

# COMER

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## In Honour of Bill Krehm Turning 100

*The following, in no particular order, are many of the responses to a call for a few words to recognize Bill's birthday. Respondents were encouraged to be short or long, personal, historical, political or economic, or anything else that connected to Bill.*

**Bill Krehm** is one of the most remarkable men I have known. His grasp of the international monetary system and its disastrous consequences for the human species is probably without parallel; but understanding is one thing, even though it is rare, and action is another. He is a man of action. He was quick to realize the potential of forming COMER in cooperation with Prof. John Hotson, and of launching a periodical at his own expense. True to the essence of his deeply held beliefs, he has kept up the fight decade after decade despite inevitable disappointments that come to anyone fighting an uphill battle to change the world for the better.

One of my fond memories is having lunch at his home on Sherbourne Street with Ann Emmett and Derrell Dular, and having the privilege of sitting in on an intellectual discussion that one would expect from a much younger man. It was a rare treat and a memory that I will treasure always.

I was flabbergasted when he invited me to go with him to Greece to try and make a difference there. Although I wasn't totally clear on the nature of our mission, I would have accepted if I had not been too deeply involved in other projects at the time.

I was equally stunned to learn that he and Ann Emmett, in conjunction with COMER, had launched a lawsuit against the Bank of Canada in an all-out effort

to insist that the Bank serve Canadians in the way it was intended to do when it was chartered, and as it subsequently did from 1939 to 1974, when it was seduced by the Bank for International Settlements in Basel, Switzerland and started playing mother hen to private banks rather than serving its shareholders. Even a setback in the courts hasn't weakened Bill's resolve as the case goes on to appeal. Bill has the tiger by the tail and will never, ever give up!

Good on you Bill, as my Australian friends would say, and warmest best wishes for a wonderful centenary celebration with good health and happiness in the years to come.

*Paul Hellyer*

### Dear Bill,

As a stranger, not knowing you personally, I am wishing you many happy returns on your 100th birthday. Both my parents missed their 100th birthday by two years, so I am so happy that you have achieved this goal.

When you were born you likely were a home-birth, as both my parents were, too. It may be that the least interference in natural childbirth by home-birth care was a wonderful and more peaceful way of coming into this world and may have contributed to a stronger constitution to survive all things.

Best to you on this splendid occasion,

*Donna Young*

**Congratulations to William Krehm** on his 100th birthday!

As a student of monetary reform, I've benefitted greatly from COMER's website and publication and was a regular at the meetings several years ago. I remember Bill's

*Continued on page 2*



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Bill Krehm *from page 1*

patience and erudition and willingness to explain things to relative newcomers to the issue of monetary reform.

Mr. Krehm has my utmost respect and gratitude and I am convinced that our cause of a just monetary policy will finally triumph. The time is probably near, as the vast financial frauds are once again being exposed as the global system teeters towards an even worse collapse than the subprime debacle.

I want to thank Bill for his great generosity and for his decades of activism in the name of monetary *Truth* and *Justice* for Canada.

Sincerely,

*Solomon Fagan*

**Congratulations to Bill** on reaching the wonderful age of 100. I was delighted to meet Bill at the Bromsgrove Group conferences at Bromsgrove near Birmingham, England. The conferences dealt with monetary reform from various points of view with representation coming from many countries including Australia, New Zealand, Canada, USA and Iceland.

It was my privilege to chair a large number of sessions at these conferences when Bill was either a speaker or entering into debate following other speakers. I was impressed by Bill's depth of knowledge and clarity of thought. All this achieved without the use of notes.

I look forward to many more contributions from Bill over the years to come. He has much to contribute to the international debate on monetary reform and the exposure of the evils of debt.

Keep up the good work Bill.

*Best wishes from Donald Martin, Sudbury,  
Suffolk, England*

**Congratulations to Mr. Krehm** on his longevity and accomplishments!

And on his upcoming 100th birthday.

Does he continue to function well, or has his amazing courageous attempt to straighten out the Bank of Canada to the benefit of his fellow Canadians, taken its toll on him? Facing a giant would stagger much younger persons.

I celebrated my 90th birthday this year, and feel I still have much to accomplish, regardless of severe hearing impairment and other health issues. Mr. Krehm has been an inspiration to me since I became aware of COMER a few years ago. With no hearing in right ear, and only 17% in left ear, with the help of an expensive aid, I am able

to function in a limited way, but not in a group. I seldom attend COMER meetings for that reason, but am pleased to be associated with the Kingston COMER group and participate. But I enjoy keeping up with members activities via e-mail. I have yet to meet Mr. Krehm.

My regards sincerely,

*Mary Gartenburg, Kingston, ON*

**Bill Krehm**

Little could young Bill Krehm have imagined, as he languished, on a hunger strike, in some wretched Spanish prison, that he could be up and at it these many decades later! (at this time, he is boning up on his Greek, in preparation for his third trip to Greece in as many years, out of concern and indignation over what is happening there.)

When his original and creative thinking came to the attention of John Hotson, Bill was introduced to a small group of professors of economics who, like Bill, were concerned about monetary and economic issues. They founded COMER.

As I review some of the output of COMER, and recall its countless meetings, conferences, submissions to government commissions and politicians, I am newly impressed.

For one thing, at that time, *no one* was speaking out about the need for monetary reform. COMER was a “wee, small voice” trying to make itself heard beyond the bell jar of silence under which the money power had effectively started the truth about money. I believe that COMER can claim some considerable contribution to the penetration of that silence that, although it continues to be their number one strategy, (most mainstreamer economists, politicians, union leaders and prominent political activists treat the subject of monetary reform like Harry Potter's Voldemort), has failed to obviate a vastly improved level of awareness, and a growing font of resources that COMER members would have died for twenty years ago.

Highly instrumental in COMER's work were the many books and the COMER journal whose publication Bill made possible. When COMER was decimated by death, infirmity, and other compelling causes of withdrawal that drained its membership, Bill kept up embers glowing through weekly seminars and the COMER journal.

Now, when COMER is needed more than ever, Bill continues to support and encourage its revival. The young people who have been working with our steering

committee, for example, and who had been given a copy of Bill's book on *A Power Unto Itself: The Bank of Canada*, were keen to meet him. So although he was to leave for Greece the next day, Bill took the time to join us for lunch. Both he and the young people enjoyed their time together immensely.

Perhaps the single most historically significant action that Bill has undertaken is the COMER lawsuit. It has attracted international attention. My favourite response has come from a group in the Netherlands. They quoted Nietzsche, who said, "And those who were seen to be dancing, were thought insane by those who could not hear the music."

A few months ago, a COMER member reported that as he listened to a popular talk show on short-wave radio, he was astonished to hear Bill's name come up. The show's host reported that one, William Krehm, was taking the Canadian government to court. He went on to explain, in an enthusiastic report, what the lawsuit was about. The program was coming from Nashville, Tennessee!

Recently, a young teacher turned up at a COMER-related meeting, who said that she had been drawn to COMER through a flyer distributed on Mayday, because she was intrigued that an organization would undertake so bold an action.

Many young people, several of them from the Occupy movement, attended last December's hearing. They found it exhilarating.

While I respect and admire him for his many qualities and accomplishments, that's not why I *like* Bill. I like him for, among other things, his sense of humor, and his old-fashioned chivalry – both of which are reflected in his constant reminders to me that I am but a "youngster." What a thoughtful boost to the morale, for an octogenarian like me!

For all we owe you, for all you are, and for all you mean to us and to the cause, Thank You, Bill! Thank you!

*Ann Emmett*

### **Bill Krehm Meets Prominent Monetary Reformers on Speaking Tour for the Canadian Action Party in BC and Alberta**

In mid April 2011, Bill undertook (at his own expense) a speaking tour on monetary reform and COMER to BC and Alberta, on request from the Canadian Action Party (<http://actionparty-ne.ca/home>) to help orient some of its candidates in the federal

election on May 2, 2011.

Organized by Christopher Porter ([http://en.wikipedia.org/wiki/Christopher\\_Porter](http://en.wikipedia.org/wiki/Christopher_Porter)), then leader of CAP, the meetings were held in Sooke (Buffy's Pub, near Victoria), and in Ladner (Fishermen's Hall), BC; and in Edmonton (Stanley A. Milner Library), Alberta.

These were rare opportunities for both Bill to meet important historical personalities active in monetary reform in Canada as well as members of CAP. Attendance was small, even though each meeting was open to the public.

Bill gave a detailed presentation, touching on both historical developments and contemporary challenges. A spirited Q and A arose after Bill's remarks. People were delighted to meet and speak with him.

Each meeting was attended by an outstanding person in monetary reform in Canada. They included: the late Will Abram ([www.occupyourbank.ca/Will\\_Abram\\_Biography.php](http://www.occupyourbank.ca/Will_Abram_Biography.php)), Jim Jordan, and J. Martin Hattersley in Edmonton ([http://en.wikipedia.org/wiki/Martin\\_Hattersley](http://en.wikipedia.org/wiki/Martin_Hattersley)).

*Michael Sinclair*

### **The Krehm Quartet**

The date and origin of the Krehm Quartet are a matter of dispute among historians. The prevailing view is that it emerged around the time when the founder, William Krehm, was the music critic on CBC radio's *CJBC Views The Shows* in the mid-fifties.

The quartet followed the venerable tradition of chamber-music-making among dedicated amateurs in North America and Europe. From the very beginning, the group played only for its own pleasure, sight-reading all the music, thereby avoiding the tedium of rehearsals. Erudite conversation during the coffee break was an essential ingredient, with topics ranging from oddities in Russian grammar to the iniquities of the gnomes of Zürich.

It was inconceivable that the quartet would ever consider playing in public. It may have been one of the last groups of its kind in Toronto to be called "amateur," which is no longer necessarily a compliment, especially among young people.

Over the years, many string players participated, culminating in Eugene Kash who played first violin for many years. Among cellists, John Somjen, Robert Spergel, Eitan Cornfield and Denis Kulesha excelled. The clarinetist Jonathan Krehm was occasionally invited to join the group and added twentieth-century works to the usual repertoire.

Every session began with a Haydn quartet. Like the founder, I played both the violin and the viola, but, unlike him, I went silent whenever I could not manage a difficult passage.

In half a century, no one ever noticed.

*Eric Koch*

**Thanks for organizing this festschrift** for dear Bill Krehm! My contribution, if not too late:

I met Bill Krehm about twenty years ago at a conference in Toronto. So I have seen the progress of COMER from its early days. Bill is a force of nature and I have marveled over the years at his brilliance and his prolific and deeply perceptive writings! May his influence keep on increasing!

Happy Birthday, Bill!

*Hazel Henderson*

**Bill is, as everyone who has ever met him knows, a bookish person. He loves books (their stories, their facts, their imaginings) as others might love sports or vintage cars. Among his related loves are history and Latin. For Cleopatra at the Breakfast Table, a book that I've just finished about studying high school Latin with my teenaged daughter, I've had the pleasure of interviewing both Bill and his granddaughter Rachel about their study of and affection for Latin. What follows is the beginning of Chapter 11, "Time Is On My Side." The chapter is introduced by a quotation from Lucan: "All time converges into a single heap."**

Kids teach us about time. Or at least how time, whether we want it or not, lurches, unstoppably, incontrovertibly, forward. As we watch those bundles of fledgling enthusiasm, investigation and contradiction get older, probing and plotting the landscape as they go, we realize that we too must be getting older.

Three people whom I spent some time with and thought a lot about over the past year as I've worked on this book, and whom I mentioned earlier in these pages, are no longer fledgling. Latin scholar Elaine Fantham is in her late 70s, structural engineer Morden Yolles is in his late 80s, and economist and businessman Bill Krehm is in his late 90s. If my youthful daughter Siobhan has kept me aware of my gathering age, I am convinced that these three elders have helped keep me young. Each of them has a strong, driving sense of energy which borders on impatience. Each of them has a rich personal history and a desire to continue exploring and raging, in their own way, against the inevitable dying of the light.

Elaine has trouble walking and breathing sometimes, but she continues to churn out books, translations and introductions for Oxford World's Classics and other publishers, most recently on Roman literary culture, and on Seneca, Virgil and Petrarch. And with her rich sense of history and her feisty opinions, she is a great person to go to the movies with.

Mordy can be a bit rickety on his feet, but he goes to the gym every day for what he calls his visits to the shvitzeria, takes and exhibits photographs, continues to run Scaramouche, one of the finest restaurants in North America, and remains fascinated by how the Romans brought water over vast distances through the use of aqueducts, by the concrete used to build the Pantheon, and their other engineering marvels.

Bill seems to be always cold and he often wears a hat and scarf indoors, but he plays the piano almost every day for two hour or so, turns out a 20-page newsletter every four weeks on economic policy and whatever else suits his intellectual fancy, still travels extensively (most recently to Venezuela, Greece and Barcelona), and recently launched a major legal case related to fiscal policy.

These three surely realize that their time is winding down and yet none of them cares to talk about it. They are much too concerned about what comes next: what book to read next, what adventures their children or grandchildren are up to, what the upcoming opera season holds.

