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New Policies Beyond Austerity and Stimulus

By Hazel Henderson

St. Augustine, Florida, November 2013 (Columnist Service) – It is time to move the global policy debate beyond the binary options of "austerity" versus "stimulus." Both these macroeconomic policies have caused untold harm to millions and produced dangerous policy stalemates in Europe and the US, Japan and other countries.

The experiments in Europe to impose austerity have not only caused unemployment, falling growth rates and quality of life but also rising extremism and political polarization.

Europeans have learned that debts can't be paid by more borrowing. And the US Congress is succumbing to mob rule by 50 Republicans who shut down the government. These self-inflicted crises are damaging US credibility and its currency.

The lessons of stimulus are equally dire. Monetary expansion loses effectiveness with each new round of money-printing, whether as bond-buying by the European Central Bank or "quantitative easing" – QEs I, II and III – by the US Federal Reserve.

Pumping up stock markets on the textbook theory that this financial prosperity will trickle down to the real economies of "Main Street" becomes less and less effective. Asset bubbles reappear, along with angry retirees and savers, rising inequality, extremist political parties and legislative deadlock.

Central bankers in emerging markets complain that all this monetary stimulus destabilizes their own currencies and economies. Chinese officials plan to launch their renminbi as a global currency and have inked an agreement with Britain to make London its trading centre.

Meanwhile, fiscal *stimulus* causes predictable conflicts about where funds will be directed, who will win and who will lose. Popular tax cuts rarely target those whose needs assure spending their funds into the economy and often end up in more saving by rich recipients. Spending on public services and infrastructure is a larger multiplier, but is too often spent on roads or bridges to nowhere.

The question arises: are austerity or *stimulus* the only two options, as macroeconomic theories insist? Increasingly, leaders who claim "there is no alternative" are in disrepute.

Even the grandees of the economics profession, including those of the George Soros-backed think tank INET, are now looking for alternatives, some even pronouncing macroeconomics as defunct.

A new view from Mariana Mazzucato in her *The Entrepreneurial State* (2013) cuts through this narrow debate within the conventional box of economics, forcing us to look at the bigger picture through wider lenses of science policy and the evolution of technologies in the real world.

As a former science-policy wonk at the US Office of Technology Assessment, the National Academy of Engineering, I enjoyed Mazzucato's slaying of so many defunct sacred cows of macroeconomics. She

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Austerity and Stimulus *from page 1*

begins by debunking the narrow public vs. private sector framework, exposing the myth that private business and entrepreneurs are smarter and more successful than governments in the key process of innovation.

The embarrassing truth is that economics has studied the innovation process since Robert Solow's attempt in 1957. No coherent theory has yet emerged. Engineering and technology often precede science and theory, challenging many sacred cows of tax policy and that it and research and development (R&D) funds and investments are drivers of innovation, which is a systemic product of many social, historical, geographical and cultural factors.

Another myth is that venture capital (VC) is risk-taking. Evidence shows governments in many countries are the primary risk-takers with VCs surfing the waves created by tax-payers, often providing two to eight times more venture funding than VCs.

Even Apple obtained early help with a 500,000-dollar loan from the US government's Small Business Investment Company. And every one of the 12 key technologies in its iPhone was funded by government research grants, as was the internet itself.

Not to pick on Apple, Mazzucato shows that the Fast Fourier Transform algorithm (FFT), the basis of Google's success, was also funded by government research. In fact, the entire *myth* of Silicon Valley's entrepreneurship and brilliance was based on military funding and Cold War R&D which continues to this day.

I called out special pleaders like the American Energy Innovation Council of which Bill Gates of Microsoft is a member in my "Advice for Bill Gates." They began calling in 2010 for tripling government funds for clean energy – about which silicon valley is demonstrably ignorant.

All this upends the *economics* of *stimulus* versus *austerity* and its deeper basis on the *myth* that *governments* are bureaucratic and stupid at "picking winners" while the private sector is smart and creates the innovation engine that produces our jobs and economic growth.

Over 20 million jobs in the US are created by *governments* at all levels. Starving government does not help economies recover, as shown in Europe, or lead in the US to the "magic of marketplace" recoveries.

All these economic bromides are nonsense, and it is time to go beyond *economics* and look at the real processes of technological and social *innovation* through new spectacles.

In my *The Politics of the Solar Age*, I reviewed the evolution of human societies from the age of agriculture, the use of energy from wood and waterwheels to whale oil, fossil fuels to the next stage of innovation: the green economies of today's emerging Solar Age.

