the most glamorous job in Westminster, but he has delivered an early Christmas present for civil liberties campaigners.

Our report, *Barging In*, was one of the first pieces of research Big Brother Watch undertook, exposing how there were at least 14,793 officers in local authorities who can enter private property without a warrant or police escort.

Several hundred new powers were introduced by the last Labour Government, and in one move changed the law to give local authorities powers, originally intended for the Environment Agency to tackle serious fly-tipping, to go through people's bins. Now the Secretary of State for Local Government has announced that no longer will council inspectors have the right to enter your property and rifle through your bin.

This power of entry, along with a few others (including the suspicion of unregulated hypnotists and the sale of German property) were scrapped as part of the Protection of Freedoms Act.

In March, Home Office minister James Brokenshire told Parliament in the two years following the election 19 new powers of entry had been "created or amended" by the Coalition. That's on top of the roughly 1400 powers already on the statute book. There is much more to do – and the Home Office's review of these powers is not due to report until 2014, hardly the sign of an urgent review – but credit is due for at least making a start.

The Coalition is rightly taking action and this is an important first step. We hope other ministers join Eric Pickles in pressing ahead with these important changes to protect our privacy and liberty at home.

BIG BROTHER ALERT: MICROSOFT WANTS TO KNOW HOW MANY FRIENDS YOU'VE GOT IN YOUR LIVING ROOM

Mic Wright; Daily Telegraph; via John Newell

One of Microsoft's latest patent applications is a humdinger. It proposes to turn the Kinect camera into a snitch for movie studios, reporting back just how many friends you've got in your living room and what they're watching. Think that sounds alarmist? Here's what it actually says: "The users consuming the content on a display device are monitored so that if the number of user-views licensed is exceeded, remedial action may be taken." It's that blatant – a system to spy on private viewing habits.

If put into practice, Microsoft's plan could mean that the film you're watching suddenly stops playing if it detects that you've got more people squashed on to the sofa than the licence allows. You'd then be prompted to buy a more expensive licence to keep watching. It's as if Big Brother had built 1984's Telescreen not to monitor the population but to ensure no one was pirating the Two Minutes Hate.

In all likelihood, Microsoft will struggle to actually apply this patent in the real world. While copyright holders would be delighted, customers would be turned off by such a draconian system. But that's what's interesting about this application and patent applications in general: they often reveal what companies would do if they could get away with it. The black and white drawings and blandly technical language can cover immoral, scary and downright evil ideas.

There was an even more striking example from Apple earlier this year. In September, it was granted a patent for "Apparatus and methods for enforcement of policies upon a wireless device", i.e. a system allowing companies or governments to remotely disable mobile phones and tablets in a particular area.

While Apple mentions benign examples such as preventing phone calls from disturbing concerts or

ensuring devices are switched off on planes, it also states: "Covert police or government operations may require complete "blackout" conditions." That's exactly the kind of feature certain governments would love to use to suppress pictures and videos. The patent Apple put its stamp on is a handy form of censorship regardless of whether it will ever apply it.

Last year, Google's chairman, Eric Schmidt, said that the company would hold off from creating a facial recognition service because it would be "crossing the creepy line". Still, Google has filed for and been granted extensive patents in the area and, as its Project Glass augmented reality goggles move forward, who knows when the "creepy line" will shift?

BRADBURY ISSUE EBOOK PUBLISHED

Justin Walker'; BCG; via Dave Barnby

(Either by ignorance or design the mainstream media tend to portray the Bank of England's 'Quantitative Easing' as the first exercise of its kind. Not so. To avert a financial crisis at the outbreak of war in 1914, the Bank of England issued more than £300 million in 'unfunded' currency. Named after the then predecessor of Mervin King, these were called 'Bradbury Notes'.

Bradbury Notes, if you ever come across them at a dealers or at a collectors' fair, are distinctive in their wording. Instead of the 'I promise to pay the bearer ... ' message of a normal banknote, Bradbury notes state that 'This note is legal tender for the payment of any amount ... '

The difference between the present 'QE' policy and the Bradbury issue is that the latter were paper notes paid directly into the economy ... many notes in fact going to the troops at the front ... whilst QE is electronic money paid directly into the accounting black holes of the banks.

Whilst it does not go beyond many modern authors such as Stephen Zarlenga, James Robertson, Bill Still and Ellen Brown, Justin Walker's account is concise, well-written, readable and useful.

Just as a passing observation, any new banking dispensation would need to go far beyond the terms of the old Glass-Steagall Act. This had been substantially circumvented by the offshore 'shadow banking system' by the time of its repeal. If any new measures were to be effective, as against merely cosmetic, they would have to deal with this and the whole modern gamut of derivatives, hedge funds, and exotic financial instruments - Ed)

While politicians, economists and corporate media commentators continue to make a living justifying the continuing status quo of bailout and austerity which is bringing hell on us all, we at the UK Column continue to push for the combination of national credit, Glass Steagall, banks in administration and an infrastructure rebuilding programme used as a driver for the real economy.

The continuing economic pessimism being foisted upon us is not only unnecessary, it is a criminal fraud for which the perpetrators need to be brought to justice. Until we can persuade the wider public of that, we simply have no future.

If we are to bring these issues to a wider public, we need your help. So today we are making available our ebook covering the issue of national credit. You can download the ebook as a pdf, and as an iBook for the ipad. The ipad version includes video and audio, so it is a large file!

Please read it, tweet about it, post it to Facebook and distribute it in any other way that comes to mind, as widely as possible.

As I wrote in a recent article, this economic collapse which will bring disaster to us all if left alone is also our greatest opportunity to build a fantastic future - if we have the guts to pursue it. Which we get is up to us all.

THE CASHLESS SOCIETY IS ALMOST HERE – AND WITH SOME VERY SINISTER IMPLICATIONS

Patrick Henningsen; 21st Century Wire; via Activist Post

Among the long list of items bundled by consensus reality merchants under the banner of 'conspiracy theory', is a world without cash – where technocrats rule over the populace, and everything and anything is exchanged via plastic and RFID chips.