When I was in Grade 10 our main history textbook was called *The Ancient and Medieval World*. Although I don't remember doing so, I must have stolen a copy of the book, or simply failed to return my copy as the school year ended, because I still have on my bookshelves my copy of the book. Inside its pages is a yellowing, fading sheet of mimeographed paper that includes a class assignment of 44 questions. Among the questions:

"According to legend, who founded the city of Rome?"

"What was the extent of the Roman Empire on the death of Augustus Caesar?"

"Why was the Christian Church so important after the collapse of Rome?"

I'm not sure when I was in Grade 10 that I read the Introduction with any great sense of commitment or attention, but the words now take on a certain resonance. The authors, addressing the high school audience of the book, tried to invoke our confluence with the past. We students live in a land, the authors tell us, that is the inheritor of all the knowledge and all the civilization and cul-

ture of all the nations that have existed. Any you...in this twentieth century are heir of all the thoughts and all the acts of the men and the women who inhabited this earth before you... You, like Ulysses, are a part of all the experience of all mankind. The cave-dweller of the Old Stone Age, the Egyptian driving his chariot by the Nile, the Greek mathematician, and the Roman legionary fighting for his empire in distant lands, have all contributed in one way or another to your life as you live it today.

This inclusive and encouraging statement is becoming more evident to me now, but how many teenagers – indeed, how many adults – appreciate or even have the inclination to appreciate how closely we are tied to the past? Is there a time when we stop looking toward the future and begin to look toward the past?

Perhaps this shift in attention begins in our twenties (when responsibilities begin to mount up) or when we have children (and experience the accumulating past of the young people that we watch so closely) or when we realize that we have fewer days ahead of us than we have behind us (half-way to our allotted three-score-and-ten, or at 40 years of age, 45 years of age, or can we push this thought out of our mind until we are in our 50s?). Perhaps this shift in concern away from the future and toward the past is a slowly expanding idea that begins, without words, at our first moments of consciousness and continues on over the decades until we are no longer in command of our minds and imaginations.

Perhaps – as I imagine Bill and Mordy and Elaine must do – we encircle the past, present and future into one, and slowly begin to realize that these three times are each contained within the other.

Happy 100!

*Peter O'Brien*

### **Remembering**

Bill Krehm is an unusual man. I have known him all my life as an uncle by virtue of his marriage to my father's youngest sister. I came to appreciate him in this new way only after reconnecting with him on my return to Canada from a three year sojourn in Scotland and after I had commenced my own career as a research and development scientist providing products and services to the Pulp and Paper Industry.

Bill was a Marxist soapbox speaker in his youth, growing up in Toronto during the depression years of the 1930s. He has since pursued a broad range of interests that

account for his being unusual. He speaks several languages fluently, and has a reading knowledge of several more. He is not only an accomplished violinist himself but for some years was music critic for a major daily newspaper in Toronto. He studied journalism and was at one time a foreign correspondent for *Time* magazine. He has also been a freelance literary critic. These aspects of his life ended in the mid 1950s when a review of his income in relation to his perceived needs to finance the future education of two young sons set him on a new course. He borrowed and invested to purchase and build apartment buildings and became a landlord and developer. The exceptional immigrant population growth in Toronto at this time helped this investment quickly pay off. By the early 1960s he was prospering in his new trade.

At that time the Government of Canada levied a new 11% tax on all building materials. In addition to his aforementioned accomplishments, Bill also studied mathematics at the University of Toronto. This led him to undertake a careful analysis of the impact that this new tax would have on his development business. He acted upon his conclusions by selling apartment buildings and investing the proceeds in the purchase of old mansion-style houses in downtown areas of Toronto. The flight to the suburbs and property tax increases in the core city had made these properties unattractive and unwanted. Bill had no trouble cornering the market in such housing. These he subdivided into highly marketable apartments.

His analysis had convinced him that an 11% increase in the cost of building materials would translate into a major increase in the cost to build new apartment buildings, forcing the price of rentals upward and squeezing profit margins. The cost to add to the stock of rental apartments by renovating large old houses purchased at market depressed prices would be far lower and therefore far more profitable than constructing new apartment buildings.

Events proved Bill correct and by the mid 60s he had prospered mightily. But as I said, Bill is an unusual man. His response to his success was to stabilize his business to give himself a profitable return as a landlord, and allow him time to focus his attention on economic theory.

Now why on earth should he do that? Well, Bill recognized that his analysis correctly predicted that a tax levied by the central government would appear as an increase in the price for new rental apart-

ments. He was also sufficiently well read to appreciate that macroeconomic theory denied this possibility. So he wanted to find out where economic theory had gone wrong. His approach was simple. He began with Adam Smith and commenced to read every subsequent book of any significance to the field of economic study in whatever language it had been originally published. This took him several years by which time he had developed clear ideas of how and where economic theory had gone wrong.

By the early 1970s Bill's economic odyssey had led him to appreciate that many societal developments of the mid 20th century were entering the economic sphere as independent contributors to general price increases. These included the burgeoning role of government, the cost impact of new safety, employment and environmental regulations, costs associated with increasing litigation, and other such non-market forces. Equilibrium theory needed to be repositioned to account for these new factors that gave to prices a new component independent of supply or demand.

This component, in fact, was now playing a role in the determination of the supply-demand situation itself rather than the other way around. In discussions at that time, Bill pointed out that in the United States, the combined effect of many of these forces including the Johnson-era funding of both the Vietnam war and his domestic war on poverty, would, in due course, produce a pronounced and general increase in prices. Such increases, misinterpreted as supply-demand inflation, would cause the Federal Reserve Board to increase interest rates and therefore cause a recession with unemployment rising. However, in defiance of equilibrium theory, although unemployment figures would increase, so, also, would prices continue to rise. This simultaneous increase in unemployment and the general level of prices being contrary to current equilibrium theory would, according to Bill, awaken professional economists to the need for fresh thinking.

Bill's prediction about the American economy showed up in the Carter years with then, Chairman of the Federal Reserve Board, Paul Volcker, pushing interest rates upward into the double digits and producing a severe recession. This was not attended by any immediate moderation in price increases. The other side of Bill's prediction, however, that economists would heed the simultaneous increase in unemployment with rising prices, as a call for new thinking,

proved erroneous. The response was simply to label the phenomenon as "stagflation" in the belief that this somehow saved the situation.

Neither Bill nor I at that time could have imagined that so many years later, with him approaching 100 and me at 80, we would still be observing an economy driven and negatively impacted by a pervasive economic dogma, totally oblivious to Bill's ideas introduced so many years ago, and reinforced ever since by his writings as editor of *Economic Reform*, the COMER newsletter. Economists have simply demonstrated unequivocally by their willingness to ignore "irreducible and stubborn facts," that economic studies have no legitimate claim to be considered scientific, dismal or otherwise.

Wavell F. Cowan

### Bill Krehm at 100

I am pleased to provide this statement in honour and appreciation of Bill Krehm for his many contributions to Canada and to the readership of the *Journal of the Committee on Monetary and Economic Reform* of which he was a co-founder with my friend and former colleague the late John H. Hotson.

Let me say at the outset that I stand in awe at Bill Krehm's personal history<sup>1</sup> and the volume of his published work. The monthly issues of COMER appear with his name attached to many articles which he has written; additionally, he has made available to readers his gleanings from national and international reports on banking and financial troubles. A valuable research base is available to all through the COMER online archives.

Additionally there are writings in book form starting with *Price in a Mixed Economy: Our Record of Disaster* (1975), *Babel's Tower: The Dynamics of Economic Breakdown* (1977), *Democracies and Tyrannies of the Caribbean* (1984), *Democracies and Tyrannies of the Caribbean in the 1940's* (1999), *Meltdown: Money Debt and the Wealth of Nations* (five volumes); *Towards a Non-Autistic Economy – A Place at the Table for Society* (2002). He is clearly an intellectual in the good sense that is reserved for the use or application of that word. He makes his expertise available to and uses his voice to speak on behalf of society.

I want to cut to the chase as it were. (That is to my possibly mundane matters.) In the title *COMER economic reform* is stressed in putting the "er" in bold but lower

case letters. The word *Economic* should be taken to refer to (1) the economic system and its institutions (including monetary) and (2) the discipline of economics.

John Rawls asserts that *Justice is the first virtue of social institutions, as truth is of systems of thought. A theory however elegant and economical must be rejected or revised if it is untrue; likewise laws and institutions no matter how efficient and well-arranged must be reformed or abolished if they are unjust.*

Capitalism is an immoral system because (following C.B. Macpherson<sup>2</sup>) it prevents the fullest development of the human capacity at least in those of us from whom labour power is transferred. Capitalism in this regard coerces and is like slavery; slavery was abolished but still remains. With capitalism Rawls seems to provide for reform or that it should be abolished. Thus capitalism will remain whether reformed or abolished.

The discipline of economics, to the extent that it is based on the neo-classical model, fabricates for its own purposes a system of thought that is untrue. The equilibrium model and its associated paraphernalia such as Pareto optimality cannot possibly hold in a world of constant change. The discipline may be said to provide employment for *specialists in the generation of untruths*. This process has gone on for decades at the expense of the tax paying public because the tax paying public either doesn't know what is being done to them and their children or doesn't care so long as there is an expectation of a salaried job after graduation.

So Rawls words, in effect, imply a rejection of neo-classical economic theory and the *marginalist apparatus that has, in fact, marginalized the importance of economics*. The point is that economics ought to start with the truths that we know and build on them.

Bill Krehm's work listed above focuses on both reform of the system and its institutions and the reform of economics as a discipline.<sup>3</sup> The title of his 2002 book is *Towards a Non-Autistic Economy – A Place at the Table for Society* (2002). The term autistic has been often used to refer to mainstream economics. Krehm is critical of the mainstream and its use of mathematics and he opens things up by setting a place for society at the table. He has to be concerned with democracy and fairness. The concern seems to carry over from his personal history and from his work on democracies and tyrannies in the Caribbean.

I suspect that most liberals will be aghast at an economics discipline that knows no

boundaries (that does not constrain what is to be studied). My friend and former colleague the late John Hotson (and co-founder of COMER with Bill Krehm) was certainly taken aback when he early on saw what I was doing. I suspect that, as an American liberal in a post-Keynesian tradition, he, like Keynes, I am told, saw the task of economics as merely to *save capitalism from itself*. But with capitalism defined as immoral from the outset far more than technical Keynesian economics is required. Systems and institutions must be made moral.

So, what seems to require stress is morality. Joan Robinson agreed with Kenneth Arrow that “the invisible institution of the moral law” was necessary to society.<sup>4</sup>

It may be that system reform will follow if embarrassing moral charges are laid at the doors of the various offenders who impose social costs on society and enrich themselves while impoverishing their clients. In fact perhaps as a matter of their own survival and a quiet life, ethical questions seem to be of some concern for some capitalist firms. Two examples: UCDA (Used Car Dealers Association) of Ontario; and Siding and Window Dealers Association (SAWDAC) and Renovation Canada Window Wise – Replacement Windows Quality Assurance Program. It is said that “*We SAWDAC educate the consumer on what criteria to look for when hiring a contractor. We also educate contractors on the demanding procedures and high standards they must follow in order to earn and retain their nationally recognized SAWDAC certification.*”

These efforts may simply be attempts by members of the respective organization to shore up their own business prospects. Harry Glasbeek downplays attempts at ethical corporatism.<sup>5</sup> No matter how shored up the underlying lack of moral foundation remains.

However, economics departments wanting to create a socially responsible microeconomics to replace the untruths of neo-classical teaching might give thought to courses and assignments that would document the technologies and modes of operation (how income is extracted from consumers) of business firms in various sectors. These courses and assignments would look at ethical considerations and instructors and students could put their findings on the internet. Deans and other administrators, who all say that academic freedom is to be used responsibly, might object to rocking the boat. In fact this sort of replacement for neo-classical economics, is, or would be, a proper (socially responsible) exercise of one’s

## BookStore

*Books by Hazel Henderson, W.F. Hixson and William Krehm can be ordered online at [www.comer.org](http://www.comer.org).*

**By William Krehm:**

- *Towards a Non-Autistic Economy – A Place at the Table for Society*
- *Babel’s Tower: The Dynamics of Economic Breakdown*
- *The Bank of Canada: A Power Unto Itself*
- *Democracies and Tyrannies of the Caribbean*
- *How to Make Money in a Mismanaged Economy*
- *Meltdown: Money, Debt and the Wealth of Nations*
- *Price in a Mixed Economy – Our Record of Disaster*

academic freedoms.

*W. Robert Needham*

1. Brett Popplewell Staff Reporter, published on May 17, 2008. “Toronto revolutionary, 93, girls for one more.”

2. “...a capitalist society...compels a continual net transfer of part of the power of some men to others, thus diminishing rather than maximizing the equal individual freedom to use and develop one’s natural capacities which is claimed [by the proponents of capitalism].” C.B. Macpherson, *Democratic Theory: Essay in Retrieval*, 10-11.