Green technologies are the next great wave of human *innovation*. To fully exploit all these vast new opportunities, we must drop old economic categories and see the world anew. This can end the current gridlocks endlessly fighting over how to allocate resources to incumbent 20th century industries like fossil fuels and between competing legacy interests groups.

More *austerity* or *stimulus* simply deflates or inflates the decaying old pie! Human development requires investing in the technologies of the future, not bailing out old industries and past mistakes.

China, Germany, South Korea and Denmark have used government risk-taking policies to invest in the rapid growth of their green sectors and companies providing insights into their paradigms beyond *economics*. US market fundamentalism leads to political gridlock, shutting down government services, mindless "sequestration" and loss of international prestige and competitiveness.

A clearer vision of our next human stage of development and policies articulating goals to achieve them is now vital – particularly in the US.

All this attests to the bankruptcy of economics, its cognitive biases toward individualism, zero sum games and against collective win-win action – even on our small, polluted plane.

The phrase "survival of the fittest" was coined by Herbert Spencer in *The Economist* in1864, spawning the ugly philosophy of Social Darwinism. Charles Darwin's actual thesis saw the human species' survival through bonding and cooperating rather than competing.

We can now take in all the new scientific information available from NASA's 12 geosynchronous satellites for better knowledge of our planet, deeper due diligence and more accurate metrics and risk management, as I describe in my "Mapping the Global Transition to the Solar Age."

Hazel Henderson – author of Ethical Markets: Growing the Green Economy *and other books, president of Ethical Markets Media (US and Brazil), and creator of the Green Transition Scoreboard – calls for moving beyond the false dilemma of "austerity" vs. "stimulus."*

Want to Have a Happy Planet? Just Ask Costa Ricans About Their Banks

The article was written by Ellen Brown and published at AlterNet in their "Economy" section. (www.alternet.org/economy). Ellen also published it in her own blog, Web of Debt.

In Costa Rica, publicly-owned banks have been available for so long and work so well that people take for granted that any country that knows how to run an economy has a public banking option. Costa Ricans are amazed to hear there is only one public depository bank in the United States (the Bank of North Dakota), and few people have private access to it.

So says political activist Scott Bidstrup, who writes:

For the last decade, I have resided in Costa Rica, where we have had a "Public Option" for the last 64 years.

There are 29 licensed banks, mutual associations and credit unions in Costa Rica, of which four were established as national, publicly-owned banks in 1949. They have remained open and in public hands ever since – in spite of enormous pressure by the IMF (International Monetary Fund) and the US to privatize them along with other public assets. The Costa Ricans have resisted that pressure – because the value of a public banking option has become abundantly clear to everyone in this country.

During the last three decades, countless private banks, mutual associations (a kind of Savings and Loan) and credit unions have come and gone, and depositors in them have inevitably lost most of the value of their accounts.

But the four state banks, which compete fiercely with each other, just go on and on. Because they are stable and none has failed in 31 years, most Costa Ricans have moved the bulk of their money into them. Those four banks now account for fully 80% of all retail deposits in Costa Rica, and the 25 private institutions share among themselves the rest.

According to a 2003 report by the World Bank, the public sector banks dominating Costa Rica's onshore banking system include three state-owned commercial banks (Banco Nacional, Banco de Costa Rica, and Banco Crédito Agrícola de Cartago) and a special-charter bank called Banco Popular, which in principle is owned by all Costa Rican workers. These banks accounted for 75 percent of total banking deposits in 2003.

In *Competition Policies in Emerging Economies: Lessons and Challenges from Central America and Mexico* (2008), Claudia Schatan writes that Costa Rica nationalized all of its banks and imposed a monopoly on deposits in 1949. Effectively, only state-owned banks existed in the country after that. The monopoly was loosened in the 1980s and was eliminated in 1995. But the extensive network of branches developed by the public banks and the existence of an unlimited state guarantee on their deposits has made Costa Rica the only country in the region in which public banking clearly predominates.

Scott Bidstrup comments:

By 1980, the Costa Rican economy had grown to the point where it was by far the richest nation in Latin America in per-capita terms. It was so much richer than its neighbors that Latin American economic statistics were routinely quoted with and without Costa Rica included. Growth rates were in the double digits for a generation and a half. And the prosperity was broadly shared. Costa Rica's middle class – nonexistent before 1949 – became the dominant part of the economy during this period. Poverty was all but abolished, favelas [shanty towns] disappeared, and the economy was booming.