In this sterile and controlled Orwellian hi-tech society, the idea of cash being passed from hand to hand would be as archaic as the thought of carrying around a rucksack of tally sticks today.

Still, despite the incredible penetration of credit and debit card transactions into economic aggregate, and the boom in internet shopping, few will comfortably admit that a cashless society is nearly upon us. In part, it's a natural denial by many fueled by the idea of our society is indeed on a collision course with the sort of dystopic impersonal future like that depicted in the 1970's sci-fi film classic, 'Logan's Run'.

Cashless money is here, and growing rapidly.

Over the years, futurists and commentators alike seemed to agree that a cashless society would be a slow creep, and cash would automatically phase itself in simply by virtue of the sheer volume of electronic transactions that would gradually make paper less available and more costly to redeem and exchange. This is still true for the most part. What few counted on, however, was how the final push would take place, and why. Some will be surprised by these new emerging mechanisms, and the political and sinister implications they will ultimately lead to.

What's the time frame on all this? Difficult to say, but what is certain is that the initial phases are already in motion...

Introduction of Parallel Currencies

There has been a lot made about the 'cashless society' in media, but this cannot fully happen until there is a cashless currency.

Every revolution needs a good crisis in order to germinate its seed. The cashless revolution is no different. It should be abundantly clear by now that the global financial meltdown has been engineered at every juncture of its unfolding by the very private central banks who expand and contract the money supply. A dollar or euro collapse will trigger a global economic crisis, which is a prime opportunity to introduce the next phase.

In the summer of 2012, at the height of the European Central Bank (ECB) ritualistic raping of the Greek economy, financial expert Max Keiser, alongside Mexican billionaire Hugo Salinas Price, traveled to Athens to promote the idea of a silver Drachma as a parallel currency to the ever-failing euro. In theory and in practice, this parallel currency was 'sound money' for individual Greeks and would allow them to retain some say in their financial destiny, and also allow them to accumulate real wealth. It should have caught on. But this great idea did not go down well with media moguls and technocratic elites loyal to their overlords in the ECB, Wall Street and the City of London. Still, too many people remain unaware of how money is created, entered into circulation and how their private central banks control inflation, and Greece is no different.

The US dollar is pure fiat, but it does have a theoretical backer. It is an oil-backed currency – and for better or for worse, it's on its way to losing its long-lived status as the world's reserve currency. There are signals that China is moving towards a gold-backed currency and has already agreed to buy the majority of its oil supply from Russia off of the US dollar peg. This could mean two things: the US could be forced to fight a war to maintain dollar supremacy, or the dollar will begin to drop as the top dog. This shift will open up a window of opportunity for money masters to insert not only a brand new global currency, but also its universal cashless attributes as well.

Common sense and free market wisdom would expect to see a sound money option replace the current fiat disaster, but as we saw in Greece, a great solution was not taken up and straddled with the dysfunctional euro, that society will continue to pay the cost of that reality.

The euro crisis was a great opportunity to throw out the euro in favour of something that could create wealth, rather than debt. As the fiat currencies continue to slide downhill, globalist are preparing

their solution behind closed doors.

Enter the Cashless Currency...

It's arguable that we are approaching the cusp of that US Dollar collapse, and perhaps a Euro implosion on the back end of it. Risks of hyper inflation are very real here, but if you control the money supply might already have a ready-made solution waiting in the wings, you will not be worrying about the rift, only waiting for the chaos to ensue so as to maximise your own booty from the crisis.

Many believed that the global currency would be the SDR unit, aka Special Drawing Rights, implemented in 2001 as a supplementary foreign exchange reserve asset maintained by the International Monetary Fund (IMF). SDRs were not considered a full-fledged currency, but rather a claim to currency held by IMF member countries for which they may be exchanged for dollars, euros, yen or other central bankers' fiat notes.

With the SDR confined to the upper tier of the international money launderette, a new product is still needed to dovetail with designs of a global cashless society.

Two new parallel currencies are currently being used exclusively within the electronic, or cashless domain – Bitcoin and Ven.

Among the many worries Ben Bernanke listed in his speech at the New York Economic Club last week was the emergence of Bitcoin. But don't believe for a second that these digital parallel currencies are not being watched over and even steered by the money masters. Couple this latest trend with done deals by most of the world's largest mobile networks this month to allow people to pay via a mobile 'wallet', and you now have the initial enabler for a new global electronic currency.

These new parallel cashless currencies could very quickly end up in pole position for supremacy when the old fiat notes fade away as a result of the next planned economic dollar and euro crisis.

Both Bitcoin and Ven appear on their surface to be independent parallel digital money systems, but the reality is much different. In April 2011, Ven announced the first commodity trade priced in Ven for gold production between Europe and South America. Both of these so-called 'digital alternatives' are being backed and promoted through some of the world's biggest and most long-standing corporate dynasties, including Rothschild owned Reuters as an example, which should be of interest to any activist who believes that a digitally controlled global currency is a dangerous path to tread down.

The Electronic Deutsche Mark

Much is made of Germany's prominent financial position within the EU, with a popular talking point being that, "Germany is carrying the majority of the load in 'bailing out' countries such as Greece in the south". If the Euro is 'heading south' as many a financial commentator are claiming, then how would a country like Germany – or even the US Federal Reserve for that matter, hedge their bets with an impending currency collapse looming just over the horizon?