3. The recent Federal Court decision on the lawsuit launched by COMER (Bill Krehm and Ann Emmett) regarding the Bank of Canada is at – <http://decisions.fct-cf.gc.ca/en/2013/2013fc855/2013fc855.html>. This court document reads in its introduction: “This is a novel proposed class action proceeding. It seeks, in essence, to compel the Defendants (Crown) to comply with the *Bank of Canada Act*, [1] (*Bank Act*) and to take certain steps pertaining to monetary policy in Canada. This proceeding alleges wrongs of statutory and constitutional abdication of action and infringement of all Canadian citizens’ rights under various statutes and the Charter of Rights and Freedoms (the Charter) [2].”

4. M.S. Turner, *Joan Robinson and the Americans*, 161. Citing JR, CEP 5:43-47.

5. See: Glasbeek H., *Wealth by Stealth: Corporate Crime, Corporate Law and the Perversion of Democracy*, Toronto: Between the Lines, 2002/03; Glasbeek, H. “Commercial Morality Through Capitalist Law: Limited Possibilities.” *La revue juridique Themis*, XXVII, No 2-3 (1993), 263-308; Glasbeek H., “The Corporate Social Responsibility Movement – The Latest in Maginot Liners to Save Capitalism,” *Dalhousie Law Journal*, 11 (1988). See also: Robert Heilbroner, *In the Name of Profit: Profiles in Corporate Irresponsibility* (Doubleday, 1972).

### Honouring Bill Krehm

I first met Bill Krehm in the summer of 1990. At a COMER meeting in Toronto, John Hotson asked me if I wanted to go to Muskoka for a weekend retreat about economics. Since I lived in Parry Sound at the time, and it was on the way home, I said yes. I had no idea how profoundly my life would change that weekend.

The retreat was held at Paul Hellyer’s [Arundel Lodge](#) and some of the best economic minds on the continent were there.

Bill was one of them. I remember wondering how old he was. To me, a young man not even 40, he appeared quite old, but he had a youthful, passionate dynamism about him that betrayed that impression.

Throughout the weekend Bill was called upon many times to expand upon an economic subject and he was always eager to jump in. He had a marvelous imagination and a delightful staccato enunciation which always struck the most important points with a ringing clarity.

That weekend I learned how to question the mainstream economic rubbish that I fled from at the U of T. Despite getting a 90% average in the subject, the way we were taught to accept without question had infuriated me. That weekend, Bill and John opened my eyes to a completely different history of money and economics and I shall carry that gratitude with me forever.

Thank you Bill – and a Happy Hundred.  
*Don Findlay*

**I have known William Krehm** for only a few years, but he has had an enormous influence on me and my views on monetary economics. I sought him out a few years ago as I slowly came to realize the great swindle we Canadians have been subjected to since the Bank of Canada was emasculated in 1974. As an employee of the Office of the Auditor General of Ontario, I had been conducting research into Ontario’s debt history, and as my discomfort with what I was learning grew, I expanded this research to look into the debt history of Canada as a whole. Somehow in that process I came across the Committee on Monetary and Economic Reform organization and started reading some of its materials, including many of Bill’s personal contributions. I found his writing delightful; I loved his wry, pithy style, his poignant observations, his wonderful humour, his desire to help all Canadians, and most of all, his well-supported message on the need for monetary reform.

As my interest in the abuse of our money system became stronger, I sought to awaken my Office’s interest in raising this issue under our mandate to make recommendations to government to improve the economy and efficiency of its operations. It had become obvious to me that the government should eliminate its increasingly dangerous habit of going hat in hands to private banks, and letting them create and then lend us our own money at interest. The creation of the Bank of Canada in the 1930s had made such stupidity unnecessary, and this Bank’s money

creation ability was used to wonderful effect until 1974 on such major projects as financing our World War II efforts, building the St. Lawrence Seaway, connecting Canada by road via the Trans Canada Highway, support programs for returning veterans, paying “baby bonuses,” and introducing universal health care. Because the Bank of Canada was 100% owned by the people of Canada, all interest received on its capital loans was provided back to the Canadian government and therefore available to be spent by the federal government into the Canadian economy as “debt-free” money. Recipients of these payments could pay off their own personal debts and build private wealth. The result was a Canada with no public debts to speak of, a much lower private debt load, full employment, low inflation, and a social safety net that was the envy of the world. Despite being one of the most resource-rich nations on earth, this now all crumbling to pieces since we compromised our sovereignty by joining the international banking cartel. The cartel of course insists that all money be created through the issuance of debt that must be paid back with interest to private sector bank owners. Besides being totally unwarranted, these payments create a constant money “scarcity” in society that monetary theory clearly demonstrates is devastating to an economy.

I remember calling COMER at one point in my saga, asking if I could talk to someone about these issues. I was immediately invited to visit, and when I did so, found I was actually at Mr. Krehm’s home in Rosedale. I believe it was Rita who answered the door, and she presented me to Bill in his living room, where he was of course surrounded by a huge pile of the day’s newspapers. He was extremely gracious and patient with me, and spent at least an hour and a half patiently answering my questions. I ended up walking away with a number of COMER publications, including the wonderful *A Power Unto Itself: The Bank of Canada*, which Bill himself wrote and several volumes of the *Meltdown* series for which Bill acted as both editor and contributor. I remember he did not even want to take my money, even though I assured him my office was covering the cost.

At the time Bill advised me that I was unlikely to get very far in my efforts, as, given the vested interests and the enormous sums being siphoned off under our current system, reforming government borrowing policies from within the system was likely impossible. I was much more naïve at the

time, still believing that rationality prevailed in our governments, and that officials could be shown the error of their ways. Of course, I was dead wrong and Bill was 100% correct. My attempts to have our public borrowing policies properly scrutinized was blocked at every turn, as the financing interests inside the Ontario government quickly circled the wagons. All of the old myths, lies, and propaganda points that are used to defend the sellout of Canadian citizens to international corporate and banking interests were trotted out and chanted hypnotically, and my initiative died ignominiously. However, Bill has inspired me to never give up – if he can still be fighting for justice at 100, how can I quit?

My latest memory of Bill was at the courthouse during the Bank of Canada law suit preliminary hearing. Despite looking very frail, he was obviously still inspiring those around him. Perhaps sensing there would not be too many more opportunities to do so, people were bringing him their copies of *A Power Unto Itself* and he was graciously signing them. I had not brought my copy, but I gravitated to the area anyway, and ended up with a new second copy handed to me, which Bill then proceeded to sign.

I noticed that the oldest living male has just died in New York State at the age of 112. The next male in line is 111. Hang in there Bill – you are moving up the list quite quickly! Getting to the top of the list would give you space in the Guinness Book of World Records – another opportunity to get your much-needed message out. Mr. Krehm – thank you from the bottom of my heart for your contribution to Canada.

*Paul Amodeo*

**I have had the pleasure** of meeting Bill on several occasions at COMER meetings, I wish I had become a COMER member sooner than a few years ago. He really is a fascinating man, I do admire him and feel very lucky to have had these experiences.

I thought this might be of interest and humorous to some; the fact that William was born the same year that the Federal Reserve was conceived and William being the antithesis to FR monetary policy.

Sincerely with respect,

*Randy Smith*

**To William Krehm, in recognition of:**

- Your unswerving dedication to reviving the role that our Bank of Canada could and should be playing in the life of Canadians.
- Your constant support of the Commit-

tee on Monetary and Economic Reform.

- Your support for many years of the COMER website.

- Your publication of the *Journal, Meltdown* and other books and above all your singular decision to sue the Government of Canada over its misuse of our Bank of Canada.

The undersigned members and friends of the Kingston Chapter, Committee on Monetary reform, present you this simple scroll to show our appreciation November 20, 2011.

*Hugh Jenney, Treasurer*

*Dolores Priestman*

*Jerry Ackerman*

*Richard Priestman*

*Darko Matovic*

*Tim Seitz*

*Ann Emmett*

*Keith Wilde*

*Helen Channen*

*Nora A. Parish*

*Kevin Connolly*

*William R. Parish*

*Claire Jenney*

*Don B. Rogers*

*Wilmer J. Hill*

*Sandra Willard*

*Tom J. Kennedy*

*J. Lewis*

*Mary Gartenburg*

**I am not quick enough** to write a paper of the standard needed, indeed I have been trying to do it all my life, and have not succeeded. Perhaps I can speak for those like me, who have good intentions and are strong believers in our ideas. Those who understand the need for, and the benefits to be expected, from monetary and economic reform, have a lifelong interest and goal as well as a burden. It is helped by a wise and thoughtful leader.

Thank you William Krehm.

*James W. McGillivray*

**While I don't have** any personal anecdotes that come to mind, Bill is one of my favourite people, just for the record.

*A friend sent this comment about the festschrift that I promised to forward.*

*Regards,*

*Jozsef Izsak*

By the way, in my humble opinion, the Festschrift should mostly consist of serious articles by recognized writers and economists, on themes that have pre-occupied Bill for much of his career – monetary policy, the public good, citizen activism, public

education....

Suggested contributors:

Margaret Atwood (who gave a Massey lecture series on debt)

Paul Krugman  
William Greider  
David Crane  
Noam Chomsky  
Lewis Lapham  
Steve Keen  
Yves Smith  
Linda McQuaig  
Mel Hurtig  
Joseph Stiglitz  
Warren Buffet  
George Soros  
Chris Hedges  
Stephen Lewis  
David Suzuki

And, yes, Neil Macdonald (at least he has raised the profile of the fact that governments can create money – he just needs to have the picture filled in so that he understands better).

Some leading economist from Scandinavia, France, etc.

The objective should be more than to create a cozy scrapbook of anecdotes from family and friends, but to elevate Bill's stature and draw attention to his accomplishments, and also to elevate the issues that he discusses. The idea is to break out the discussion into a broader public forum and this can only be done with people of national and international (and to the greatest extent possible, mainstream) repute writing to show that Bill isn't a crank and that his ideas are relevant and legitimate, now more than ever. This is an opportunity that should not be wasted, and it may be the last one. If COMER wants to take the next step and "grow up" as an effective organization, rather than a very small social club, it should not let this opportunity pass.... The question is whether the COMER-ites can step up to the plate or not.

Just a thought.

**I first encountered Bill Krehm** at the Bromsgrove conference of 2007. I already knew of him from reading his articles reproduced in the British publication, *Sustainable Economics*. Even so, I was at least mildly surprised at the idea of a nonagenarian making such a transatlantic journey.

These conferences, now sadly now ended, were wonderful gatherings of a small band of wise trumpeters ready to bring down the walls of Jericho. However the accommodation, whilst secluded, congenial and cheap,

had the drawback of room sharing.

Driven out by snoring sometime after midnight I made for the lounge perchance to catch a little sleep on one of the sofas. I had hardly settled down when Bill arrived, likewise unable to sleep.

So we chatted into the small hours, Bill sparkled. It is an achievement for any person to reach their middle-nineties fully functioning, let alone shrug off jetlag and insomnia with such ease.

So I learned first hand of his time as a young kitchen hand in New York during the dark Autumn events of 1929. Naturally we talked economics and radical things and the ease with which people will adhere to misconceptions. He hinted at some European adventures during the 1930s but would not be further drawn.

It is an event I will always remember and treasure. But conversations with walking history are rare events,

*Frank Taylor, Runnymede Project, Chetton, Shropshire, England*

### **Here is my tribute to William Krehm.**

I met Bill in July, 2009. He struck me immediately as a courtly man. At the time, he was ninety-five years old, sprightly, mentally acute and physically active, playing the piano every night for two hours until he felt his "sitzfleisch." Bill spent a great deal of time working on his monetary and economic reform journal for COMER which he sends out into the four corners of Canada and beyond. I know that COMER means a great deal to him as does its success.

Finally, I'll remember Bill's good humour, intelligence and stamina.

*Dr. Dagmar Novak*

**At many a COMER meeting**, when confronted with a question that reveals some inadequate knowledge of basics, William Krehm patiently and with interest has gone over the groundwork. Though this irritates some who attend regularly, it is less important to pass information to those who are already aware than to those who are not.

As a language teacher, I have often noticed that at advanced levels, the problems people encounter are caused by an inadequate knowledge or memory of what would have been taught at the basic levels. William Krehm understands this, and does not value those "in the know" above those who wish to be included.

At lunch during a COMER conference in Toronto some years back, I had the privilege of sitting next to him and sharing free-

-ranging conversation with him. Since then, he has shared some of his experience with regard to learning in general.

Something which he emphasizes is the importance of looking beyond what is readily available. Being able to read in several other languages opens up other ways of understanding, and has the added benefit of improving mental flexibility. So now I use some of my spare time improving on my facility with other languages. He stresses that watching videos and listening to tapes or lectures cannot equal the efficiency of reading. That insight has led me to use YouTube and the like as a hook that draws me toward reading further on a subject. This message about the importance of reading is easy to pass over, but is strengthened by the fact that book read by millions, the Quran, has a piece that begins with the command, "Read!" and describes a reward for teaching the illiterate to do so. With the basics, we are enabled to move on.

