

ON MONEY, LAW, POWER, AND POLITICS

by Connie Fogal October 22, 2001

In the Spring of 2001 the province of British Columbia, Canada ushered in a government with only two opposition members as citizens punished the preceding party tossing them almost into oblivion. In its overweening power, the new government has quickly exposed its subservience to the altar of international financial greed.

On September 18, 2001 the Hon. Mr. Gary Collins, B.C.'s Minister of Finance, showed his ignorance or worse yet his submission to the interest of banks in priority to those of the public. Collins sent a BC constituent to the website of our Bank of Canada to answer why BC would not use our Bank of Canada to fund public needs, (like infrastructure or education or health). Rather than familiarize himself with the existing law in Canada that was put into place precisely to assist governments and the citizenry, Mr Collins basically told the citizen, there is no help or tool for us in the Bank of Canada.

This is just incorrect. For the Bank of Canada website and our elected representatives to withhold the information on the law is unacceptable. Such position is presented over and over by officials and government. It could be called treasonous at worst, stupidity at best. It could be called a conspiracy to fool the people.

A Canadian statute called The Bank of Canada Act gives our governments capacity to use our own central bank to fund our needs. Our elected people refuse to do it and give us endless excuses for failing us. Why is this? Are they betraying us, or are they simply stupid? Money is a Federal jurisdiction, but the provinces and the municipalities could assert demands for assistance through those acts. The Feds, provinces, and municipalities have a choice. It is an issue of political will which is related to the question of whose interest is to be served.

Section 18 of The Bank of Canada Act sets out the Bank's powers of lending to our governments. S 18(J) says the Bank of Canada may make loans to the Government of Canada or the government of any province (municipalities).

The reason our governments do not maximize the power of our own Bank of Canada is because to do so would be contrary to the command of the globalization process, the privatization of the world, led by the IMF and the World Bank. Canada now uses the Bank of Canada for only about 1% to 5% of its financing of the nation's needs. The rest is borrowed from private banks and hence the escalating exponential interest growth on the national debt.

Many countries have had a central bank like the Bank of Canada that was owned by the people which was used to put money into the system for infrastructure etc at no or very low cost to the money. Any cost that did arise goes/went back to the countries' coffers.

Private banks like TD, CIBC, Royal etc charge high interest and keep it for their own profits.

The mandate of globalization requires that all the national banks be privatized in order that there remains no competition for the private banks, except among each other to practice their usury. One of the terms of conquest of the illegal war against Yugoslavia was the demand by the IMF and NATO (read U.S.) that Yugoslavia give up its central national bank which it was forced to do.

A constant term imposed by the IMF on every nation in trouble with their money is to get rid of their national bank. It is a central part of what Michel Chossodovsky calls the Globalization of Poverty.

We desperately need a force of politicians somewhere who will take up the power of the Bank of Canada while we still have it and before it is destroyed, as it surely will be because that is the demand of the IMF and the World Bank and all their globalizers. The current call for a common dollar in the Americas, i.e., the US dollar, will be the fruition of that plan. Our Bank of Canada of necessity will disappear and we will be completely controlled by the federal reserve which in turn is under the command of the World Bank which is over 50 % US controlled. Next we will see a battle between the Euro and the US dollar for supremacy in the world.

Once there is a common dollar in the Americas, Canada will have lost our capacity to use our own money supply to support our own economy. As Prime Minister William Lyon Mackenzie King said in 1935: "Once a nation parts with the control of its currency and credit, it matters not who makes the nations' laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government and recognized as its most sacred responsibility, all talk of the sovereignty of parliament and of democracy is idle and futile".

We have no current federal nor provincial politicians with the guts or understanding to educate Canadians on the power we actually have to support all our social programs and certainly our infrastructure. Since infrastructure is so crucial to municipalities, it is logical Councillors could be the leading edge in this challenge. They could lead other municipalities in a charge on the federal government to return to the use of the Bank of Canada to fund transit as a start .

Michel Chossudovsky, economist, University of Ottawa, refers to the "privatization of urban space" in the process of municipal integration. Municipal integration is part of the globalization agenda- i.e. privatization of everything. That process is now accelerating in BC with our new Liberal government. Total privatization (or briberization as Joseph Stiglitz, former chief economist of the World Bank, called it)of everything including all financing tools is the agenda. Whose agenda? The globalizers.