Economics professor Miles Kimball from the University of Michigan thinks he knows the answer:

"In short, for a smooth transition, a reintroduced mark needs to be an electronic mark. I recently made the case for the electronic dollar in a previous Quartz column, "E-Money: How paper currency is holding the US recovery back." The trouble with paper money is that the rate of interest people earn on holding paper money puts a floor on the interest rate they are willing to accept in doing any other lending. For the US, I proposed making the electronic dollar the "unit of account" or economic yardstick for prices and other economic values, and having the Federal Reserve control the exchange rate between electronic dollars and paper dollars to make paper dollars gradually fall in value relative to electronic dollars during periods of time when the Fed wants room to make the interest rate negative. In the case of Germany, there would be no need to reintroduce a paper mark along with the electronic mark, since the euro itself could continue in its current role as a "medium of exchange" for making purchases in Germany, alongside the electronic mark. A "crawling peg" exchange rate could be used to let the electronic mark gradually go up in value relative to the euro, without causing a huge rush into the mark, since with no paper mark other than the euro itself, interest rates in Germany could be close to zero when measured in euros, which would make them strongly negative in terms of marks."

A dollar or euro crash could be the perfect storm for the introduction of a major global digital currencies, and this will do nothing but fast-track our entry into the new cashless society.

Contactless Payments

This past year's Summer Olympic was a beta testing exercise for a number of new programs. We

witnessed troops deployed en masse for the first time to marshal the international sporting event and new facial recognition technology tested to monitor its attendees. One of the chief sponsors of London 2012 Olympic was VISA, used the event as a springboard to launch its new 'contactless payment' technology, acclimatising the international public to making routine payments via smartphones. VISA now predicts that this new method will carry 50 per cent of its transaction volume by the year 2020.

Mastercard has also rolled out its own version called Paypass, and Barclaycard has already implemented its own mobile phone payment chip in 2011. It conceivable here, that a bank like Barclays could one day takeover a major mobile service provider in order to streamline the endless profits it could accrue from monopolising cashless payment facilities for its customers. A recent edition of Marketing Week further explains how this is program is being rolled out:

“Barclays launched Pingit this year, a mobile payment service that allows customers to send and receive money with a mobile phone number, which has sparked The Payments Council to work on a similar project. And the three leading mobile operators in the UK – EE, Vodafone and O2 – are working on a joint project under the name Weve, one of the aims of which is to develop standardised technology for ‘digital wallets’ on mobile.

These industry innovations reflect the changing attitude and behaviour by consumers to cashless payments. Barry Clark, account director at Future Foundation, which identified the trend towards a cashless society in its recent report into the changing face of payments, explains that this move towards digital is a “banking nirvana” for brands, since replacing cash with electronic payments takes high costs out of the system.”

These mobile enablers will effectively cover the small services and contractor's market for the cashless society. In addition, digital payment terminals like iZettle and Square (created by Twitter co-founder Jack Dorsey), have brought in most small traders, including taxi drivers, plumbers etc, and street side retailers – meaning that the barrier for entry into the new cashless society has been effectively dissolved.

The Socialist ‘Oyster’

The darker aspect of a cashless society, is one which few are debating or discussing, but is actually the most pivotal in terms of social engineering and transforming communities and societies. In London, the electronic touch payment Oyster Card was introduced in 2003, initially for public transport, and since that time the card has been co-opted to be used for other functions, as the UK beta tests the idea of an all-in-one cashless lifestyle solution.

Ironically, and alongside biometric chipping now in India, it's the United States, supposedly the birthplace of modern capitalism, who is beta testing its own socialist technocracy. As the ranks of the poor and unemployed grow and dollar inflation rises in America, more and more people are dependent on traditional 'Food Stamp' entitlements in order to feed their families. The US has now introduced its own socialist 'Oyster' to replace the old Food Stamp program. It's called the 'EBT', which stands for "Electronic Benefit Transfer", as a means of transferring money from the central government to people living below the poverty line. Advocate Mike Adams for Natural News describes it another way:

“EBT benefits have more than doubled during the Obama administration's last four years, creating tens of millions of new dependents who now vote based almost entirely on who gives them the most handouts.

The purchase of vitamins is specifically prohibited by the EBT program. This is done as a way to keep EBT recipients sick and diseased while suffering from nutritional deficiencies, which is precisely what the federal government wants.

EBT cards create high-profit handouts to corporations, too: Pharmaceutical companies and the sick-care industry; Big Government which gets re-elected based on entitlement handouts; global banks which earn a percentage off every swipe; and even the processed junk food industry which preys upon nutritional ignorance of the poor.

In fact, for every dollar's worth of food handed out to EBT recipients under the program, at least 50 cents is driven right into the profit coffers of wealthy corporations.”

Adams has pointed out the endgame here. Where collectivist technocrats are concerned, a global digital currency is not only a means for a centrally controlled economy, but also a centrally controlled society. And as Adams also pointed out, they can even control what you eat.

There's also the small matter of the Verichip, or 'class 2' implantable medical device, an RFID chip already set to be implemented through Obamacare. It will transmit medical records, bank accounts,

keyless entry and much more. The technology could be a \$100 Trillion industry over the coming decade.

Bottom line: We've got a big problem when the state can – and will cut-off your electronic financial lifeline should you fall foul of the system. No negotiations, no gray areas – and definitely no place for a free individual in this type of globalist system.

Social Networks Gradually Supplanting Real Communities

In 2011 Facebook launched its own virtual currency, which was taken up immediately by the games developer industry. Facebook created its own internal digital market overnight. If customers didn't like it, they had two choices – jump ship, or stay in the biggest market place. That's a lot of power to wield, and you can wield it if you have the big numbers.

A severe lack of choice in the world of online communities has unwittingly (or not) positioned Facebook to play the roles of not only data collector, but also as banker, retailer, archivist and governor.

As 2012 comes to a close, many people have certainly become, in one way or another, sans border citizens of the Facebook Nation. In the future, one corporation or cartel's success in capturing a near global monopoly of membership to a particular online platform might give it the ability to dictate a digital economic mandate to both producers and consumer.

The digital data industry now claims in a recent study by fast.MAP, that consumer confidence in sharing personal information has risen. But the reality is that most people do not know which data is being used and to who it is being shared or sold to. Most users are unknowingly trading "access" to networks, as well convenient speed of registration – for data privacy. We do this on a daily basis now.