Not only in words, and he has written many worthy books and articles, but also in deeds, William Krehm inspires many of us to seek a deeper understanding of the world and act on it responsibly. A face to face encounter with William Krehm has an enduring and far-reaching effect, and I am grateful for the privilege of being in his circle of influence.

*Anne Eriksen*

### **An Interesting Moment at the 2007 Bromsgrove Conference**

My story is of Bill at a Bromsgrove meeting (2007) with Stephen Zarlenga (Director, American Monetary Institute). Bill was arguing his 50/50 solution against SZ's 100% fractional backing plan. Stephen had been talking and during his talk quoted from the late John Hotson. Bill then got up and pointed out (to everyone's amusement) that John (while he was alive) had agreed with his (Bill's) position – a priceless moment.

*Dr. Simon Mouatt, Senior Lecturer, Faculty of Business, Sport and Enterprise, Southampton Solent University, Southampton, UK*

### **Some Recollections on William Krehm's Contributions to Canadian Political Economy**

I first met Bill Krehm in the mid-1970s when I was still a graduate student at McGill University in Montreal. Bill had been invited to speak at a departmental lecture series and, since I had been working on questions of aggregate price formation for



my PhD, I had decided to attend his presentation. The seminar focused on his recently published book, *Price in the Mixed Economy*, that had come out in 1975. I was struck by both the depth and yet “common sense” of his analysis. For Bill, some of the underlying inflation in a mixed economy had to do with how the trend growth of the public sector had led eventually to tax-shifting of these costs by corporations, thereby being reflected in higher prices, followed by feedback loops as trade unions sought to recoup their loss in purchasing power. He argued that policies of monetary austerity through higher central bank interest rates to combat inflation at the time would perversely affect the real economy and all that was really needed was properly to account for public sector capital expenditures and adjust taxation appropriately.

Perhaps a year later, in April of 1977, I had the pleasure of meeting another important person with whom Bill Krehm will associate during the two subsequent decades until his untimely death in 1996, namely John Hotson. I met John at a conference in 1977 at Rutgers University in New Jersey that had been organized at the time by Paul Davidson and, for me, this started off a long relationship with John. This is because, after I took a teaching position at the University of Ottawa in 1978, John began to invite me on a regular basis to a number of sessions throughout the 1980s that he was organizing at the annual meetings of the Eastern Economic Association, as well as at the University of Waterloo in the summer. It is during these memorable meetings that I eventually met up with Bill Krehm once again, together with such other towering intellectuals as Kenneth Boulding. Indeed, ever since the 1980s Bill and I have had many occasions to see each other and, indeed, the very last time that I saw him was in March of 2012 at the Eastern Economic Association meetings that were held in Boston. This was just a bit after he had travelled to Ottawa to attend a conference at the end of May of 2011 to celebrate the intellectual achievement of another common friend and colleague, Alain Parguez, who had long been associated with the Institut de Sciences Mathématiques et Économiques Appliquées (ISMEA) in Paris founded by François Perroux.

Together with John Hotson, Bill and I have always agreed on the need for government deficit spending during recessions and that, to give a truly powerful boost to the real economy, this government deficit

spending ought to be financed by direct central bank purchases of government securities. However, in order not to frustrate the central bank's policy of targeting a certain level of the overnight rate, these excess reserves or settlement balances that would appear in the banking system (or what nowadays they refer to as “quantitative easing”), would actually have to be mopped via open-market or repo operations. While we have generally agreed on such a deficit spending policy (but not necessarily on all its details), I never personally supported what had become the prime focus of COMER policy views, which was to institute 100% reserve requirements on the banking sector in accordance with a famous proposal by Irving Fisher in the 1930s. The purpose of such a policy was to prevent banks from creating credit-money, thereby constraining them to being pure financial intermediaries or what some have facetiously referred to as pure “piggy banks.” In a recent paper that was published in a book that has just recently been released by Edward Elgar Publishing in honour of Alain Parguez, Hassan Bougrine and I describe why we do not agree with the Fisher proposals or many of its variants nowadays referred to as “narrow banking.” I shall not go through the details of our opposition here, but, in the paper, we have argued that it would be more desirable if the government were to nationalize banks and transform them into public utilities than to impose 100% reserve requirements that would necessarily constrain monetary creation exclusively to public sector deficit spending. In a monetary capitalist economy like ours, credit-money advances in excess of saving are the means by which growth can be financed. To make these private expenditures dependent on the amount of private savings in the system would condemn the private economy to either stagnation or the reliance exclusively on government deficit spending for private sector growth. This discussion can be found in: Hassan Bougrine and Mario Seccareccia, “Rethinking Banking Institutions in Contemporary Economies: Are There Alternatives to the Status Quo?,” *Modern Monetary Production Economies: Banking and Financial Circuits and Role of the State, Essays in Honour of Alain Parguez*, ed. by L.-P. Rochon and M. Seccareccia, Cheltenham, UK: Edward Elgar, 2013, pp. 134-59.

Having described my differences on the question of narrow banking, this should in no way undermine the profound admiration and respect that I have for Bill. Bill is

that rare intellectual who not only can wield respect and admiration among what is now a growing number of heterodox economists, who reject the intellectual wasteland of neoclassical economics, but who, through the strength of his conviction, has fought an uphill battle that, I would argue, very few intellectuals in Canada could measure up to him. I wish Bill Krehm a hundred more wonderful and productive years of good health and intellectual progress. Bill, keep up the good work!

*Mario Seccareccia, Professor of Economics,  
University of Ottawa*

**This quatrain** from Omar Khayyam's 900-year-old *Rubaiyat* particularly addresses a challenge every youth faces:

*Myself when young did eagerly frequent  
Doctor and Saint, and heard great argument  
About it and about: but evermore  
Came out by the same door where in I went.*

This challenge continues today in the Digital Age where incredible amounts of information are quickly summoned via the Internet at the touch of a key. We seek guidance from today's Doctors and Saints in sifting overwhelming quantities of information for knowledge it may contain. Guides we select determine whether we just hear great argument or come out by a different door with knowledge.

Today Doctors of Science sift information (data) seeking knowledge. Their arguments About it and about are conducted in the language of mathematics and have produced knowledge which allows space ships to be constructed, land on Mars, and return data. Doctors of Science may argue about what data means but they come to agreement on what it is. In my search to make sense of the market economy COMER became a most helpful guide. The articles Wm. Krehm edited, wrote, and published each month in *ER* guided me beyond great argument.

I had long puzzled over the creation and distribution of money. From a physical scientist's perspective I first imagined money as an indestructible liquid-like substance flowing in an economy of people buying and selling among themselves. I knew that nations manufactured legal tender and with *ERI* learned how banks created more money by “extending credit.” It seemed a magical process lending a depositor's legal tender and collecting interest on it.

Clearly money is not like a material substance, it can be created and destroyed at a bank's discretion. Goods and services are valued (measured) in ill-defined money

units. Scientists measure length, mass, time, in precise standard units: meters, grams, seconds. Carpenters measure length in inches and agree on the width of a door. Money, unlike length and mass, is not a part of the natural world. Money neither grows on trees nor is dug from the earth. Money is a human invention, like inches, used to enable buying and selling in a market economy.

Reading COMER publications I learned about the many ways money is created, valued, and distributed. Kings and emperors once manufactured legal tender, spending it or giving it into circulation at their pleasure. Today it is governments, popularly elected or not, which exercise this sovereign power. Most governments establish a Central Bank to manage their money supply and to underwrite the distribution of legal tender in the public interest. The financial history of Western Nations documents recurring cycles of exhilarating economic growth and despairing collapse. This cycle continues today while Doctors and Saints make great argument about it and about: ... much knowledge remains to be sifted from information. COMER publications with Wm. Krehm's leadership guides me beyond Great Argument.

*Robert W. Zimmerer*

### **On William Krehm, Still Younger than Most Young Economists and Already in the Pantheon**

The first time I heard about William Krehm, I was fifteen, at a dinner with François Perroux, Jean Weiller and Milton Friedman. Through the sister of Jean Weiller, Perroux knew quite well my parents.

Friedman started to speak, shut up! said Perroux, you should read the work of the greatest mind, Bill Krehm. After that I had many debates with Perroux and he told me "Alain, all the great French economists are assholes (sic), but because of their ignorance and lack of culture (he made an exception, Jean de Largentaye). There is only one economist you should meet; Bill Krehm! He is what I hoped to become" (sic).

Later, when I was twenty and started to work for the institute created by François Perroux (ISMEA), I remember very well my first meeting with Bill Krehm. Back home, I told my mother I met a very great mind, dedicated to economics as a science of freedom, free from any connection with the sanctimonious bureaucratic academics.

Since that time, I never changed my early belief: I have only admiration and respect for such a high mind, who being a learned

mathematician quite familiar with the most abstract of the mainstream theories, could unveil their infamy of masking a reactionary ideology by an ad-hoc childish formalization.

When I am depressed by the new little algebraic models and the petty-bourgeois ambition of their authors, I take an immense pleasure in reading Bill Krehm contribution to come.

He is already in the Pantheon of those who strove to use economics in the most multi-disciplinary way to build a better world with Marx, Polanyi and Keynes.

I will never forget that he published a paper of mine on the bureaucratic dictatorship embodied into the Euro. I cannot forget that he attended the Ottawa conference in my honor and I still admire his comments. How could I forget our last discussions in New York or Boston, in which he encouraged me to pursue my work.

As a conclusion, all what he forecasted was a prophecy which was revealed. A useless banking system, a dying capitalism system, the disaster for the world.

Bill Krehm, really I admire you, your passion, your dedication to the happiness, you are worthy of the Pantheon.

*Alain Parguez, Emeritus Professor University of Franche-Comté, Besançon, France*

**My name is Eric Ferguson.** I have been In-house Counsel at O'Shanter since May 1982. My first day at O'Shanter I was sitting in the lobby waiting for someone to show me my office so I could get started. Mr. Krehm came into the office and asked the Comptroller if a deal had closed the previous Friday as scheduled. When Howard said yes it had closed, Mr. Krehm said good or something like that and he left.

I was floored. As someone who had only been in practice for two years, the deal they were discussing was huge for me and would have merited something – not simply the acknowledgement of the answer. But Mr. Krehm, as anyone reading this publication will know, is exceptionally intelligent and he distills the business to its core. The deal closed and that was that.

I learned then, and this was confirmed many times over the years that with Mr. Krehm, there is no emotion, only the analysis – always sophisticated – and then the conclusions based on the analysis.

Mr. Krehm was in his late 60s when I started at O'Shanter. His energy and passion for his interests in the intervening years have astounded me. Safe to say I have never met

anyone like him and it has been a privilege to work for the organization he founded.

**Many congratulations to Bill,** on behalf of my father (James Gibb Stuart).

I'm his daughter, Marjorie, writing to you from my Dad's email address, which I'm just checking for him, as, sadly, he is no longer with us. He passed away last Wednesday, peacefully and at home, which is of course a great blessing.

He had just entered his 94th year, and I know he would want me to pass on his best birthday wishes to Bill on celebrating his 100th.

Regards,

*Marjorie (Clifton)*

### **"American Economist Warmly Welcomes Bill Krehm at Heterodox Economics Conference"**

It happened in Ottawa, Tuesday, May 31, 2011.

Bill and I, and Ann Emmett (the next day), attended the two-day conference, Contemporary Capitalism: Its Financial Circuits, Its Transformation and Future Prospects, at the University of Ottawa. I mentioned during a Q and A session that the gentleman beside me, William Krehm, was the co-founder and driving force behind COMER.

At the break a few minutes later, Bill was very warmly greeted by Professor Mathew Forstater, of the Department of Economics, University of Missouri – Kansas City (UMKC), with words to the effect that he was familiar with Bill's writings and COMER, and was delighted to meet him. The professor's enthusiasm in shaking Bill's hand was clear for all to see.

Dr. Forstater's presentation in Ottawa was entitled "Time of Production, Time of Circulation, and Turnover Time: Exploring the Guts of Marx's Circuits of Capital." The conference was organized by the International Economic Policy Institute (Laurentian University, [www.laurentian.ca/content/international-economic-policy-institute](http://www.laurentian.ca/content/international-economic-policy-institute)) and ROBINSON (University of Ottawa). (ROBINSON means "Research On Banking International and National Systems Or Networks," and is "an unofficial research group located at the Department of Economics of the University of Ottawa" ([http://aix1.uottawa.ca/~robinson/english/what\\_is\\_robinson.htm](http://aix1.uottawa.ca/~robinson/english/what_is_robinson.htm))).

Mathew Forstater is on the faculty of the Department of Economics, and is Director, Center for Full Employment and Price

Stability ([www.cfeps.org](http://www.cfeps.org)), at UKMC. His teaching and research interests include: History of Economic Thought, Economic Methodology, Political Economy, Public Policy, Economics of Discrimination, Environmental Economics, African and African American Economic History.

(Web references: [www.cfeps.org/people/forstaterm](http://www.cfeps.org/people/forstaterm), <http://cas.umkc.edu/econ/economics/faculty/fac.html>, [www.facebook.com/mathew.forstater](http://www.facebook.com/mathew.forstater), <https://twitter.com/mattybram>. His course web page is at <http://cas.umkc.edu/economics/faculty/Forstater/201/index.html>.)