This was not because Costa Rica had natural resources or other natural advantages over its neighbors. To the contrary, says Bidstrup:

At the conclusion of the civil war of 1948 (which was brought on by the desperate social conditions of the masses), Costa Rica was desperately poor, the poorest nation in the hemisphere, as it had been since the Spanish Conquest.

The winner of the 1948 civil war, José "Pepe" Figueres, now a national hero, realized that it would happen again if nothing was done to relieve the crushing poverty and deprivation of the rural population. He formulated a plan in which the public sector would be financed by profits from state-owned enterprises, and the private sector would be financed by state banking.

A large number of state-owned capitalist enterprises were founded. Their profits were returned to the national treasury, and they financed dozens of major infrastructure projects. At one point, more than 240 state-owned corporations were providing so much money that Costa Rica was building infrastructure like mad and financing it largely with cash. Yet it still had the lowest taxes in the region, and it could still afford to spend 30% of its national income on health and education.

A provision of the Figueres constitution guaranteed a job to anyone who wanted one. At one point, 42% of the working population of Costa Rica was working for the government directly or in one of the state-owned corporations. Most of the rest of the economy not involved in the coffee trade was working for small mom-and-pop companies that were suppliers to the larger state-owned firms – and it was state banking, offering credit on favorable terms, that made the founding and growth of those small firms possible. Had they been forced to rely on private-sector banking, few of them would have been able to obtain the financing needed to become established and prosperous. State banking was key to the private sector growth. Lending policy was government policy and was designed to facilitate national development, not bankers' wallets. Virtually everything the country needed was locally produced. Toilets, window glass, cement, rebar, roofing materials, window and door joinery, wire and cable, all were made by state-owned capitalist enterprises, most of them quite profitable. Costa Rica was the dominant player regionally in most consumer products and was on the move internationally.

Needless to say, this good example did not sit well with foreign business interests. It earned Figueres two coup attempts and one attempted assassination. He responded by abolishing the military (except for the Coast Guard), leaving even more revenues for social services and infrastructure.

When attempted coups and assassination failed, says Bidstrup, Costa Rica was brought down with a form of economic warfare called the "currency crisis" of 1982. Over just a few months, the cost of financing its external debt went from 3% to extremely high variable rates (27% at one point). As a result, along with every other Latin American country, Costa Rica was facing default. Bidstrup writes:

That's when the IMF and World Bank came to town.

Privatize everything in sight, we were told. We had little choice, so we did. End your employment guarantee, we were told. So we did. Open your markets to foreign competition, we were told. So we did. Most of the former state-owned firms were sold

In Bid to Be Council Speaker, a Tenants' Champion Fights an Uphill Battle

By Kate Taylor, The New York Times, January 6, 2014

In eight years on the City Council, Daniel R. Garodnick has pushed for police reform, rallied with labor leaders in support of paid sick days, and fought to preserve middle-class housing in his district.

So until recently, it would have been hard to imagine him being pilloried by former allies as he now wages an uphill fight for the City Council speakership. His opponent, Melissa Mark-Viverito, a fellow Manhattan Democrat, has the backing of powerful unions and, not least, the new mayor, Bill de Blasio. She currently claims the support of 30 of the 51 council members and is trying to hold her majority together until the Council votes on Wednesday to elect a speaker.

Mr. Garodnick has refused to concede, saying that he believes that the mayor's interference threatens to weaken the Council. He hopes that he can sway six council members to his side before the vote, aided by the backing he has secured from some of the party's county leaders. Asked last week if there was any awkwardness for him in being the candidate of party bosses often vilified as vestiges of a different era, Mr. Garodnick let out a short laugh, then left a long, long pause.

"Not really," he said finally, "because at this point we are trying to win an election."

Mr. Garodnick, 41, is no one's image of a party hack. A graduate of Dartmouth College – president of his class all four years – and a former securities lawyer at Paul, Weiss, Rifkind, Wharton & Garrison, he is described by current and former colleagues as hard-working and unflappable. He grew up in his district, first in Stuyvesant Town and then in Peter Cooper Village, where he now lives with his wife and two children, two buildings away from his parents.

He showed an early bent for politics: He worked on his first campaign in high school, stuffing fliers under doors in a district leader race. As a young lawyer, he took the subway on weekends to far-flung neighborhoods to explore; his dates were subjected to round-trip ferry rides to Staten Island for dinner.

When he first ran for the Council in 2005 he knocked on the more than 11,200 doors in Stuyvesant Town and Peter Cooper Village and called every Democrat in Waterside Plaza, a 1,470-unit complex. He won a four-way primary with 56 percent of the vote.