It's a question of speculation at this point how deeply the new digital currencies will be integrated into social networking giants like Facebook, or Second Life - where users are already buying virtual property with virtual currency, but few can deny that the potential for consolidation in the early 21st century is already there.

History Will Repeat Itself

Whenever the status quo is seen as a failure, the architects of society will rarely allow the whole show to come to a grinding halt, for fear that new and non-centrally controlled organic systems of organisation will emerge. The ruling establishment will spare no opportunity to tell society this, over and over, making people truly believe that it is in their best interest to adopt whatever alternative is handed down to them. This is why, when faced with a crisis, society will almost always seek to implement a parallel alternatives, rather than rethink the whole system.

In 2008, the public had an opportunity to collapse the predatory banking system that has been trading insolvent and gambling on thin air. But the very same ruling establishment who engineered the crisis to begin with, masterfully presented their own solution as the remedy by establishing the precedent of the state bailing out any gambling losses incurred by the banking community.

In the end society relented, and with help of pro-banking political leadership on both sides of the Atlantic, they adopted the pre-packaged belief that a cluster of bloated and corrupt financial institutions were simply too big to fail. Aside from being a massive redistribution of wealth upwards into the hands of the speculative elite classes, this was merely a test by the establishment to see how far they could go in robbing the public, pushing up inflation, hoovering up real assets, robbing pension funds and enslaving taxpayers to generations of debt the bankers created – all in one swoop.

It has long been the dream of collectivists and technocratic elites to eliminate the semi-unregulated cash economy and black markets in order to maximise taxation and to fully control markets. If the cashless society is ushered in, they will have near complete control over the lives of individual people.

The financial collapse which began in 2007-2008 was merely the opening gambit of the elite criminal class, a mere warm-up for things to come. With the next collapse we may see a centrally controlled global digital currency gaining its final foothold.

The cashless society is already here. The question now is – how far will society allow it to penetrate and completely control each and every aspect of their day to day lives?

THE COMING DERIVATIVES PANIC THAT WILL DESTROY GLOBAL FINANCIAL MARKETS

Michael Snyder; Activist Post; via Nathan Allonby

When financial markets in the United States crash, so does the U.S. economy. Just remember what happened back in 2008. The financial markets crashed, the credit markets froze up, and suddenly the economy went into cardiac arrest. Well, there are very few things that could cause the financial markets to crash harder or farther than a derivatives panic.

Unlike stocks and bonds, a derivative is not an investment in anything real. Rather, a derivative is a legal bet on the future value or performance of something else. Just like you can go to Las Vegas and bet on who will win the football games this weekend, bankers on Wall Street make trillions of dollars of bets about how interest rates will perform in the future and about what credit instruments are likely to default. Wall Street has been transformed into a gigantic casino where people are betting on just about anything that you can imagine. This works fine as long as there are not any wild swings in the economy and risk is managed with strict discipline, but as we have seen, there have been times when derivatives have caused massive problems in recent years.

For example, do you know why the largest insurance company in the world, AIG, crashed back in 2008 and required a government bailout? It was because of derivatives. Bad derivatives trades also caused the failure of MF Global, and the 6 billion dollar loss that JPMorgan Chase recently suffered because of derivatives made headlines all over the globe. But all of those incidents were just warm up acts for the coming derivatives panic that will destroy global financial markets. The largest casino in the history of the world is going to go "bust" and the economic fallout from the financial crash that will happen as a result will be absolutely horrific.

There is a reason why Warren Buffett once referred to derivatives as "financial weapons of mass destruction". Nobody really knows the total value of all the derivatives that are floating around out there, but estimates place the notional value of the global derivatives market anywhere from 600 trillion dollars all the way up to 1.5 quadrillion dollars.

Keep in mind that global GDP is somewhere around 70 trillion dollars for an entire year. So we are talking about an amount of money that is absolutely mind blowing.

So who is buying and selling all of these derivatives?

Well, would it surprise you to learn that it is mostly the biggest banks?

According to the federal government, four very large U.S. banks "represent 93% of the total banking industry notional amounts and 81% of industry net current credit exposure."

These four banks have an overwhelming share of the derivatives market in the United States. You might not be very fond of "the too big to fail banks", but keep in mind that if a derivatives crisis were to cause them to crash and burn it would almost certainly cause the entire U.S. economy to crash and burn. Just remember what we saw back in 2008. What is coming is going to be even worse.

It would have been really nice if we had not allowed these banks to get so large and if we had not allowed them to make trillions of dollars of reckless bets. But we stood aside and let it happen. Now these banks are so important to our economic system that their destruction would also destroy the U.S. economy. It is kind of like when cancer becomes so advanced that killing the cancer would also kill the patient. That is essentially the situation that we are facing with these banks.

It would be hard to overstate the recklessness of these banks. The numbers that you are about to see are absolutely jaw-dropping. According to the Comptroller of the Currency, four of the largest U.S. banks are walking a tightrope of risk, leverage and debt when it comes to derivatives. Just check out how exposed they are...

JPMorgan Chase

Total Assets: \$1,812,837,000,000 (just over 1.8 trillion dollars)

Total Exposure To Derivatives: \$69,238,349,000,000 (more than 69 trillion dollars)

Citibank

Total Assets: \$1,347,841,000,000 (a bit more than 1.3 trillion dollars)

Total Exposure To Derivatives: \$52,150,970,000,000 (more than 52 trillion dollars)

Bank Of America

Total Assets: \$1,445,093,000,000 (a bit more than 1.4 trillion dollars)

Total Exposure To Derivatives: \$44,405,372,000,000 (more than 44 trillion dollars)

Goldman Sachs

Total Assets: \$114,693,000,000 (a bit more than 114 billion dollars - yes, you read that correctly)

Total Exposure To Derivatives: \$41,580,395,000,000 (more than 41 trillion dollars)

That means that the total exposure that Goldman Sachs has to derivatives contracts is more than 362 times greater than their total assets.