*Michael Sinclair*

**I have never met Bill Krehm in person** – just a few long distance phone calls over the 17 years or so I have subscribed to *Economic Reform*.

For that reason, it's obvious I have the greatest respect for his intelligence from many different perspectives and subject areas. I will not be sending any contribution to the Festschrift. But here's my hearty "Happy Birthday" to Bill from Nicaragua!

Please give my sincerest regards to Bill, emphasizing his great contributions to our evolving intellectual civilization.

And I look forward to the "Festschrift" issue of *ER*.

Yours truly,

*Bob Mathews, Managua, Nicaragua*

### **Interest in COMER from Library of Parliament Research Analyst at Heterodox Economics Conference**

In May 2010, Bill, Ann Emmett, Derrell Dular, Stewart Sinclair (no relation) and I attended a two-day conference on Central Banking after the Crisis, organized by Professor Louis-Philippe Rochon, Director of the International Economic Policy Institute, Laurentian University (with funding from the Social Sciences and Humanities Research Council (Canada), and Laurentian University, <http://laurentian.ca/content/international-economic-policy-institute>).

The program is at <http://heterodoxnews.com/htnf/htn99/Central-banking-toronto.pdf>.

Bill was delighted to see the interest in COMER by John Bulmer, then with the Library of Parliament in Ottawa. He became quite interested in learning from Bill, and the two of them spoke a lot at the dinner at the end of the second day. He seemed to enjoy speaking with Bill and appeared to have more than a librarian's interest (if I may use such a phrase!) in what Bill was saying, and

by extension in COMER too.

He was provided with a full collection of COMER books for his and the library's use.

Another memory from the conference. On learning of Bill's presence, high regard was mentioned about the late Professor John Hotson, including by Professor Mario Seccareccia, Department of Economics, University of Ottawa (<http://aix1.uottawa.ca/~robinson/Seccareccia>), who noted the panels Dr. Hotson had organized at a few annual meetings of the Eastern Economic Association ([www.ramapo.edu/eea/conference](http://www.ramapo.edu/eea/conference)).

Dr. Seccareccia was one of the coauthors of *The Deficit Made Me Do It* (CCPA:1992, 20 pp.), with Professors John Hotson and Harold Chorney.

*Michael Sinclair*

**I met Bill Krehm** at a talk on Salt Spring Island eight years ago (2005?) when he and Connie Fogal were on a tour that included Duncan. Jan Slakov worked it out to have them come over for a talk here, which I attended along with other islanders, including Bob Bateman. It was this talk that set me on a path of enlightenment and research of my own on the topic of monetary reform and the creation of currency. I was amazed at Bill's depth of knowledge and am forever thankful for the information he passes on to help others understand. With that understanding, we can change the world. Not many realize the importance of a monetary system in the health of a country! Thank you Bill, and congratulations on turning 100!

*Donn Tarris, Salt Spring Island Monetary Foundation Board*

**Years ago** I was inspired by a conference at Waterloo University organized by Hotson. I also met William Krehm there. This perspective led me to write such notes as the following:

The European Central Bank is hopelessly confused and not doing its job. Germany lost WWII, but is now wreaking havoc on the rest of Europe. Here is their lame excuse as reported by *The New York Times*.

"But despite his pledge at that time to do "whatever it takes" to save the euro, Mr. Draghi does not appear willing to risk an outcry in Germany by throwing out the rule book altogether. And he must contend with the European Central Bank's 23-member Governing Council, which includes the heads of all 17 national central banks in the euro zone.

"There are 17 governors of 17 member states with completely opposing views," said

Zsolt Darvas, a research fellow at Bruegel, a research organization in Brussels. "There are major disagreements. Probably they try to err less by being more cautious rather than being more aggressive."

In addition, Mr. Darvas said, the European Union lacks a central treasury that would stand ready to provide financial backup if central bank investments went wrong, as the United States Treasury implicitly backs the Fed." (Quote from *The New York Times*.)

This is myth and superstition at its worst. A central bank can't go broke as it can always create more money if the previous creations don't work. Try, try again until you get it right. If these bankers had a family out of work and unable to buy the necessities of life, it would not cling to this outmoded policy.

*A. Allan Schmid, University Distinguished Professor, Emeritus, Dept. Agricultural, Food, & Resource Economics, Michigan State University, East Lansing, MI*

### **William Krehm as Was Remembered by Charles A. Orr**

Just a brief anecdote related to William Krehm's attitude to the Spanish language when he was in Spain during the Spanish Revolution and the Civil War.

When the generals, supported by the fascists, monarchists and the Catholic Church, rebelled in Spain in July 1936, their coup was stopped in half of Spain primary due to the action of the workers, who armed themselves and fought and smashed the coup in the majority of the Spanish great cities. This fact opened the beginning not only of a civil war, but of a social revolution, specially in Catalonia, where the workers were led primary by the anarcho-syndicalist union CNT.

William Krehm was at the time one of the leaders of the Canadian section of the League for a Revolutionary Workers Party (LRWP), an anti-Stalinist Communist organization that had broken with official Trotskyism, although it shared a lot of Trotsky's views. By the time of the Spanish events, the LRWP had sent him and a US representative to Brussels for a congress of anti-Stalinists organizations, among them the Spanish POUM; William Krehm spent some months in Belgium, England and France, and then went to Barcelona to participate in the unfolding revolution.<sup>1</sup>

William Krehm didn't know the Spanish and the Catalan languages so, once there, he worked for the English editions of the POUM press and radio, and met with other foreign revolutionaries that were working in

Barcelona, specially with people belonging to the official Trotskyists organizations or that had split with these. However, due to the language gap, at first he couldn't contact the local people.

The anecdote that I want to bring now back was recalled by Charles A. Orr – then a young member of the Socialist Party (US) gained to Trotskyism who was living in Barcelona – and is contained in his article “Souvenirs sur l'hôtel Falcón de Barcelone,” published twenty years ago in the journal *Cahiers Léon Trotsky*.<sup>2</sup> This article has a specific section titled “Bill Krehm,” and I think it will be worth putting it in full:

*“Bill Krehm était un camarade de Toronto qui dirigeait une petite secte léniniste associée aux oehléristes. Il arriva à Barcelone assez tôt mais, ignorant l'espagnol, fut incapable de fonctionner avec les anarchistes influents comme le faisait Blackwell. Bill Krehm était un intellectuel qui adorait James Joyce. Il essayait d'apprendre l'espagnol, mais, trop perfectionniste, n'osait sortir un mot dans cette langue avant d'en avoir maîtrisé la grammaire. Il était assis en silence à notre grande table du soir dans une pension, ahuri quand Lois et moi tentions de parler notre charabia espagnol ou catalan. Mais un soir il fut prêt. Il parla en excellent espagnol, bien meilleur grammaticalement que le nôtre.*

*Je rencontrai Krehm à Mexico quelques jours après la mort de Trotsky en 1940. Il partagea sa chambre avec moi et me prêta un peu d'argent. J'étais fauché en attendant un prêt de ma mère. Plus tard, dans les années 1950, je vis de nouveau Krehm à Toronto. Il était dans l'immobilier.”<sup>3</sup>*

I think that William Krehm's profound respect for accuracy in grammar was not a matter of academicism, but in fact a profound respect for people, an understanding that the way that you approach the others is also a sign of your concern for them. Thus, if he really wanted to work with the Barcelona workers and gain them to his political perspective, then first he had to really put himself in their same level, including obviously also the language.

William Krehm has shown a similar attitude in his relation with me: when I first contacted him by mail five years ago I addressed him in English, and he answered me that I could write him either in Spanish or in Catalan. This fact alone shows not only his extraordinary language skills, being capable of reading a language – Catalan – that he had not used for 70 years, but mainly his profound respect for minority languages, something that one cannot always find in

Spain, or elsewhere.

*Sergi Rosés*

1. There are a number of sources that deal with Bill's participation in the Spanish events, for instance Michael Petrou's *Renegades: Canadian in the Spanish Civil War* (Vancouver: UBC Press, cop. 2008), or the recent CBC broadcast on the Canadian volunteers in the Spanish Civil War (available as a podcast on the CBC website).

2. Orr, Charles Andrew. “Souvenirs sur l'hôtel Falcón de Barcelone.” *Cahiers Léon Trotsky*, no. 51 (octobre 1993), p. 45-58.

3. Idem, p. 50.

**This is a note to thank Bill** for all his efforts to change our monetary system and to wish him a happy 100th birthday.

Cheers,

*David Boese, St. Catharines, ON*

### **W.K. Tribute @ 100**

In an era replete with entertainments and digital diversions, political apathy and popular cynicism, William (Bill) Krehm, in his one hundredth year, is still a man of ideas and fervent idealism.

What can you say about a guy who truly, bravely believes in real democracy – a Renaissance man and public intellectual who is among the most intelligent, well-informed people I have ever known?

As then Toronto Area Coordinator for the Council of Canadians, I encountered Bill and COMER's equally brilliant co-founder, the late Professor John Hotson, nearly a quarter century ago at a conference held by that very same international economic think-tank, the Committee On Monetary and Economic Reform. Never a fan of the still popular econometric models promoted by Milton Friedman's “Chicago School,” Bill, John and the other conference participants including Rt. Hon. Paul Hellyer and the late William Henry Pope and Jack Biddell, blew me away with their all-inclusive perspective on political economics. It just made sense. In our very finite and fragile world there are no externalities.

Over the years, I feel honoured to have served Bill and COMER in the capacity of an acolyte, providing public forums for their ideas, organizing their conferences and meetings, and all the while drawing an intense, reality-based education from their thoughts and words.

Don't misunderstand, Bill is more mischievous rascal than angel. At times he can even be – difficult. But he constantly challenges the accepted “wisdom,” and the elite global financial establishment that promotes it for their own benefit.

We need Bill Krehm – and more like him – if Canada and humanity as a whole are to survive, reach our potential as a species and

prosper in peace.

Thank you Bill for all you have given, for being you.

Your friend,

*Derrell R. Dular*

### **Happy 100th Birthday, Bill, November 23, 2013**

Bill Krehm has lived a life contributing to monetary reform.

Bill, among many other leaders in monetary reform, has taught us of our right to our sovereignty over money. He has played a leading role in Canada teaching that whoever controls the creation and use of money controls the entire apparatus of a national operation and life.

Many of us came late to the discipline of monetary reform. Bill has been my primary mentor in this field.

I am very aware of Bill's current initiative, a lawsuit which attempts to compel our Canadian government to use the Bank of Canada as is intended in the statute that created it to fund at least a part of Canada's financial needs thereby saving the nation countless sums of money. Bill, Ann Emmett and COMER are plaintiffs.

This lawsuit is a culmination of his life's work. It is his legacy. It is a recognition of a means to resist and defend against the movement by the global financial elite to enslave humanity via the control and issuance and use of money.

Various international agreements of recent decades have killed national sovereignty over money thereby effectively destroying national power over all significant matters. Canada is one of the few remaining nations that retains such power, but since the 1970s our governments have refused to use the power of our national bank to create and issue our money. Instead our governments have submitted to the commands of the international financial elites like the Bank of International Settlements (BIS) to use private banks thereby incurring massive national debt.

Instead of using the Bank of Canada in the interests of Canadians as intended in the *Bank of Canada Act*, our governments now permit its use to support private banks at the expense of the nation.

Now Prime Minister Harper is intent on cementing this submission to the BIS et al killing Canada's sovereign monetary power by committing Canada to a new and most comprehensive international agreement tying us to the European model that has emaciated the financial power of European

nations. It is CETA, the Canadian European Trade Agreement.

Bill is involved in another lawsuit intent on preventing this treason. Paul Hellyer and COMER are the plaintiffs in that action.

These two lawsuits are so fundamentally necessary for Canada's survival as a nation. This is so because no politician nor any political party in Canada has stepped forward to defend Canadian against the treason involved by the failure of our governments to use the Bank of Canada in the interest of us citizens, nor to defend against CETA. If we were still a democracy it would not be necessary to defend ourselves this way. If citizens do not do this, our politicians will proceed to sign our nationhood away entirely.

This is the legacy of Bill – to defend us, to champion Canadian sovereignty, to show the world that it is right for a nation to issue and control its money supply and thereby exercise its sovereignty. Without our exercise of this power, we are nothing except slaves.

It was Bill's original initiative and his success in attracting Rocco Galati, the only Canadian lawyer willing and competent to conduct these cases, that provides a hope of a viable sovereign survival.

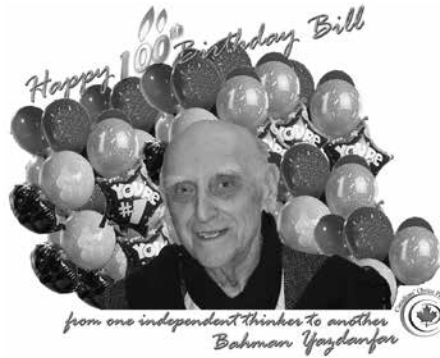
Personally, I say thank you Bill for giving me hope for a worthwhile, meaningful and free existence.