William Krehm, in "The Bank of Canada , a Misused Tool", appendix, to It's Your Money, by William Hixson, page 121 writes:

" The central banks of Europe came into existence to finance wars or to help assimilate the booty of wars: the bank of England in 1694; the Bank of France in 1800; the German Reichsbank after the 1871 victory over France. Like the U.S fed they were owned and controlled by private banks- the Bank of England was finally nationalized by the Labor Government only after World War II."

"But the Bank of Canada (section 17 of the Act) has a single shareholder, the government of Canada. It had been set up by an arch - Conservative government in 1935, but in the elections of that year the Liberals under William Lyon Mackenzie King promised to nationalize it. And nationalize it they did. The process was completed in 1938 when the 12,000 shareholders were bought out at a handsome profit."

"As a result the interest on any federal debt held by it finds its way back to the Government- not as 'funny money' but as the respectable institution of the dividend. By contrast, when private banks hold such debt, the interest on it remains with them."

"Section 14 of the Act adopted in 1961 after the Conservative government of John Diefenbaker had fired the second governor of the Bank, James Coyne, establishes the ultimate responsibility of the Government for the general policy of the Bank. In the event of a disagreement between the Finance Minister and the Governor of the Bank, the Minister need only give the governor 30-day notice in writing of the course to be followed. If he does not comply he has his walking papers.".....

".... How a central bank chooses to handle money creation can shape our destinies."

"...In 1991 an elaborately orchestrated campaign was conducted by the Mulroney Government and the then Bank of Canada governor John Crow to replace the preamble to the bank of Canada with a single goal- "zero inflation".. the high inflation rates that were to flatten out prices would have consequences in every nook and cranny of the nation's' life- undoing the social programs that have become part of the very identity of Canadian society.... However , the caucuses of the three parties in the Banking Subcommittee of the Commons joined in turning down the initiative. This was never reported in the media, nor did it prevent Governor Crow from advertising the supposed "independence of the Bank of Canada from the government" and the bank's espousal of "zero inflation" on all continents.."

Consider this: If you had the choice of borrowing from a bank that would charge you no interest or only 2% to 3% versus a bank that charged you 7% to 9% or more, which would you choose? Sections 17 and 18 of The Bank of Canada Act allow the borrowing of interest- free money by other levels of government, including municipalities; and if interest is applied, it goes to general revenue, not to commercial bank profits. The provinces and municipalities could pressure the federal government to apply the power it has to activate those sections to obtain interest free or low interest money. They could lobby for the return of the Municipal Improvements Assistance Act which provided that

municipalities could borrow money at 2% interest rate to enable them to carry on their necessary programs.

Canada successfully used that mechanism before. William Krehm points out that after a decade of depression and no savings, Canada used The Bank of Canada to provide money at low interest rates which mobilized the real resources of the nation- labour, materials and plant -to win the war. When Canada reached full employment, Victory Bonds were issued to soak up purchasing power from the public and thereby prevented inflation.

Low interest rates in an expanding economy between 1946 and 1972 made possible the reduction of Canada's federal debt as a proportion of its Gross National Product from 142% to 22.7% despite the burden of financing the war and gifts of \$3.4 billion made to our allies. Low interest rate loans from the Bank of Canada refurbished infrastructures, facilitated new technologies which transformed Canada from a semi rural to an industrialized country, and which housed and assimilated penniless immigrants to standards undreamed of before the war.

One can understand that private banks do not like this. To utilize the Bank of Canada effectively would cut into commercial bank profits. Walter Stewart (Bank Heist: How our Financial Giants Are Costing you Money, Walter Stewart, p. 138) reports that in 1995 the Big Five banks made \$4,933 million profit, up 21.8 % from 1994. In 1996 they made \$6.3 billion profit. It is absurd to refuse to put at least some of that interest money into general revenue by using the Bank of Canada.

The Bank of Canada has the authority to create (i.e. lend to the federal government) the money Canada needs (which creation, whoever does it, is as a result of secure government deposits), but our government chooses to use the Bank of Canada less and less (only 5% in 1996), preferring to pay interest to the commercial banks as the creator of the money instead. In 1995, the Bank of Canada held \$25 billion of Government of Canada bonds, received \$1.7 billion in interest from the government, (its only income in 1995), had operating expenses of \$200 million, and turned over \$1.5 billion in profits to the receiver general at the end of the year. An expense of \$200 million on \$25 billion worth of borrowing works out to an interest rate of only 0.8%. (P. 82 Bank Heist quoting Ruben C. Bellan, Professor of Economics (Emeritus) at the University of Manitoba.)