How in the world could we let this happen?

And what is our financial system going to look like when this pyramid of risk comes falling down?

Our politicians put in a few new rules for derivatives, but as usual they only made things even worse.

According to Nasdaq.com, beginning next year new regulations will require derivatives traders to put up trillions of dollars to satisfy new margin requirements.

Swaps that will be allowed to remain outside clearinghouses when new rules take effect in 2013 will require traders to post \$1.7 trillion to \$10.2 trillion in margin, according to a report by an industry group.

The analysis from the International Swaps and Derivatives Association, using data sent in anonymously by banks, says the trillions of dollars in cash or securities will be needed in the form of so-called "initial margin." Margin is the collateral that traders need to put up to back their positions, and initial margin is money backing trades on day one, as opposed to variation margin posted over the life of a trade as it fluctuates in value.

So where in the world will all of this money come from?

Total U.S. GDP was just a shade over 15 trillion dollars last year. Could these rules cause a sudden mass exodus that would destabilize the marketplace? Let's hope not.

But things are definitely changing. According to Reuters, some of the big banks are actually urging their clients to avoid new U.S. rules by funnelling trades through the overseas divisions of their banks...

Wall Street banks are looking to help offshore clients sidestep new U.S. rules designed to safeguard the world's \$640 trillion over-the-counter derivatives market, taking advantage of an exemption that risks undermining U.S. regulators' efforts.

U.S. banks such as Morgan Stanley (MS.N) and Goldman Sachs (GS.N) have been explaining to their foreign customers that they can for now avoid the new rules, due to take effect next month, by routing trades via the banks' overseas units, according to industry sources and presentation materials obtained by Reuters.

Unfortunately, no matter how banks respond to the new rules, it isn't going to prevent the coming derivatives panic. At some point the music is going to stop and some big financial players are going to be completely and totally exposed.

When that happens, it might not be just the big banks that lose money. Just take a look at what happened with MF Global. MF Global has confessed that it "diverted money" from customer accounts that were supposed to be segregated. A lot of customers may never get back any of the money that they invested with those crooks.

The following comes from a Huffington Post article about the MF Global debacle, and it might just be a preview of what other investors will go through in the future when a derivatives crash destroys the firms that they had their money parked with...

Last week when customers asked for excess cash from their accounts, MF Global stalled. According to a commodity fund manager I spoke with, MF Global's first stall tactic was to claim it lost wire transfer instructions. Then instead of sending an overnight check, it sent the money snail mail, including checks for hundreds of thousands of dollars. The checks bounced. After the checks bounced, the amounts were still debited from customer accounts and no one at MF Global could or would reverse the check entries. The manager has had to intervene to get MF Global to correct this.

How would you respond if your investment account suddenly went to "zero" because the firm you were investing with "diverted" customer funds for company use and now you have no way of recovering your money?

Keep an eye on the large Wall Street banks. In a previous article, I quoted a New York Times article entitled "A Secretive Banking Elite Rules Trading in Derivatives" which described how these banks dominate the trading of derivatives...

On the third Wednesday of every month, the nine members of an elite Wall Street society gather in Midtown Manhattan.

The men share a common goal: to protect the interests of big banks in the vast market for derivatives, one of the most profitable — and controversial — fields in finance. They also share a common secret: The details of their meetings, even their identities, have been strictly confidential.

According to the article, the following large banks are represented at these meetings: JPMorgan Chase, Goldman Sachs, Morgan Stanley, Bank of America and Citigroup. When the casino finally goes "bust", you will know who to blame.

Without a doubt, a derivatives panic is coming. It will cause the financial markets to crash.

Several of the "too big to fail" banks will likely crash and burn and require bailouts. As a result of all this, credit markets will become paralyzed by fear and freeze up. Once again, we will see the U.S. economy go into cardiac arrest, only this time it will not be so easy to fix.

This article first appeared here at the Economic Collapse. Michael Snyder is a writer, speaker and activist who writes and edits his own blogs The American Dream and Economic Collapse Blog.

MONEY LAUNDERING AND OFFSHORE FRAUD FOR THE RICH, ECONOMIC AUSTERITY FOR THE POOR

Julie Lévesque; Global Research,

Url of this article: <http://www.globalresearch.ca/money-laundering-andv-offshore-fraud-for-the-rich-economic-austerity-for-the-poor/5310347>

Offshore banking is the elephant in the global economic room which the political and financial elite is trying to hide from the public view. While imposing austerity measures on hard working citizens, they are well aware that astronomical amounts of money are secretly held in offshore banks, thus lost in taxes. Where is that money from? What is it for?

Drug cartels, fraud, tax evasion and money laundering are common answers to those questions. Despite this reality and even in this era of fiscal austerity, the question world leaders avoid is: why is secret banking still allowed? Are they capable of putting a term to it but unwilling to do it because of the benefits it provides? Clearly.

Every once in a while a robber baron will serve as a scapegoat to give a pale illusion of justice to the common man. Although they deserve to be penalized, the corrupt banking system which allowed them to operate remains inviolate and its flaws are never questioned. Offshore banking is not a parallel banking structure. It is at the heart of the banking system. All major banks have offshore subsidiaries.

R. Allen Stanford is one of the white collar criminals serving time for running a "massive Ponzi scheme camouflaged as a bank [Stanford International Bank (SIB)] that sold some \$7 billion in self-styled 'certificates of deposit' and \$1.2 billion in mutual funds":

SIB's chief financial officer James] Davis told the Justice Department that "his boss had been stealing from investors for decades while paying bribes to regulators and even performing blood oaths never to reveal his secrets." And with connections and generous pay-outs to U.S. politicians going back more than a decade, 65% of which went to Democrats including our "change" president, Allen Stanford was plugged-in. Evidence also suggests he may have gotten an assist covering his tracks from regulators and U.S. secret state agencies, including the CIA. Allen Stanford did business the American way; he swindled depositors and then siphoned-off the proceeds into a spider's web of offshore accounts.