*Connie Fogal*

### **Tribute to William Krehm**

I am among the many fortunate people that have come to know Bill Krehm, and I feel confident in saying that all of us have one thing in common. We all see him as a passionate individual with persistency and consistency, and admire this tenacious man for his devotion. That was the first impression I had when I met Bill for the first time: a 95-year-old man, arriving at one of the OISE rooms, just before 7 pm on a cold winter's night, waiting for his audience to arrive, in order to share his knowledge, experience, and his cause with as many as he could, as he did on a Tuesday every single month.

My learning of history, economics, and politics from Bill Krehm was outdone by what I learned observing his actions, as he proves that age need not prevent anyone from holding on to his or her convictions. Bill Krehm has shown me that the courage to stand up for your belief, in spite of the threat of losing what you have, has not disappeared from our society. We don't need to slow down when it comes to keeping up our knowledge of current society and events, and we can continue, as he does, to make



new friends from different eras.

I am proud to consider William Krehm as one of my friends.

Happy Birthday, Bill.

*Bahman Yazdanfar*

**In honour** of Bill's achieving such a level of accomplishments and seniority, I would like to contribute something that is not mine to contribute, but is so apt in his case, that it bears repeating.

In her book, *The Ethical Imagination*, Margaret Somerville, on page 181, included a thought that matters to all of us seniors, especially those who also tend to be activists or busy with thinking and amassing knowledge, and coping mechanisms, etc. In it she says, it is only a theory, but as we get older, we tend to think holistically, or of the whole picture. To do this, it may be necessary to "dump the trash," the trash being all the "stuff" that we come across on a daily basis, that we realize doesn't matter a whole lot, compared to the important stuff.

So we forget it. Like having lunch, the name of the person we're talking to, the fact that we mentioned something earlier and are now repeating it to the same person, etc., etc. There have been some people that have been committed to a nursing home that locks its doors to keep their "customers," from going out for a walk, because they just *might, get lost*.

However, if any took the time to ask some of those people what they really know well, like what they did for a living, or what their hobby was, in some cases, find a chair, because you may be there for a while.

Throwing out the trash, or forgetting the trivia, could enable clearer thought on important things, not always, but is not Bill Krehm one of the better examples? At a time when the information invasion is getting *way* out of hand, and the Sophists in the right wing can change history to their liking or whim, (e.g., the war of 1812, was a draw?) Do we not need a clear vision of things?

Perhaps someone with contacts in the lit-

erary world could introduce Bill to Margaret Somerville, the author.

By the way, were not the elders of the North American Indians their data base, keeping their stories, songs, dances, tactics and growing and seasonal events and passing it on to the younger generation?

And we ware-house *our* old folks behind locked doors and rely on data bases that change frequently, in the name of progress.

C'mon!

What better proof could we ask for than Bill Krehm who still plays a part in publishing the COMER report and is currently practicing his Greek language that he spoke before for his trip to Greece, *at one hundred years old!*

Happy Birthday, Bill Krehm, of the long and eventful life.

*Rene Moreau*

### **To a Great Man**

Have you ever met somebody that makes you change your way of thinking? Have you ever met somebody that makes you realize that your belief in change is possible? Have you ever met somebody that makes you better because you know them? I have, and his name is William Krehm.

I became involved in politics from learning that there are better ways to do something. I learned that our monetary system does not need to be so chaotic. I learned that in Canada we could be doing things better with our Bank of Canada. I learned that it was up to us as individuals to take responsibility for our future. William Krehm's books became so important in giving me that knowledge and information. Information that is necessary to counter the old adage of making money from nothing.

Monetary reform can be such a difficult topic to broach with people. Yet William always has the time and energy to stop and explain it to anybody with an interest to think differently. In his youthful 90s, he tirelessly assisted in my Federal Election campaigns, traveling across Canada to meet with small groups of people to discuss the importance of our Bank of Canada. He made everyone in the room feel his passion and experience on this topic. This passion enveloped the attendees and solidified their own belief in doing more. Once you meet William, you realize that this belief was one that he truly dedicated his entire life to. No excuses of age or ability were impeding his will and desire to teach more.

I am thankful to have met a man that shares his life experiences so openly and

generously. Society needs to learn from its elders. Yet not all elders are willing to take the time and energy to teach. William always has time, energy and solutions for our economic chaos. He embodies the spirit of human capital. A belief that somebody's time, energy and knowledge is equally as financially accountable as the dollars and cents in the bank. I cannot even begin to imagine the financial worth of William's time, energy and knowledge. His teachings and time I have received are priceless.

I always know that I can do more; I always know that I can help change; I know this because a century old man changed my life in many ways. Thank you William Krehm for showing me that age is not an excuse, that age is not a hindrance, that age is an opportunity to continually share your passion and experiences in the hope of changing the world for the better. Thanks for changing me for the better.

Here is to a Century of Shining in a Millennium of Economic Chaos.

Here is to a Century of dedication and passion.

Here is to a Century of a Great Man.

Thanks William Krehm and Happy Birthday.

Sincerely,

*Christopher Porter, former Canadian Action Party Leader*

**On November 20, 2011**, thirty people crowded into the "living room" at 99 York Street, Kingston, an old house managed by volunteers to provide space for local non-profit and public service groups. A meeting had been organized by the Kingston Chapter of COMER to honour Bill Krehm who would be turning 98 on November 23. The theme for the meeting was "Achieving a Just Society."

William Krehm was the guest speaker. (He was introduced by Keith Wilde who also prepared the notes on his presentation.)

After noting that he had been focused on monetary issues as the key element in needed economic reforms since long before the founding of COMER, he declined the request to recount the principal abuses by governments that he has mentioned from time to time in *Economic Reform*. (With one significant exception, as mentioned below.)

With reference to suggestions that had been brought up already in the meeting, he commented that it is only the federal government that can create money. Thus the aspiration of municipal and provincial groups to get funding for their investment projects

through Bank of Canada must first get the approval of the feds. He did, however, affirm that the behavior and contributions of the Bank of Canada have been deteriorating for several decades, reaching a low point in the 1980s when PM Mulroney appointed a non-Canadian to be Governor. (Dates of their respective terms in office mean this had to have been John Crow, who may have been born in Britain.) That was as much of historical detail as he cared to mention.

Krehm then turned to physics as a means of dramatizing the message he wanted to present. Specifically, to nuclear physics and astronomy. On the first specialty, he noted that although Albert Einstein's theoretical work made it possible to build an atomic bomb, he was not morally responsible for its technological application that destroyed Hiroshima and Nagasaki. But even those events, he warned, were insignificant in comparison with the explosion that is building up through cultural failures to contain the application of destructive technologies. To further dramatize this point he reverted to cosmology and spoke of the Big Bang theory respecting the origin of the universe. Extrapolating the meaning of the time span involved from then until our own age and generation, he read from an illustration developed, as he said, by Carl Sagan. Putting the whole history of time into the span of a single year, he showed that the entire modern era has flashed past in one second of the total time since the Big Bang. And the power mankind has developed, to the point where we can destroy ourselves and much of the biosphere, has emerged in the lifetime of most of us in the room.

The enormous destructive power of the military armamentarium created since Hiroshima is a demonstration that "money" is infinitely elastic, to accommodate whatever humans choose to do with their physical resources and technological prowess. (As Social Crediters like to say, "whatever is physically possible is financially feasible.") It is our social choices that are the chief threat to our survival and prosperity.

On the latter point, Krehm invoked the experience of Japan and Germany in rebuilding their nations in the aftermath of World War II. They were back in the saddle as dominant nations (economically) much more rapidly than prognosticators had expected. The failure of economists to have understood the importance of cultural development that is broad as well as deep (acknowledged by the U. of Chicago economist Theodore Schulz) is one of Krehm's

favourite themes. He would have expanded upon it at greater length had time permitted. He did get as far as emphasizing the implication that education and health care to generate human capital are the most important resources that a nation can have. This, rather than military machinery and adventures are where governments should be acting to orient the flow of investment.

A sinister side effect of financial innovation that is not regulated by sound policies is that successful speculators wind up with ownership (control) of land and therefore the resources of soil and the minerals that lie under it. That is what happened in the wake of the financial collapse of the Roman Empire and the descent into feudal estates and serfdom. (The comment about land control was the last of Keith's notes made in the meeting.)

After Bill's speech, Hugh Jenny and Henry Becker presented Bill Krehm a scroll after first reading it out loud. Everyone was then invited to sign it. The text was written by Richard Priestman (with in-put from Herb Wiseman and Henry Becker), Hugh Jenny did the lettering by hand on the parchment, and Henry Becker made the rod from 1 1/4" hardwood, turned ornamental spools to fit the ends, and mounted the parchment on the rod.

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Prior to the start of the meeting:

To illustrate how money can be created and used Don Rogers, dressed as a banker, gave each person \$50 from Kingston's "COMER Bank." Immediately afterwards at the meeting room entrance, Keith Wilde collected \$10 (COMER money) as an entrance fee.

People were introduced; the format of the meeting was outlined by Hugh Jenny, who explained the use of the money given out, and that there would be costs for refreshments, to be paid for with "COMER Bank" money. Two other presenters (who spoke ahead of Bill).

A summary of the presentation by Jerry Ackerman: From the late 1930s to 1974, *our* publicly-owned bank funded a war and postwar developments – a seaway, a 4,000-mile highway, universal healthcare, old age pensions and family allowances. All without serious inflation. The resulting national debt didn't reach \$20 billion.

Once we allowed the chartered banks to de-regulate themselves ("self-regulation" they called it), limits on loan terms and interest charges were removed, inflation set in and banks took over most of the financial

industry by creating most of the money and lending to the government at interest. Now our nation's debt is half a trillion dollars and the Bank of Canada creates a tiny fraction of the money supply. Interest costs us \$160 million daily.

The academic economists that fear inflation when our public bank creates money fail to understand that the economy is nowhere near capacity and that any money creation that is wasted on non-productive expenditures – like war – just adds to deficits and debts.

So, I suggest that we Occupy our own bank, force the Minister of Finance and the Governor to act in the interests of *all* Canadians, not just the interests of the chartered banks, the shadow banks and the global interests of the IMF, Goldman Sachs and the Pentagon.

••••

A summary of Richard's presentation:

The "Occupy Kingston" group and similar groups across the country have said to the community, "Wake up! Our government is run by banks and large corporations! The '1%' have more wealth than the rest of us; we have an unjust society, and the gap between the wealth of the '1%' and the rest is growing." One of the things that is contributing to that gap is the interest we pay on public debt of \$165 million a day, \$5 a day for every man, woman and child in the country or \$20 a day for a family of four. The government digs deep into our pockets every day through taxes of all kinds, takes our money and sends it to the banks and other bond holders to pay the interest. This makes the gap wider.

The government could reduce the interest paid on public debt by borrowing more from the Bank of Canada at near zero cost and less from private financiers. So, why doesn't it do that? The government is up to its neck in debt – \$550 billion – and when you owe that much you are inclined to listen to the wants of your creditors over the needs of ordinary Canadians. Government indebtedness to private financiers gives that sector undue influence over government policy decisions. It is *not* in the interest of banks and wealthy bond holders for the government to borrow from the Bank of Canada, but it *is* in the interest of ordinary Canadians. Not only would it *save billions in debt charges*, it would also *reduce the influence of the private financiers*.

Can we change the situation? Yes, but only if we reduce the influence of the private financiers by electing politicians who sup-

port using the Bank of Canada for financing public debt to invest in public services and public infrastructure. To create a just society we must say to our politicians, "If you want *my* vote you have to agree to support using the Bank of Canada to finance public debt for investment in public services and public infrastructure."

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Richard thanked Bill for coming to Kingston and Ann for bringing him, and all those who participated in the preparation and organization of the meeting, naming each one (that he could remember), then adjourned the meeting to the kitchen to have refreshments, some of Bill's birthday cake and more conversation.

*Richard Priestman*

### **Some of William Krehm's Many Contributions to Analysis and Understanding of the Importance of Monetary Reform**

Bill has made many notable achievements – at least three – to the intellectual framework appropriate to a proper consideration of monetary reform. And not only on the pages of COMER's monthly journal.

When few others paid much heed, Bill long stressed that public accounting practices often greatly overestimated the size and import of accumulated government debt. "Double entry bookkeeping" is essential, including to recognize that capital expenditures should be presented in relation to their expected useful life. Bill campaigned tirelessly for this approach to be adopted by Ottawa, and fortunately this is a struggle that has largely been successful.

Earlier, Bill introduced the concept of the "social lien" – where "more essential capital investments had been made by government and paid for by increased taxation" in our mixed economy. His analysis met with favorable reception especially in France, and one of Bill's detailed analyzes on this topic was published in the leading French economic journal *La Revue Économique* of Paris in May, 1970.

Relatively recently, Bill has articulated the central importance of public expenditure as investment – not just in physical infrastructure – but also of equal importance in strengthening human capital (the skills, and overall well-being, of the citizenry), as the most rewarding investment a society can make.