Month after he took office, Metropolitan Life, the longtime owner of Stuyvesant Town and Peter Cooper Village – leafy brick developments that have been an oasis for middle-class families in Manhattan, and where some 20 percent of his constituents live – announced that it would auction them. Working with the tenants association, Mr. Garodnick helped raise $4.5 billion in a bid to turn them into a tenant-owned cooperative.

When the bid failed, and the new landlords began trying to evict rent-stabilized tenants, Mr. Garodnick organized free legal clinics and helped bring a lawsuit against MetLife and the new owners that resulted in thousands of apartments coming back under rent stabilization. Since 2010, when the new owners defaulted on their mortgages, Mr. Garodnick has been at the center of new efforts to buy the properties on behalf of the tenants.

"Dan has been an amazing leader," John Marsh, the president of the tenants association, said.

In the council, Mr. Garodnick has often collaborated with the members of the Progressive Caucus to pass legislation, but he has also shown an independent streak, which may be hurting him now.

Ms. Mark-Viverito, 44, a co-chair-woman of the Progressive Caucus, endorsed Mr. de Blasio early in the mayoral primary, and some believe that he is now repaying the favor. (Mr. Garodnick did not make an endorsement in the primary.) Local 1199 of the Service Employees International Union, the health care workers' union, which gave Mr. de Blasio critical support, make it clear soon after his election that it wanted Ms. Mark-Viverito to become speaker.

Both candidates reached out to business and real estate leaders as they ramped up their campaigns, but Mr. Garodnick is better known in those worlds. Developers see him as an honest negotiator, if not a consistent ally. Ms. Mark-Viverito is viewed more warily, partly because of her close labor ties. Leading figures in real estate made their feelings known early in the campaign, but it is unclear whether they are continuing to lobby for Mr. Garodnick.

Nonetheless, Ms. Mark-Viverito's supporters accuse Mr. Garodnick of becoming a stalking horse for forces trying to stall Mr. de Blasio's agenda, and they warn that by standing in the way of the person who would be the first Latina speaker – Ms. Mark-Viverito was born in Puerto Rico – he is stoking enmity.

Mr. Garodnick, for his part, says that if the mayor essentially chooses the speaker, the Council will be unable to serve as an effective check on the mayor's power.

"Holding hearings, questioning the way things are done, pushing commissioners to do better – that is a central role of the City Council," Mr. Garodnick said.

"Where the mayor is involved in determining the leadership," he added, "that becomes much more difficult."

With only three days left, his supporters say that they believe he can prevail, and that it may not be clear until Wednesday how all the council members will vote.

The speaker's race, which tends to be decided in back rooms, was not Mr. Garodnick's first choice of a next step. Early in 2012, he announced a campaign for comptroller, but he withdrew when Scott M. Stringer, who was Manhattan borough president and had been campaigning for mayor, decided to run for comptroller instead.

"Anyone would have to have misgivings about this process," Andrew Ehrlich, a partner at Paul, Weiss and a close friend of Mr. Garodnick's, said. "Pure politics isn't what drives him," he added of his friend. "In fact, I think he hates it."

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Our Comment. He has left us asking how pure politics can possibly get. *W.K.*

off, mostly to foreign corporations. Many ended up shut down in a short time by foreigners who didn't know how to run them, and unemployment appeared (and with it, poverty and crime) for the first time in a decade. Many of the local firms went broke or sold out quickly in the face of ruinous foreign competition. Very little of Costa Rica's manufacturing economy is still locally owned. And so now, instead of earning forex [foreign exchange] through exporting locally produced goods and retaining profits locally, these firms are now forex liabilities, expatriating their profits and earning relatively little through exports. Costa Ricans now darkly joke that their economy is a wholly-owned subsidiary of the United States.

The dire effects of the IMF's austerity measures were confirmed in a 1993 book excerpt by Karen Hansen-Kuhn titled *Structural Adjustment in Costa Rica: Sapping the Economy*. She noted that Costa Rica stood out in Central America because of its near half-century history of stable democracy and well-functioning government, featuring the region's largest middle class and the absence of both an army and a guerrilla movement. Eliminating the military allowed the government to support a Scandinavian-type social-welfare system that still provides free health care and education, and has helped produce the lowest infant mortality rate and highest average life expectancy in all of Central America.