The indictment charges "it was part of the conspiracy that Stanford ... and others would cause the movement of millions of dollars of fraudulently obtained investors' funds from and among bank accounts located in the Southern District of Texas and elsewhere in the United States to various bank accounts located outside of the United States ... in order to exercise exclusive control over the investors' funds."

Auditors learned that funds were moved through Stanford-controlled accounts to offshore banks, including HSBC in London, Bank Julius Baer in Zurich and eight others; banks which have figured in past money laundering or tax-avoidance scandals. None have been charged with an offense in connection with the affair. (Tom Burghardt Financial Fraud, The Laundering of Drug Money and the CIA, Antifascist Calling... August 4, 2010.)

Out of willful blindness, the troika – the European Union, European Central Bank and International Monetary Fund – inflicts draconian measures on many Europeans, while letting a "vast offshore industry [operate] out of sight and mind". The same cannot be said for press freedom and whistleblowers, which are closely monitored:

Greek magazine publisher Costas Vaxevanis faces charges of violating state privacy laws. Potentially he faces two years in prison.

Press freedom and whistleblowing should be inviolate. Not in today's corrupt money controlled world. A recent Tax Justice Network (TJN) USA report estimates up to \$32 trillion of hidden and stolen wealth stashed largely tax-free secretly.

"The Price of Offshore Revisited" reveals what super-rich elites want concealed. Governments let them avoid taxes. Societal costs are huge. Ill-gotten gains are free to make more of them. Only ordinary people pay what they owe. Many pay too much.

Hot Doc magazine editor Vaxevanis was arrested for publishing the "Lagarde List." In 2010, French authorities gave it to Athens. At issue is investigating 2,059 wealthy Greeks with secret HSBC Swiss accounts. (Stephen Lendman, Greek Whistleblower: Billions in Secret Offshore Bank Accounts, October 31, 2012.)

Seeing poverty and inequalities rise dramatically due to budget austerity crafted and ordered by the banking industry, some European nations raise the specter of separatism:

Recent months have seen one example after another of gains for parties advocating the creation of new, small states in Spain, Belgium, Italy, Scotland and elsewhere in Europe.

The growth in support for such tendencies has been fuelled by the savage cuts and austerity measures being imposed by central governments on the instructions of the troika—the European Union, European Central Bank and International Monetary Fund—at the behest of the banks and global speculators. But the exploitation of legitimate social grievances does not mean that the political beneficiaries represent the interests of the broad masses who are being exploited. (Chris Marsden, Austerity and Political Balkanization: The Rise of Separatist Agitation in Europe, October 30, 2012.)

F. William Engdahl warns that the same kind of "austerity measures paved the way to the III Reich" and insists that the banks are "the source of the problem":

The EU governments have shied away from any resolute action on the banks involved in the dodgy lending in the first place during the financial bubble years. Those banks remain the source of the problem. There is no lending going on to the real economy, and that's the root cause of the 25 per cent unemployment in Spain and Greece and elsewhere across the EU. Until that problem with the banks is addressed, we're not going to see economic recovery. To treat it only as a sovereign debt crisis is grabbing the tail of the elephant and calling it a snake. (F. William Engdahl, Germany Enforces Same Austerity that Paved Way to 3rd Reich, October 30, 2012.)

With the recent images of the brutal Spanish police state in mind we have to wonder if following the corrupt banking industry diktats is a very ruinous ride on the highway to totalitarianism.

WHY BANKERS RULE THE WORLD

By Ellen Brown Asia Times; via John Newell

http://atimes.com/atimes/Global_Economy/NK14Dj01.html

In the 2012 edition of Occupy Money released this month, Professor Margrit Kennedy writes that a stunning 35% to 40% of everything we buy goes to interest. This interest goes to bankers, financiers, and bondholders, who take a 35% to 40% cut of our gross domestic product.

That helps explain how wealth is systematically transferred from Main Street to Wall Street. The rich get progressively richer at the expense of the poor, not just because of "Wall Street greed" but because of the inexorable mathematics of our private banking system.

This hidden tribute to the banks will come as a surprise to most people, who think that if they pay their credit card bills on time and don't take out loans, they aren't paying interest. This, says Kennedy, is not true. Tradesmen, suppliers, wholesalers and retailers all along the chain of production rely on credit to pay their bills. They must pay for labor and materials before they have a product to sell and before the end buyer pays for the product 90 days later. Each supplier in the chain adds interest to its production costs, which are passed on to the ultimate consumer. Kennedy cites interest charges ranging from 12% for garbage collection, to 38% for drinking water to, 77% for rent in public housing in her native Germany.

Her figures are drawn from the research of economist Helmut Creutz, writing in German and interpreting Bundesbank publications. They apply to the expenditures of German households for everyday goods and services in 2006; but similar figures are seen in financial sector profits in the United States, where they composed a whopping 40% of US business profits in 2006. That was five times the 7% made by the banking sector in 1980. Bank assets, financial profits, interest, and debt have all been growing exponentially.

Exponential growth in financial sector profits has occurred at the expense of the non-financial sectors, where incomes have at best grown linearly. Source: lanekenworthy.net

By 2010, 1% of the population owned 42% of financial wealth, while 80% of the population owned only 5% of financial wealth. Dr Kennedy observes that the bottom 80% pay the hidden interest charges that the top 10% collect, making interest a strongly regressive tax that the poor pay to the rich.

Exponential growth is unsustainable. In nature, sustainable growth progresses in a logarithmic curve that grows increasingly more slowly until it levels off (the red line in the first chart above). Exponential growth does the reverse: it begins slowly and increases over time, until the curve shoots up vertically (the chart below). Exponential growth is seen in parasites, cancers... and compound interest. When the parasite runs out of its food source, the growth curve suddenly collapses.

People generally assume that if they pay their bills on time, they aren't paying compound interest; but again, this isn't true. Compound interest is baked into the formula for most mortgages, which compose 80% of US loans. And if credit cards aren't paid within the one-month grace period, interest charges are compounded daily.