A Google search of "William Krehm" "human capital" produces about 3,000 hits. "Cultural heritage" is another topic Bill

has written on eloquently (100 Google hits).

Of particular relevance to Canadians, another of Bill's significant contributions has been to publicize the important contributions of Senator Gerald Grattan McGeer (1888-1947), including his book *The Conquest of Poverty* (1935). (McGeer was elected to both the House of Commons and the BC Legislature, and twice as Mayor of Vancouver. His efforts in promoting monetary reform, including to the Royal Commission on Banking were influential in the Bank of Canada being nationalized in 1938.)

Googling – "William Krehm" monetary – leads to 8,100 hits; 11,000 with "money."

Besides writing almost all of the articles, Bill several years ago began reviewing the pages of *Economic Reform* (in its original form launched in 1988), and assembled them chronologically in a series of five volumes under the title *Meltdown: Money, Debt and the Wealth of Nations*. These are weighty publications indeed!

It has always been a pleasure to read Bill's articles, for his clear explications and cogent prose.

Much more could be said about Bill's intellectual contributions and writings. Hopefully, a detailed biography will be written of his singular expertise and output.

Yet, the totality of all that effort, dedication and volume of writings is perhaps not what Bill will be remembered for most.

Those of us who have heard him discuss draft articles at the monthly first Tuesday meetings over the years – and who otherwise know him fairly well – can readily attest to his dedication, tenacity of purpose, and legendary hard work. (And to his financial contributions to the cause, including the current lawsuit.) He has long read three daily newspapers each morning (*The Wall Street Journal*, *The New York Times* and *The Globe and Mail*).

I feel fortunate to have witnessed his articulation to audiences at a few conferences, including at the 2006 Bromsgrove monetary reform gathering in the UK, and to Canadian Action Party (CAP) activists in BC and Edmonton in 2011. (See elsewhere in this special issue.) Years earlier, I saw Bill speak with clarity at several COMER conferences held at the Toronto Baha'i Centre and the Steelworkers Hall in Toronto.

William Krehm is living proof of what one individual can do – with vision, dedication, perseverance, and hard work.

A very Happy Birthday, Bill. You have contributed so much. We are very grateful.

*Michael Sinclair*

# Fantopian Update

*This is fifth part of an excerpt from Fantopian Update by James Gibb Stuart, Ossian Publishers Ltd., [www.ossianbooks.co.uk](http://www.ossianbooks.co.uk). Part 1 appeared in the June 2013 issue of ER; Part 2 in July; Part 3 in September; Part 4 in October.*

## Taxing Everything That Moves

It had promised to be a tense occasion when the Advisory Panel resumed its deliberations at the beginning of the following week. But New Banker had obviously decided to avoid confrontation, and allowed the other members some scope to elaborate upon their own particular viewpoints.

The Economist got in first. He had apparently done some extensive reading at the weekend, and was anxious for the Panel to know about it. "I observe," he began, "that interest rates are coming back into focus as the most fundamental financial tool for controlling the global economy. At the same time we're being warned that a rise in interest rates could collapse both the stock market and the housing market simultaneously. So in view of the fact that all respected economists now assume high inflation to be caused by an uncontrolled increase in money supply, how would a chancellor guard against either a boom or a depression, if he didn't have the interest rate lever to regulate output and demand? One foot on the accelerator, the other resting on the brake!"

"I've done my stint as a motoring correspondent," tittered the Journalist, "and I can tell you that's hardly the approved technique for driving a motor car, far less a modern economy."

"Well you know what I mean," muttered the Economist huffily. "Things don't always come out the way I think them."

"I suppose what he means," conjectured the Journalist, "is that we must admire the wisdom of our PM and Chancellor for handing it all over to the Bank of Fantopia right at the beginning."

"They did the right thing, of course," said New Banker approvingly. "Aren't we the best people for the job? In the Great Republic across the Pond it's the Fed. That decides – and I can tell you that over there, out-smarting the Fed. Is like giving up on religion. You just don't try."

The Antiquarian let that one pass. He had begun to realize that even in the few

sessions they had been together, it was his interface with this man which would prove important, and there had already been several brief discussions between them.

"Some things have gone unmentioned," he observed at length. "We've covered borrowing and monetization, and all their aspects that impinge upon a modern economy. But thus far I've heard absolutely nothing about social justice. Out there, particularly in the lands washed by the Southern oceans, are emergent peoples at varying stages of development, but all relying upon us to assist them, though a benevolent attitude towards their cultures and their economies. In how many cases can we be seen to have helped? On the other hand, how often have escalating debt and rapacious demands for interest driven them into desperate poverty?"

"I guess you're looking at me again," declared New Banker, sensitive to the expressions round the table. "Sure, we've tried to help these people – and maybe we didn't always go the best way about it. But we couldn't do it without money, and since they themselves didn't have any money, we had to lend it to them in the first place."

"In high-yielding global dollars, pumped into off-shore economies offered little prospect of a safe return for either loans or capital!" The Antiquarian's tones were biting severe. "So the dollars went back, by devious routes, to the security of their origins, where they earned high interest again. The emergent peoples were left with the debt."

"I know what you're saying, and I don't disregard it, but give me a break," pleaded New Banker, sounding embattled. "Some of us kept on trying – and look what we're able to offer them today. That 1% base on Federal funds means all other rates scaled down in proportion! Will they ever get better than that? Will they ever get better than that? This must be almost the cheapest money in history."

"It must also be shoring up the largest debt mountain in history," replied the other, still uncompromising. "Stemming from across the Pond, there could be a horrendous crash – and a crisis of confidence – looming at the end of all this, and I'm not suggesting that any of you, as individuals, can fix it. But as members of the Panel our joint recommendations will be recorded,

and what I want to see is a strict rebuttal of PFI and all other ingenious devices of leveraged finance – along with that, a firm commitment to reduce the borrowing and overall indebtedness. And the first step along that particular road is to increase the volume of publicly created money. It would be one small step to sanity against a madness which is worldwide. Who is going to support me?"

"You know you've got my vote of course," declared the Politician, "and I can think of a number of people in the House who feel the same. The trouble will come with the whips' office, and the manoeuvrings of Him the Incomparable within the Establishment."

"You've got my vote too," said the Journalist. "After what I've heard on this Panel, you can be sure that anything I write on the subject will be in favour of restoring People's money."

"I shall obviously have to reserve my position," announced the Economist pompously. "Since the size of the money supply has now been recognized as a key determinant of inflation, and the text book response to the printing of too much money is the levying of taxation to mop up the surplus, when I hear this talk of People's Money and financing the public credit, I have to ask myself how, in such circumstances, inflation can be neutralized, and the fiscal factors kept in balance. In the ultimate it could mean the taxation of everything that moves."

"Everything that moves? So that's your considered verdict? How very original!" remarked the Antiquarian as eyes were turning towards New Banker, who in turn glanced at the Economist.

"You heard the gentleman speaking," he said mildly. "I'm afraid we're both creatures of the Establishment, and have ultimately to toe the official establishment line. But you've all brought up some very interesting arguments, which you will find have been duly noted."

As the Panel was breaking up, there was then a hurried exchange between New Banker and the Antiquarian. "I may have to spend some time in the arranging of it," said the latter, "but we agreed to stay in contact and with the help of some friends in the electronics business, I've managed to rig up a sort of electronic display model which you may find of interest. It's housed in an old industrial estate factory, and won't have the luxuries of your City pad. In fact, for dinner, we may have to make do with fish and chips eaten straight from the greaseproof paper. Just remember the staff is mostly volunteers,



brought in for the occasion. But they'll be anxious to show what they can achieve at short notice."

### The Swingometer

New Banker's chauffeur was cautiously concerned as he steered his company limousine down the narrow lane from an inner-city back street. He was accustomed to more spacious surroundings. But there were words of welcome from the small cluster of over-alled technicians clustered round the factory entrance. The Antiquarian had been there before. He exchanged greetings with each of them in turn, and explained how they had been brought in because of their specialist skills, to help him with his experiment.

"I am no great exponent of graphics," he confessed. "My drawing skills were never good enough to produce an accurate presentation. But I've become intrigued by the new technology, and the concept of a graphics reorder to illustrate visually solu-

tions which often prove elusive to the human brain."

Very much in control of proceedings, he gave the nod to his small band of helpers, and they set off through the silent rows of production benches towards a single brightly lit area which seemed to be the sole centre of activity. In the forefront stood the model they had come to see, all flashing lights and brightly coloured displays.

"I call it my *swingometer*," he announced. "You may have something similar in your secret sanctum. But these friends of mine have interpreted brilliantly the various features I was anxious to incorporate. Ready for a demonstration?"

He stepped up to the control platform and punched purposefully at several of the brightly coloured knobs and indicators. The electronic pointer immediately swung off the scale. "I see," he remarked, quickly canceling out the data. "Obviously a case for more Government borrowing, which is not

the answer I wanted. We'll try again later."

They were able to resume the discussion when, as anticipated, they were shown into a private office to share the snack which a volunteer canteen worker had prepared for them. While they ate, the Antiquarian continued with his exposition.

"Graphics is not too difficult to master, even for a non-technical type like me," he indicated, "and with this new electronic gadget it's occasionally possible to look around corners. Think of a sliced orange, all in different coloured segments – and in this case representing the wealth of the nation in relation to the demands and requirements of its people. I punch in items such as GNP, land and property, stock market valuations, export and import figures in so far as I can pin them down; new infrastructural projects of significant value, defence spending, charitable contributions either private or by Government, etc., etc., etc. I've brought in some of my volunteer helpers to check for

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## Could Massive Bail-ins Occur October 17?

*On Friday, October 4, 2013, from George Crowell to Ellen Brown:*

Dear Ellen,

It was great to see Marc Johnson espousing public banking on the Keiser Report!

Late last night I read a Paul Krugman article (the link is below)speculating about dire consequences which could result in case the US government stalemate continues, and the October 17 US government shutdown and default actually occurs. Krugman is vague about the possibilities, although alarmed, he makes no mention of bail-ins.

But I cannot help wondering whether the banksters see this as their opportunity to engineer a financial meltdown which would put them in a position to benefit from a massive bail-in scenario. Are we facing such an emergency? If the banksters are encouraging the Tea Party Republicans to maintain their obstinate stand, maybe they have such plans. In any case we can be sure that they are giving thorough consideration to how they can benefit from this crisis – disaster capitalism is at work for sure.

Might Michael Hudson be helpful in analyzing this situation, and indicating what responses might be feasible?

How should social activists respond now?

George

*On Friday, October 4, 2013, in reply to*

*George Crowell:*

Thanks George, I've actually just written about that, not yet posted, attached. Feedback welcome!

Ellen

*On Friday, October 4, 2013, in reply to Ellen Brown:*

Thank *you*, Ellen, for your extremely quick reply and your attached article. You are way ahead of me. I hope Congress heads off the shutdown which would likely be the trigger for the crisis we anticipate. There may be enough reasonably sensible Republicans to make this possible. Boehner says he wants to avoid the shutdown.

I like your suggestions for long-range planning. We have, however, a little time left before October 17 to inform as many as possible about the present danger (as this e-mail is intended to do) in hopes that together we may help to head off the crisis as well as plan for future alternatives. In Canada we need our publicly owned Bank of Canada on our side again, as it was between 1938 and 1974.

George

*From: John McMurtry:*

Ellen's exact account of both sides of the military financial axis does not meet the possibility that it is the next great metastasis

of Wall Street through the gates it controls of the nations' credit and money supply.

Utter confusion and helplessness is how it breaches through defenses by design. That Wall Street is bound to be supremely empowered beyond 2008 by US default has to be publicly recognized to defend against it by naming this prospective new pathway exactly.

The police-military state articles are downstream in application. First is the strategic enabling by US default to gain, as in 2008, absolute emergency power over all financing – here of the US government's very daily operations. BIS policy consistently applies its EU austerity formulae plus bail-in powers and both elected parties blame each other for the political show proving that only 'technocrats' can manage the shop as well as needed for the US economy to 'recover' by taking its medicine, now including seizing their deposits.

The great sickness works its way on the macro as well as micro level, as my new work *The Cancer Stage of Capitalism: From Crisis to Cure* explains in depth.

Thanks George and Ellen and all who are alert to the unspoken war of money-party occupation and exponential growth without life function through all life hosts and pathways opened to do so.

JM

errors. But still it refuses to add up. On each of the coloured oranges we were left with a grey area which at first none of us could identify and understand.”

New Banker put down his coffee cup and looked quizzically across the factory table. “Obviously there’s a point to all this, and you’ll want me to comment. But please tell me just what we’re trying to achieve.”

“Sorry!” said the Antiquarian apologetically. “I realize I’ve not made myself clear. The clue lies in that ripe orange with its brightly coloured segments, made to represent every aspect of human activity which might be construed as contributing to the wealth of nations. I then took a sounding of all the negative and basic cost factors which would have to be subtracted before striking a balance which hopefully would indicate a sufficiency for all – what my philanthropic colleagues would call the achievement of social justice.