The Big Five banks earned \$1.8 billion in service charges during 1995, up 19% from 1990, while the Consumer Price Index rose 11%. The banks are slicing off nearly double the general rise in prices. (P.188, Bank Heist). It is a question of asserting political will to use the powers in The Bank of Canada Act and The Bank Act for our benefit.

The question is, why will our governments not assert their authority? Why are they increasingly relinquishing their own power? William Krehm answers, "That strange blackout of our national memory (of the period when we used the Bank of Canada effectively) is due largely to a brilliantly organized world campaign of speculative finance to regain the hegemony it had lost due to its excesses in the twenties". (P.125, It's Your Money).

It is clear that B.C.'s "honourable" Minister knows nothing about money, its role or its history, nor of our existing laws that provide for its creation, nor of the capacity of our Bank of Canada legally to meet the public needs of the society. What a tragedy for all of us that we never seem to be able to elect anyone who knows the score. If they do, they are willing dupes to global financial interests who obviously pull all the strings.

Gary Collins and all other elected people need to read Joseph Stiglitz, former Chief Economist of the World Bank. Stiglitz was interviewed by Greg Palast in *The Observer*, London October 10, 2001. If B.C.'s Minister of finance would even read that interview, he would learn important information.

Stiglitz tells us from his experience that the IMF, the World Bank, and the WTO have a four-step program that destroys economies and even condemns people to death. For example, the imposition of impossible tariffs and tributes to pay to pharmaceutical companies for branded medicine shows the IMF, World Bank and the WTO "don't care if people live or die"

The four steps are privatization (briberization), capital market liberalization (deregulation), market led policies (raising prices), and finally "poverty reduction strategy" (Free Trade by the rules of the World Trade Organization and World Bank.) Stiglitz says that like the Opium wars, Europeans and Americans today are kicking down the barriers to sales in Asia, Latin American and Africa, while barricading their own markets against Third World agriculture.

Stiglitz tells us via Palast that he quit the World Bank because "the banks and US Treasury would not change course when confronted with the crises - failures and suffering perpetrated by their four-step monetarist mambo. Every time their free market solutions failed, the IMF simply demanded more free market policies."

The Liberal government of British Columbia has bought into the IMF and World Bank's four-step program for British Columbians despite a growing realization by enlightened people that it does not work. Stiglitz said in that same interview with Greg Palast "Black Africa's productivity under the guiding hand of IMF structural "assistance" has gone to hell in a handbag." and that the only African nation which avoided this fate was Botswana because:"They told the IMF to go packing."

So why are the governments of Canada and the provinces all falling lockstep into the World Bank IMF programs? Why would our elected representatives commit rich Canada to the four-step program designed as an Assistance Strategy for every poorer nation?

Because we entered the World trade agreement (WTO) which compels us to fall into line. Why would our representatives do that? Why would they in effect give up our capacity to make our own decisions. It can only be explained by human greed. Stiglitz talked of that force overpowering the representatives of poorer nations under the commands of the IMF and the World Bank.

In his interview with Greg Palast in The Observer, London October 10, 2001, in discussing Step One, Privatization "Briberization.", Palast wrote: "Rather than object to the sell-offs of state industries, national leaders - using the World Bank's demands to silence local critics - happily flogged their electricity and water companies. 'You could see their eyes widen' at the prospect of 10% commissions paid to Swiss bank accounts for simply shaving a few billion off the sale price of national assets."

Part of the IMF, World Bank, and WTO privatisation scheme includes the elimination of national central banking control by sovereign governments. So when our elected people of every stripe tell us over and over that the Bank of Canada cannot be used to build roads or provide education or medical care or housing for our people, they are either totally ignorant or totally conquered by their real masters- not us the people. They have either betrayed us or abandoned us. Take your pick. The effect is the same: The reduction of our standard of living.

We are slowly but surely being turned over to third world conditions. Look at the emasculation of our medicare, our public broadcasting, hospitalization, education, public transit, etc etc Come to Vancouver's downtown eastside where third world conditions now prevail for masses of condemned humanity. Our elected representatives have submitted to the Command of the international financial agenda for whatever is their rationale.