Even if you pay within the grace period, you are paying 2% to 3% for the use of the card, since merchants pass their merchant fees on to the consumer. Debit cards, which are the equivalent of writing checks, also involve fees. Visa-MasterCard and the banks at both ends of these interchange transactions charge an average fee of 44 cents per transaction - though the cost to them is about four cents.

How to recapture the interest

The implications of all this are stunning. If we had a financial system that returned the interest collected from the public directly to the public, 35% could be lopped off the price of everything we buy. That means we could buy three items for the current price of two, and that our paychecks could go 50% farther than they go today.

Direct reimbursement to the people is a hard system to work out, but there is a way we could collectively recover the interest paid to banks. We could do it by turning the banks into public utilities and their profits into public assets. Profits would return to the public, either reducing taxes or increasing the availability of public services and infrastructure.

By borrowing from their own publicly owned banks, governments could eliminate their interest burden altogether. This has been demonstrated elsewhere with stellar results, including in Canada, Australia, and Argentina among other countries.

In 2011, the US federal government paid US\$454 billion in interest on the federal debt - nearly one-

third the total \$1,100 billion paid in personal income taxes that year. If the government had been borrowing directly from the Federal Reserve - which has the power to create credit on its books and now rebates its profits directly to the government - personal income taxes could have been cut by a third.

Borrowing from its own central bank interest-free might even allow a government to eliminate its national debt altogether. In *Money and Sustainability: The Missing Link* (at page 126), Bernard Lietaer and Christian Asperger, et al, cite the example of France.

The Treasury borrowed interest-free from the nationalized Banque de France from 1946 to 1973. The law then changed to forbid this practice, requiring the Treasury to borrow instead from the private sector. The authors include a chart showing what would have happened if the French government had continued to borrow interest-free versus what did happen. Rather than dropping from 21% to 8.6% of GDP, the debt shot up from 21% to 78% of GDP.

"No 'spendthrift government' can be blamed in this case," write the authors. "Compound interest explains it all!"

More than just a Federal solution

It is not just federal governments that could eliminate their interest charges in this way. State and local governments could do it too.

Consider California. At the end of 2010, it had general obligation and revenue bond debt of \$158 billion. Of this, \$70 billion, or 44%, was owed for interest. If the state had incurred that debt to its own bank - which then returned the profits to the state - California could be \$70 billion richer today. Instead of slashing services, selling off public assets, and laying off employees, it could be adding services and repairing its decaying infrastructure.

The only US state to own its own depository bank today is North Dakota. North Dakota is also the only state to have escaped the 2008 banking crisis, sporting a sizable budget surplus every year since then. It has the lowest unemployment rate in the country, the lowest foreclosure rate, and the lowest default rate on credit card debt.

Globally, 40% of banks are publicly owned, and they are concentrated in countries that also escaped the 2008 banking crisis. These are the BRIC countries - Brazil, Russia, India, and China - which are home to 40% of the global population. The BRICs grew economically by 92% in the last decade, while Western economies were floundering.

Cities and counties could also set up their own banks; but in the US, this model has yet to be developed. In North Dakota, meanwhile, the Bank of North Dakota underwrites the bond issues of municipal governments, saving them from the vagaries of the "bond vigilantes" and speculators, as well as from the high fees of Wall Street underwriters and the risk of coming out on the wrong side of interest rate swaps required by the underwriters as "insurance."

One of many cities crushed by this Wall Street "insurance" scheme is Philadelphia, which has lost \$500 million on interest swaps alone. (How the swaps work and their link to the LIBOR scandal was explained in an earlier article here.) This month, the Philadelphia City Council held hearings on what to do about these lost revenues. In an October 30 article titled "Can Public Banks End Wall Street Hegemony?", Willie Osterweil discussed a solution presented at the hearings in a fiery speech by Mike Krauss, a director of the Public Banking Institute.

Krauss' solution was to do as Iceland did: just walk away. He proposed "a strategic default until the bank negotiates at better terms". Osterweil called it "radical", since the city would lose its favorable credit rating and might have trouble borrowing. But Krauss had a solution to that problem: the city could form its own bank and use it to generate credit for the city from public revenues, just as Wall Street banks generate credit from those revenues now.

A solution whose time has come

Public banking may be a radical solution, but it is also an obvious one. This is not rocket science. By developing a public banking system, governments can keep the interest and reinvest it locally. According to Kennedy and Creutz, that means public savings of 35% to 40%. Costs can be reduced across the board; taxes can be cut or services can be increased; and market stability can be created for governments, borrowers and consumers. Banking and credit can become public utilities, feeding the economy rather than feeding off it.

*Ellen Brown is an attorney and president of the Public Banking Institute. In *Web of Debt*, her latest of eleven books, she shows how a private cartel has usurped the power to create money from the people themselves, and*

how we the people can get it back. Her websites are <http://WebofDebt.com>, <http://EllenBrown.com>, and <http://PublicBankingInstitute.org>.

Debt and GDP

United States

Debt: \$14.590 trillion (9 August 2011)

Per capita debt: \$46,929

Debt as in percentage of GDP: 94%

The United States has the world's highest external debt at a whopping \$14.590 trillion.

The US public debt burden has become unsustainable and its debt and deficit ratio will remain high for a long period unless the government cuts down spending effectively.

The economic crisis in US began with the subprime mortgage crisis. Following this, the US economy fell into a recession in 2008. Flawed policies allowed lenders to offer loans to subprime borrowers without considering the risk of future default.

External debt (or foreign debt) is that part of the total debt in a country that is owed to creditors outside the country. The debtors can be the government, corporations or private households.

United Kingdom

Debt: \$8.981 trillion

Per capita debt: \$144,338

Debt as in percentage of GDP: 400

Britain's economy has also plunged into deep crisis. The budget deficit has risen to more than 156 billion pounds.