In the 1970s, however, the country fell into debt when coffee and other commodity prices suddenly fell, and oil prices shot up. To get the dollars to buy oil, Costa Rica had to resort to foreign borrowing; and in 1980, the US Federal Reserve under Paul Volcker raised interest rates to unprecedented levels.

In *The Gods of Money* (2009), William Engdahl fills in the back story. In 1971, Richard Nixon took the US dollar off the gold standard, causing it to drop precipitously in international markets. In 1972, US Secretary of State Henry Kissinger and President Nixon had a clandestine meeting with the Shah of Iran.

In 1973, a group of powerful financiers and politicians met secretly in Sweden and discussed effectively "backing" the dollar with oil. An arrangement was then finalized in which the oil-producing countries of OPEC would sell their oil only in US dollars. The quid pro quo was military protection and a strategic boost in oil prices. The dollars would wind up in Wall Street and London banks, where they would fund the burgeoning US debt. In 1974, an oil embargo conveniently caused the price of oil to quadruple. Countries without sufficient dollar reserves had to borrow from Wall Street and London banks to buy the oil they needed. Increased costs then drove up prices worldwide.

By late 1981, says Hansen-Kuhn, Costa Rica had one of the world's highest levels of debt per capita, with debt-service payments amounting to 60 percent of export earnings. When the government had to choose between defending its stellar social-service system or bowing to its creditors, it chose the social services. It suspended debt payments to nearly all its creditors, predominately commercial banks. But that left it without foreign exchange. That was when it resorted to borrowing from the World Bank and IMF, which imposed "austerity measures" as a required condition. The result was to increase poverty levels dramatically.

Bidstrup writes of subsequent developments:

Indebted to the IMF, the Costa Rican government had to sell off its state-owned enterprises, depriving it of most of its revenue, and the country has since been forced to eat its seed corn. No major infrastructure projects have been conceived and built to completion out of tax revenues, and maintenance of existing infrastructure built during that era must wait in line for funding, with predictable results.

About every year, there has been a closure of one of the private banks or major savings co-ops. In every case, there has been a corruption or embezzlement scandal, proving the old saying that the best way to rob a bank is to own one. This is why about 80% of retail deposits in Costa Rica are now held by the four state banks. They're trusted.

Costa Rica still has a robust economy, and is much less affected by the vicissitudes of rising and falling international economic tides than enterprises in neighboring countries, because local businesses can get money when they need it. During the credit freeze-up of 2009, things went on in Costa Rica pretty much as normal. Yes, there was a contraction in the economy, mostly as a result of a huge drop in foreign tourism, but it would have been far worse if local business had not been able to obtain financing when it was needed. It was available because most lending activity is set by government policy, not by a local banker's fear index.

Stability of the local economy is one of the reasons that Costa Rica has never had much difficulty in attracting direct foreign investment, and is still the leader in the region in that regard. And it is clear to me that state banking is one of the principal reasons why.

The value and importance of a public banking sector to the overall stability and health of an economy has been well proven by the Costa Rican experience. Meanwhile, our neighbors, with their fully privatized banking systems have, de facto, encouraged people to keep their money in Mattress First National, and as a result, the financial sectors in neighboring countries have not prospered. Here, they have – because most money is kept in banks that carry the full faith and credit of the Republic of Costa Rica, so the money is in the banks and available for lending. While our neighbors' financial systems lurch from crisis to crisis, and suffer frequent resulting bank failures, the Costa Rican public system just keeps chugging along. And so does the Costa Rican economy.

He concludes:

My dream scenario for any third world country wishing to develop, is to do exactly what Costa Rica did so successfully for so many years. Invest in the Holy Trinity of national development – health, education and infrastructure. Pay for it with the earnings of state capitalist enterprises that are profitable because they are protected from ruinous foreign competition; and help out local private enterprise get started and grow, and become major exporters, with stable state-owned banks that prioritize national development over making bankers rich. It worked well for Costa Rica for a generation and a half. It can work for any other country as well. Including the United States.

The new Happy Planet Index, which rates countries based on how many long and happy lives they produce per unit of environmental output, has ranked Costa Rica #1 globally. The Costa Rican model is particularly instructive at a time when US citizens are groaning under the twin burdens of taxes and increased health insurance costs. Like the Costa Ricans, we could reduce taxes while increasing social services and rebuilding infrastructure, if we were to allow the government to make some money itself; and a giant first step would be for it to establish some publicly-owned banks.

Ellen Brown is an attorney, author, and president of the Public Banking Institute. She is the author of Web of Debt*, and a sequel,* The Public Bank Solution.