“Initially my experiment seemed inconclusive. I got to doubting my material input. And substituting for it everything and anything that had any relevance. But no matter how I rigged or rearranged the data, there was always this grey area which could not be coloured in, despite all the charitable activities of a caring humanity. It seemed to indicate a basic social imbalance.”

“But of course,” conceded the Antiquarian, silencing him with a wave of the hand. “I myself have been known to put coins in Poor Boxes sitting on bank counters during the festive Season.”

He suddenly dropped his voice to a confidential undertone. You and I have been civilized with each other, and I thank you for it. So let’s be clear that what I have to say next is without malice or innuendo. But if its full implications got out to my enthusiastic volunteers on the factory floor, it might be difficult to guarantee you a safe passage home.”

New Banker looked duly concerned, and the Antiquarian hastened to reassure him “Not while you’re in my charge,” he insisted, “though with implications for the future, when the case will have to be presented to a wider audience. You know that I have never brought myself to accept the social imbalance. For that reason I’ve kept programming the swingometer which, ironically you and your corporation developed. And its latest finding is *that the largest single obstacle to a just society is the level of back debt which exists nowadays in every national treasury, and at every social stratum.*”

*To be continued.*

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# Big Banks Start Campaign to Destroy Credit Unions

*By Crystal Sheppard, care 2, September 13, 2013*

The Move Your Money project was born out of the Occupy Wall Street movement, which began in September 2011. The impetus was the announcement by Bank of America that they were going to impose a \$5 dollar monthly fee for debit card users. On November 5, 2011, customers were to close their accounts at major banks and open new ones in community banks or in credit unions. Already infuriated by Wall Street’s recklessness leading to the 2008 financial collapse, the idea caught on like wildfire across the nation.

The effort worked, and Bank of America abandoned the debit card fee plan.

For the months leading to November 5, 2011 – and for several months after – millions of customers closed their accounts at the major banks and transferred their deposits to smaller ones and credit unions. Since then, credit union membership has been steadily growing. As of March of this year, credit union membership has increased to more than 95 million members and they hold 6 percent of the financial assets of United States to the tune of \$1 trillion dollars.

Now the major banks want to destroy them.

This month the banking industry, via their lobbying group the American Bankers Association, started a huge lobbying effort to end the tax break credit unions receive as non-profit organizations – a tax break that allows them to run as a non-profit and offer their members services at a much lower rate. Credit unions received federal tax exempt status due to the 1934 *Federal Credit Union Act*, which was established in large part due to the economic collapse of the Great Depression (they still pay state and local taxes). The banks feel that the federal tax exemption is giving credit unions an unfair advantage.

Did I mention that commercial banks hold 93 percent of the financial assets of the United States?

In spite of controlling most of the financial assets and basically cornering the market on financial services, banks feel that the credit unions’ non-profit status does not allow banks to compete on a level playing

field.

They feel that if credit unions act like banks then, well, they should be taxed like banks.

The trouble is they aren’t banks.

Credit unions are non-profit member cooperatives. Members are usually part of a labor union (i.e., teachers, postal workers), reside in a geographical area, or are part of a certain organization (i.e., a university). The term “non-profit” does not mean they cannot make money – it means that any profits must be used for the purpose of the organization. In this case, it is used for the benefit of their members, allowing credit unions to offer many financial products for lower costs and at a lower interest rate. There are also strict rules as to which financial products they can offer and how much of their assets can be used for those products.

In contrast, banks are for and about profit. All financial products are designed to maximize return for the benefit of share holders. Banks are also much easier to access than since there are no membership requirements.

So why does the banking industry wish to destroy them?

The answer can probably be found in a bill sponsored by Representatives Ed Royce (R-CA) and Carolyn McCarthy (D-NY) called the *Credit Union Small Business Jobs Creation Act* which would allow credit unions to increase the percentage of their assets that can be used for small business lending. Credit unions are traditionally focused on community development by providing financial services to generally under-served populations. This act would allow them to spend more of their assets to help members with business loans. Currently they are allowed to use 12.25 percent. This law would allow that to increase to 27.5 percent. This could make almost \$13 billion dollars available for small businesses.

Commercial lending is the cornerstone of the banking industry.

If credit unions could increase their business loans – at a lower interest rate – this could make a real difference in communities. More money would be put back into local economies, more jobs would be created, putting more money into the pockets of residents, which they could then deposit

into the credit union.

It's money that would not go to the banks.

In the end, this push by the banking industry is all about greed.

While the numbers do show that more people are realizing the benefits of credit union membership, they are little more than a stop gap to a complete oligarchy of a few banks controlling all of the financial assets of the United States and giving customers – often lower and middle income – an alternative to higher cost financial services. Whatever competition there is, it is limited. Furthermore, by virtue of their non-profit status, they are held to a much higher standard than banks. Eliminating the tax exemption would make credit unions unable to offer competitive rates and provide loans to people the banks ignore.

In other words, they would become banks.

Both groups are spending a great deal of time, and money, to lobby Congress and win the public relations war. Credit unions are fighting back with a campaign focusing on their community benefits and the need to provide alternatives for consumers. They are also encouraging their customers to contact their representatives.

While much of the rhetoric is about the tax exempt status, there is little indication at this point that Congress, or the president, is interested in eliminating the break. However, we are about to enter the campaign period for the 2014 congressional elections. Plus, there is a big budget battle looming and the estimated \$2 billion in annual revenue that is estimated from eliminating the tax exemption has already been floated as a possibility.

If that happens, banks that are claiming they are too big to fail would become too big to control.



**Our Comment.** Our summing-up of the new impossible situation that is a-borning. While taking to its bosom the new super-market that has arisen, the new activist creditors are shorting what is in fact a keen, keen sales market that has nowhere to go than heavily down. *W.K.*

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# Harper Trade Deals Selling Off Canada's Democracy

*What if provincial governments were as brave as the Hupacasath First Nation?*

*By Murray Dobbins, TheTyee.ca, September 30, 2013*

There seems virtually no limit to Stephen Harper's efforts to diminish government and democracy in this country. The prime minister's obvious contempt for democracy keeps getting underlined by the grotesque corruption of the people he appoints and surrounds himself with. If he had a modicum of genuine respect for democracy he would be more careful about whom he appoints to the Senate and whom he allows to run for the Conservatives. More importantly, he would create a political culture that unequivocally rejects the kind of unethical behaviour that has now become the trademark of his administration. These miscreants know exactly what Harper expects of them – power at any cost and a wink and a nod at personal graft, until you get caught, of course.

That corruption and moral turpitude are bad enough (the breaking of election rules across the country may even have determined the outcome of the last election). But even worse is Harper's determination to make it as difficult as possible for future governments to actually govern. He does this in two ways.

First, by gutting the government's capacity to raise revenue while demonizing taxes.

His right-wing storm troopers in the media and think-tanks have made raising taxes tantamount to political suicide – even though a strong majority of Canadians say they would pay more. Harper's strategy is much the same as that of the influential American tax-cut activist Grover Norquist, famous for saying: "Our goal is to shrink government to the size where we can drown it in a bathtub."

## Investment Myths

The second front of this war on democracy is the plethora of so-called trade deals – really Corporate Rights Deals (CRDs) – that Harper is busy negotiating. These odious agreements are always touted for their job-creating prowess – the Big Lie technique repeated over and over again. They typically jettison the best jobs. Their promoters rarely talk about the most important aspect of these constitution-busting agreements: their

investment provisions.

Investment is always portrayed as a good thing, period. It creates jobs, increases tax revenues, grows the economy. But the conditions under which investment takes place can quickly cancel out many of those benefits. Just look at any Third World country and the other side of the coin: starvation wages, terrible working conditions, horrendous pollution, environmental destruction and political corruption.

While we are a long way from enduring the worst conditions of investment, the principle aim of these CRDs is to make it more and more difficult for governments to regulate and determine the conditions under which investment happens in Canada. The key provision now finds its way into virtually every bilateral investment agreement.

Since signing the pattern agreement NAFTA, Canada has signed 24 of these deals, mostly with small countries. But perhaps the most egregious of them all is the one already signed, in complete secrecy, with China: *The Canada-China Foreign Investment Promotion and Protection Agreement* (FIPA).

## What We're Poised to Give China

FIPA has not been ratified yet but it threatens to give the enormous, often corrupt, always secretive state-owned corporations of China enormous power – power to Hoover up dozens of energy and resource companies and prairie farm land as well as challenge any new law that attempts to ensure the public interest is being met.

It is stunningly one-sided. It is almost as if Harper is using the deal not for trade or investment at all, but to deliberately poison the legislative well so that future governments will be unable to act. The notion that this was deal was "negotiated" seems a euphemism – it might just as well have been written by China without consultation. (Come to think of it, that pretty much describes the initial *Free Trade Agreement* with the US, too: "Okay Sam, we'll give you everything but that's our final offer.")

The deal theoretically provides some protection for Canadian investment – though the corruption and discrimination against foreign companies in China is actually getting worse. But there is very little

Canadian investment targeting China. One reason: According to the Organisation for Economic Co-operation and Development (OECD), China is one of the most restrictive places in the world to invest, and last year it passed new restrictions based on “national security.”

Most CRDs do not bind governments for long periods of time. Canada could get out of NAFTA by giving six months notice. But the FIPA will last for 31 years – almost eight normal government mandates. We can only get out after 15 years, with one year’s notice, and all the provisions implemented to that date remain in effect for another 15 years. Did China bargain hard for this outrageous time frame – or was it the Harper government’s idea?

### Crumbs for Canada

If China did bargain hard for the 31 years, why would the Harper government not demand in return something resembling fair access for Canadian investors to China? In past agreements, Canadian corporations actually helped write the provisions. Are they sanguine about getting nothing in the way of preferred access for investments and Canadian exports?

Whatever the case, Canadian governments got virtually nothing for the long timeline. It may be that Harper’s fawning commitment to the oil and gas industry is behind it. Harper’s elimination of environmental review on 99 per cent of the waterways of the country is an outrage that other political parties would be pressured to reverse if elected. FIPA, anticipating China’s increased interest in energy, would make that reversal so expensive if challenged by China that it would be all but impossible to implement.

One faint hope of environmentalists after the passing of Bills C-38 and C-45 (withdrawing federal protection of lakes and

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waterways) was that pressure could be applied to provinces to step up and replace the law with provincial regulations. Provinces share constitutional authority over the environment with the federal government. But FIPA would allow Chinese corporations to sue all levels of government that pass legislation or regulations that reduce its expected profits. And of all the corporations in the world likely to use investor-state provisions, Chinese state-owned entities carrying out Chinese foreign policy would be at the front of the line.

The chill effect of these investor state regimes is already with us. Not a single new law protecting the environment has been passed by Ottawa since NAFTA was signed 20 years ago. Canada has already paid some \$160 million in these corporate law suits and the latest one ups the ante. Pharma giant Eli Lilly is suing Canada for \$500 million in compensation over a court decision that invalidated two of its drug patents because they failed to meet the legal standard of “inventive promise.” If that suit is successful, public interest legislation of any kind that affects a corporation could simply die in its crib.

### Courageous Hupacasath First Nation

And it’s not just legislation that is threatened. China has been buying farm land all over the world including New Zealand and Africa (where heated controversy has resulted). Most recently, China purchased five per cent of Ukraine’s farmland. They reportedly have their eye on Saskatchewan and there is little its government could do.

The provinces don’t have legislation dealing with foreign ownership of farmland and now that the treaty has been signed, it could be too late.

Except, it is quite plausible that FIPA is unconstitutional given that provinces have jurisdictions under the *British North America Act* that cannot be tampered with by Ottawa. The provinces are not party to the treaty, and yet their legislation could be challenged and overturned by a panel of three trade lawyers operating completely outside the political and legal institutions of the country – and in complete secrecy. Efforts have been made to lobby the provinces to formally reject FIPA. But so far – despite the posturing of premiers as mini-prime ministers for the past 20 years – not one of them has had the sense or courage to protect their own jurisdictions. (State governments in the US, even one far to the right, have vigorously challenged World Trade Organization provisions that affect them and actually prevailed.)

Perhaps they think they can get away with not paying for the judgments against their laws. They should think again. While the Harper government paid the \$130 million AbitibiBowater NAFTA judgement against Newfoundland, Harper has warned he won’t do it again. “I have indicated that in future, should provincial actions cause significant legal obligations for the Government of Canada, the Government of Canada will create a mechanism so that it can reclaim monies lost through international trade processes.”

Who will save us from this repugnant, anti-democratic initiative? Probably no one. The only player to come to the plate has been the tiny Hupacasath First Nation of BC, which challenged FIPA in federal court. Unfortunately the judge not only found for the government, he assessed costs to the band of over \$100,000. They are appealing and are down to the wire seeking donations to help with the case.

But ultimately it is the provinces which hold the real power to save democracy.

What are they waiting for?



**Our Comment.** Nice question and could with equal plausibility be asked of many instances where any level of government agency rushes on with more active use of its hunger of acquisition than of its social conscience, no matter what form the latter might take. *W.K.*