The manufacturing output fell by 0.4 per cent in June from the previous month as there is a drastic fall in domestic demand. The country GDP is expected to fall further

Germany

Debt: \$4.713 trillion

Per capita debt: \$57,755

Debt as in percentage of GDP: 142

Germany which bounced back from the 2008 recession has largely remained immune to the crisis.

However, the US downgrade and mounting debt on other Euro zone nations could hit its coffers as well.

Germany already bears the burden of the 120 billion euros of the euro bailout fund's 440 billion euros.

Germany's budget deficit is 2.3 per cent of gross domestic product.

France

Debt: \$4.698 trillion

Per capita debt: \$74,619

Debt as in percentage of GDP: 182

A crisis is imminent in France as its budget deficit is 6 per cent of gross domestic product.

Japan

Debt: \$2.441 trillion

Per capita debt: \$19,148

Debt as in percentage of GDP: 45

The devastating earthquake and tsunami has pushed the Japanese economy into a grave crisis.

Japan's high rate of growth has also been hit with massive bank loan defaults.

Italy

Debt: \$2.223 trillion

Per capita debt: \$36,841

Debt as in percentage of GDP: 108

Italy's economy has seen one of the lowest growth rates in the world. A very high public debt highlights the fact the country cannot repay back its debt. The country lacks the resources to accelerate growth.

Spain

Debt: \$2.166 trillion

Per capita debt: \$47,069

Debt as in percentage of GDP: 154

In Spain, long term loans, realty sector crash and bankruptcy of major companies, rise in unemployment at 13.9 per cent in February 2009 escalated the crisis.

Sweden

Debt: \$853.30 billion

Per capita debt: \$91,487

Debt as in percentage of GDP: 187

Sweden went through a bad spell between 1990 and 1993. Its GDP went down by 5 per cent and unemployment rose to record highs. The real estate boom also crashed adding to its economic woes.

Greece

Debt: \$532.90 billion

Per capita debt: \$47,636

Debt as in percentage of GDP: 174

Greece is going through its worst years. Uncontrolled spending and cheap lending has seen its debt levels zoom to scary heights.

Also, the failure to implement financial reforms has resulted in losses of \$413.6 billion, much larger than the country's economy.

Greece and Ireland have the highest poverty rate in the 15-member EU, while Sweden has the lowest at 9 per cent.

Portugal

Debt: \$497.80 billion

Per capita debt: \$46,795

Debt as in percentage of GDP: 217

Portugal's economy has posted an average annual growth of less than 1 percent over the past 10 years.

The country faces a huge foreign debt owing to reckless spending without generating any returns. Portugal is set to introduce austerity measures including tax hikes and pay cuts.

United States

Gold reserves: 8133.5 tonnes

The United States owns the world's largest gold reserves. Gold constitutes 74.7 per cent of the nation's foreign exchange reserves.

Germany

Gold reserves: 3,401.0 tonnes

IMF

Gold reserves 2,814.0 tonnes

India

Gold reserves: 557.7 tonnes. India's current credit rating by S&P is BBB- (BBB minus), which, according to S&P definitions is considered lowest investment grade by market participants. India Debt Rdff10811.

Although India's gross public debt to GDP ratio fell from 75.8 per cent to 66.2 per cent between 2007 and 2011, it still is among the highest in the region. India's 66.2 per cent level compares with Malaysia's 55.1, Pakistan's 54.1, the Philippines' 47, Thailand's 43.7, Indonesia's 25.4 and China's 16.5, according to an analysis by Cornell economist Easwar Prasad in the Financial Times.

POSITIVE MONEY BULLETIN

Positive Money team; www.positivemoney.org.uk

We have a new video course, there are exciting news coming from Iceland, we need volunteers for our upcoming conference and we need you to start a local group, especially if you live in London.

New videos: Banking 101

BANKING 101 Video Course There's a lot of confusion about how banks work, most university

economics courses still teach a model of banking that hasn't applied to the real world for decades. While banking may seem like a complicated subject, anyone can learn the basics.

Do you really want to understand how banks operate? Then our new video course 'Banking 101' is for you! Now you can watch Part 1&2.

News from Iceland; Monetary Reform investigated in Icelandic Parliament

In the Icelandic Parliament has recently been put forward a motion calling for the forming of a committee to report on how in the current banking system the function of money creation can be separated from the function of lending.

Positive Money has made a submission in favour of the establishment of a committee to assess the need for reform and offered to provide to any established Committee highly-detailed step-by-step reform proposals, an assessment of risks etc. to show that alternatives are feasible.

In total there were 12 submissions made, 9 of them positive, 1 submission was slightly negative and 2 rather negative (from The Central Bank and the Icelandic Financial Services Association, which considered it 'pointless' to investigate the issue further).

We will report how the situation evolves further.

Volunteers Wanted - Conference

We are looking for volunteers to help us at the 3rd annual Positive Money Conference "Modernising Money" that will take place in London on Sat 26th January. We need photographers, facilitators, cameramen, and video-editors. Please contact us: fran@positivemoney.org

Set up a local group supporting Positive Money

Positive Money supporters are the backbone of our campaign for a socially useful money system. Local groups exist for our supporters to meet, plan and organize local events, screenings, presentations, talks and discussions with the aim to spread the word and help the campaign grow. But they also provide an open and inclusive space for our supporters to meet like-minded people in a friendly environment and to debate the questions around the money system. In the last year we have seen a number of new local groups created across the UK.

If you don't have a Positive Money group near to you and you'd like to help set one up, please get in touch. Especially we would like to encourage you if you are living in London - please contact us and help form a group in one of the London areas. Email: mira@positivemoney.org

Upcoming Events

London, Sat 26th January 2013 - 3rd annual Positive Money Conference "Modernising Money"

More from the blog

Is Vicker's "ring-fence" crumbling?

Monetary Reform in Wales

The Independent: A trillion pounds the UK government could have saved

New Bank of England Governor: Mark Carney

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