Goodnight. Sleep Clean.

By Maria Konnikova, The New York Times, January 12, 2014

Why do we have to rest? Meet your brain's janitorial staff.

Sleep seems like a perfectly fine waste of time. Why would our bodies evolve to spend close to one-third of our lives completely out of it, when we could instead be doing something useful or exciting? Something that would, as an added bonus, be less likely to get us killed back when we were sleeping on the savanna?

"Sleep is such a dangerous thing to do, when you're out in the wild," Maiken Nedergaard, a Danish biologist who has been leading research into sleep function at the University of Rochester's medical school, told me. "It has to have a basic evolutional function. Otherwise it would have been eliminated."

We've known for some time that sleep is essential for forming and consolidating memories and that it plays a central role in the formation of new neuronal connections and the pruning of old ones. But that hardly seems enough to risk death-by-leopard-in-the-night. "If sleep was just to remember what you did yesterday, that wouldn't be important enough," Dr. Nedergaard explains.

In a series of new studies, published this fall in the journal *Science*, the Nedergaard lab may at last be shedding light on just what it is that would be important enough. Sleep, it turns out, may play a crucial role in our brain's physiological maintenance. As your body sleeps, your brain is quite actively playing the part of mental janitor: It's clearing out all of the junk that has accumulated as a result of your daily thinking.

Recall what happens to your body during exercise. You start off full of energy, but soon enough your breathing turns uneven, your muscles tire, and your stamina runs its course. What's happening internally is that your body isn't able to deliver oxygen quickly enough to each muscle that needs it and instead creates needed energy anaerobically. And while that process allows you to keep on going, a side effect is the accumulation of toxic byproducts in your muscle cells. Those byproducts are cleared out by the body's lymphatic system, allowing you to resume normal function without any permanent damage.

The lymphatic system serves as the body's custodian: Whenever waste is formed, it sweeps it clean. The brain, however, is outside its reach – despite the fact that your brain uses up about 20 percent of your body's energy. How, then, does its waste – like beta-amyloid, a protein associated with Alzheimer's disease – get cleared? What happens to all the wrappers and leftovers that litter the room after any mental workout?

"Think about a fish tank," says Dr. Nedergaard. "If you have a tank and no filter, the fish will eventually die. So, how do the brain cells get rid of their waste? Where is their filter?"

Until a few years ago, the prevailing model was based on recycling: The brain got rid of its own waste, not only beta-amyloid but other metabolites, by breaking it down and recycling it at an individual cell level. When that process eventually failed, the buildup would result in age-related cognitive decline and diseases like Alzheimer's. That "didn't make sense" to Dr. Nedergaard, who says that "the brain is too busy to recycle" all of its energy. Instead, she proposed a brain equivalent of the lymphatic system, a network of channels that cleared out toxins with watery cerebrospinal fluid. She called it the glymphatic system, a nod to its dependence on glial cells (the supportive cells in the brain that work largely to maintain homeostasis and protect neurons) and its function as a sort of parallel lymphatic system.

She was hardly the first to think in those terms. "It had been proposed about one hundred years ago, but they didn't have the tools to study it properly," she says. Now, however, with advanced microscopes and dyeing techniques, her team discovered that the brain's interstitial space – the fluid-filled area between tissue cells that takes up about 20 percent of the brain's total volume – was mainly dedicated to physically removing the cells' daily waste.

When members of Dr. Nedergaard's team injected small fluorescent tracers into the cerebrospinal fluid of anesthetized mice, they found that the tracers quickly entered the brain – and, eventually, exited it – via specific, predictable routes.

The next step was to see how and when, exactly, the glymphatic system did its work. "We thought this cleaning process would require tremendous energy," Dr. Nedergaard says. "And so we asked, maybe this is something we do when we're sleeping, when the brain is really not processing information."

In a series of new studies on mice, her team discovered exactly that: When the mouse brain is sleeping or under anesthesia, it's busy cleaning out the waste that accumulated while it was awake.

In a mouse brain, the interstitial space takes up less room than it does in ours, approximately 14 percent of the total volume. Dr. Nedergaard found that when the mice slept, it swelled to over 20 percent. As a result, the cerebrospinal fluid could not only flow more freely but it could also reach further into the brain. In an awake brain, it would flow only along the brain's surface. Indeed, the awake flow was a mere 5 percent of the sleep flow. In a sleeping brain, waste was being cleared two times faster. "We saw almost no inflow of cerebrospinal fluid into the brain when the mice were awake, but then when we anesthetized them, it started flowing. It's such a big difference I kept being afraid something was wrong," says Dr. Nedergaard.