Whether they will acknowledge it or not, they are colluding with the international financial powers to deprive Canadians of an existing tool that could prevent descent into the paradigm of globalization of poverty as described by Professor Michel Chossudovsky. The international agenda in effect is to impoverish the world except for that financial elite who are to have all the resources of the world and the rest of us can go to Hell!.

The thing is, people are catching on. The massive protests around the world in the past few years are testament to that. But the powers do not like that. The exploitation of the 9/11 tragedy in New York to destroy civil liberties is also a part of their evil agenda.

One could dismiss my arguments as "paranoid conspiracy theory". Well, facts are not paranoia if they are really happening. Furthermore, what is conspiracy? Law does not arise in a vacuum. It arises because of a demand from some group in society (usually the superior group) to meet a challenge or an economic loss to its authority.

A conspiracy is an agreement to do an unlawful act or to do a lawful act by unlawful means. Where did this concept arise? It arose in England at the time of the Black Death. As thousands of workers died, other workers saw an opportunity of supply and demand. Because of the shortage of labour, many survivors decided to band together organizing to demand higher wages and better working conditions for themselves. This was an economic threat to the establishment. To prevent or destroy the workers' capacity to organize, the establishment created new English law declaring it illegal to band together, i.e., to organize "combinations of workers". At the same time the legal concept of

“conspiracy “ emerged. In this way it became illegal to organize the workers. Workers were jailed and hanged for organizing.

Now we have anti terrorist laws emerging in Canada and elsewhere in harmony with the US government’s reaction to the 9/11 incident (another abdication of our own sovereign capacity as we jump to the command of President Bush.) These terrorist laws are written so broadly such as to catch lawful protestors in definitions of conspiracy and labels of being terrorists. What a convenient mechanism to stop the growing world awareness of and opposition to the most heinous conquering and exploitation of the whole world without a world war! Ironically by the illegal new “war” imposed by the US government on the world in reaction to the events of 9/11 we may now be on the brink of World War 3.

In *Turning the Tide, Confronting the Money Traders*, January 1997 by John Dillon of the Ecumenical Coalition for Economic Justice, at p.31 Dillon says, "If one concedes that financial markets largely rule the world, then all that is left for governments and central banks is to try to please these markets by pursuing the policies the bond traders demand: low inflation enforced through monetarist policies of high real interest rates and high unemployment, and policies of fiscal austerity. Ultimately, this represents an abdication of power to wealthy investors and their interests. It means that governments must give up any pretense of truly working for the common good. In essence, this means abandoning the most basic principles of democracy”

It is time we called a spade a spade. Let us use our Bank of Canada for ourselves. We have to say no to the agenda of the IMF and the World Bank. That will take courage because the powers of those forces are incredible. But there are some brave elected souls. Such are few and far between but they do exist. We must rally round them.

George Galloway is Labour M.P. for Glasgow Kelvin in Great Britain. Speaking in *The Guardian* Saturday October 20, 2001, he says “We will not be silenced. MPs must be free to speak out against this absurd and potentially disastrous war”. What he is doing is challenging the New World Order. He says a small coterie of unelected powerful people calling the shots has to stop on all fronts. We have seen in Canada (as elsewhere in the world) that our constitutions and laws are violated and ignored in this globalization process. In Canada our Prime Minister and a few officials and maybe some favored cabinet members have become a small clique in power in the country who have taken unto themselves all control and are getting away with it. It is not our Parliament that runs Canada any more. It is our Prime Minister responding to an outside command. In England, Galloway says “No more”

Galloway says, “Churchill and Chamberlain both would have scorned the idea of their actions being licensed by whips, as if we were circus dogs whose duty was to perform tricks for the ringmaster. I too have now been summoned to see the chief whip. Next week, over tea and biscuits at 11 Downing Street, I will have to courteously explain to my old friend Hilary Armstrong that I, for one, will not be gagged. This bombing has to stop - and the war is too important to be left to ministers and generals in conclave.”

Oh for a Galloway in Canada!

"Fascism should rightly be called corporatism as it is a merge of state and corporate power"...Benito Mussolini

“The constitution of Canada does not belong either to Parliament, or to the Legislatures; it belongs to the country and it is there that the citizens of the country will find the protection of the rights to which they are entitled” Supreme Court of Canada A.G. of Nova Scotia and A.G. of Canada, S.C.R. 1951 pp 32

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