Similar work in humans is still in the future. Dr. Nedergaard is currently awaiting board approval to begin the equivalent study in adult brains in collaboration with the anesthesiologist Helene Benveniste at Stony Brook University.

So far the glymphatic system has been identified as the neural housekeeper in baboons, dogs and goats. "If anything," Dr. Nedergaard says, "it's more needed in a bigger brain."

Modern society is increasingly ill equipped to provide our brains with the requisite cleaning time. The figures are stark. Some 80 percent of working adults suffer to some extent from sleep deprivation. According to the National Sleep Foundation, adults should sleep seven to nine hours. On average, we're getting one to two hours less sleep a night than we did 50 to 100 years ago and 38 minutes less on weeknights than we did as little as 10 years ago. Between 50 and 70 million people in the United States suffer from some form of chronic sleep disorder. When our sleep is disturbed, whatever the cause, our cleaning system breaks down. At the University of Pennsylvania's Center for Sleep and Circadian Neurobiology, Sigrid Veasey has been focusing on precisely how restless nights disturb the brain's normal metabolism. What happens to our cognitive function when the trash piles up?

At the extreme end, the result could be the acceleration of neurodegenerative diseases like Alzheimer's and Parkinson's. While we don't know whether sleep loss causes the disease, or the disease itself leads to sleep loss – what Dr. Veasey calls a "classic chicken-and-egg" problem – we do know that the two are closely connected. Along with the sleep disturbances that characterize neurodegenerative diseases, there is a buildup of the types of proteins that the glymphatic system normally clears out during regular sleep, like beta-amyloids and tau, both associated with Alzheimer's and other types of dementia.

"To me," says Dr. Veasey, "that's the most compelling part of the Nedergaard research. That the clearance for these is dramatically reduced from prolonged wakefulness." If we don't sleep well, we may be allowing the very things that cause neural degeneration to pile up unchecked.

Even at the relatively more benign end – the all-nighter or the extra-stressful week when you caught only a few hours a night – sleep deprivation, as everyone who has experienced it knows, impedes our ability to concentrate, to pay attention to our environment and to analyze information creatively. "When we're sleep-deprived, we can't integrate or put together facts," as Dr. Veasey puts it.

But there is a difference between the kind of fleeting sleep loss we sometimes experience and the chronic deprivation that comes from shift work, insomnia and the like. In one set of studies, soon to be published in The Journal of Neuroscience, the Veasey lab found that while our brains can recover quite readily from short-term sleep loss, chronic prolonged wakefulness and sleep disruption stresses the brain's metabolism. The result is the degeneration of key neurons involved in alertness and proper cortical function and a buildup of proteins associated with aging and neural degeneration.

It's like the difference between a snowstorm's disrupting a single day of trash pickup and a prolonged strike. No longer quite as easy to fix, and even when the strike is over, there's likely to be some stray debris floating around for quite some time yet. "Recovery from sleep loss is slower than we'd thought," Dr. Veasey notes. "We used to think that after a bit of recovery sleep, you should be fine. But this work shows you're not."

If you put her own research together with the findings from the Nedergaard lab, Dr. Veasey says, it "very clearly shows that there's impaired clearance in the awake brain. We're really starting to realize that when we skip sleep, we may be doing irreparable damage to the brain, prematurely aging it or setting it up for heightened vulnerability to other insults."

In a society that is not only chronically sleep-deprived but also rapidly aging, that's bad news. "It's unlikely that poor sleep as a child would actually cause Alzheimer's or Parkinson's," says Dr. Veasey, "but it's more likely that you may shift one of those diseases by a decade or so. That has profound health and economic implications."

It's a pernicious cycle. We work longer hours, become more stressed, sleep less, impair our brain's ability to clean up after all that hard work, and become even less able to sleep soundly. And if we reach for a sleeping pill to help us along? While work on the effects of sleeping aids on the glymphatic system remains to be done, the sleep researchers I spoke with agree that there's no evidence that aided sleep is as effective as natural sleep.

There is, however, reason to hope. If the main function of sleep is to take out our neural trash, that insight could eventually enable a new understanding of both neurodegenerative diseases and regular, age-related cognitive decline. By developing a diagnostic test to measure how well the glymphatic system functions, we could move one step closer to predicting someone's risk of developing conditions like Alzheimer's or other forms of dementia: The faster the fluids clear the decks, the more effectively the brain's metabolism is functioning.

"Such a test could also be used in the emergency room after traumatic brain injury," Dr. Nedergaard says, "to see who is at risk of developing decline in cognitive function."

We can also focus on developing earlier, more effective interventions to prevent cognitive decline. One approach would be to enable individuals who suffer from sleep loss to sleep more soundly – but how? Dr. Nedergaard's mice were able to clear their brain's waste almost as effectively under anesthesia as under normal sleeping conditions. "That's really fascinating," says Dr. Veasey. Though current sleeping aids may not quite do the trick, and anesthetics are too dangerous for daily use, the results suggest that there may be better ways of improving sleep pharmacologically.

Now that we have a better understanding of why sleep is so important, a new generation of drug makers can work to create the best possible environment for the trash pickup to occur in the first place – to make certain that our brain's sleeping metabolism is as efficient as it can possibly be.

A second approach would take the opposite tack, by seeking to mimic the cleanup-promoting actions of sleep in the awake brain, which could make a full night of sound sleep less necessary. To date, the brain's metabolic process hasn't been targeted as such by the pharmaceutical industry. There simply wasn't enough evidence of its importance. In response to the evolving data, however, future drug interventions could focus directly on the glymphatic system, to promote the enhanced cleaning power of the sleeping brain in a brain that is fully awake. One day, scientists might be able to successfully mimic the expansion of the interstitial space that does the mental janitorial work so that we can achieve maximally efficient round-the-clock brain trash pickup.

If that day comes, they would be on their way to discovering that all-time miracle drug: one that, in Dr. Veasey's joking words, "could mean we never have to sleep at all."

Maria Konnikova is the author of Mastermind: How to Think Like Sherlock Holmes.

Our Comment

Human beings, it seems, really do create a lot of trash – in the environment that surrounds us and within our own internal systems. That sleep is so important to taking out our mental trash through the glymphatic system is a relief to those of us who like a good night's sleep and perhaps a form of wake-up call (sorry for the tired joke) to health care professionals interested in the genesis and acceleration of neurodegenerative diseases such as Parkinson's and Alzheimer's. From an evolutionary perspective, this work is very interesting as a way to help explain why sleep – and the opportunity, perchance, to dream – is so important for our physical and our mental wellbeing. Tonight, rest assured that your sleeping hours are not just an idle pleasure.

Peter O'Brien

COMER Email Update

COMER would like to keep its confidential email contact list up to date to better inform members and ER *subscribers of relevant, late-breaking news and local events.*

Interested parties who have not done so recently are encouraged to send a message with the subject line "COMER Email Update" to cnic@on.aibn.com from their preferred email account. As ever, all preferences will be respected.

Facing Up to Inequality: New Approaches Beyond Economism

By Hazel Henderson

Grim recent studies reveal the shocking increase in inequality globally, both between and within countries. Anti-poverty economic policies since World War II have done little, except for their notable success in China. Worldwide, the share of nations' productivity increases going to employees is shrinking – while the share to capital owners, financial firms, corporations and their top executives has mushroomed, as reported in the *Economist*, November 2, 2013.

Old economic textbook remedies for rising inequality still call for more growth. Yet economic growth is slowing in most mature economies. In still growing China, India, Brazil and other emerging countries, the growth remedies lead to greater inequality as well as destroying traditional livelihoods polluting vital common resources: air, water, forests and biodiversity. Growth based on fossil energy brings the inequalities of climate change and increasing weather disasters. The social costs of rising inequality are documented by Joseph Stiglitz in *The Price of Inequality* (2012); James K. Galbraith in *Inequality and Instability* (2012); Kate Pickett and Richard Wilkinson in *The Spirit Level* (2011). Unpacking "growth," which is part of nature, must specify what is growing, what is dying and what is maintained, as physicist Fritjof Capra and I clarify in *Qualitative Growth* (2009).

After decades of theory-induced blindness, courageous economists are challenging textbook growth bromides and joining with many public intellectuals in targeting growing inequality in new ways. Addressing inequality beyond "economism" at last is focusing on jobless economic growth, as I do in *Building a Win-Win World* (1996, now an e-book). I tracked automation since the 1960s examining how machines displaced human labor since the start of the Industrial Revolution in Britain and the rebellions of displaced workers, led by Ned Ludd, smashing the new spinning machines. These Luddites were punished, their rebellion seen as slowing progress.

Fast forward to today's "post-industrial" stage in many "rich" economies where structural unemployment and jobless growth are accelerating inequality, forcing new debates. The economic textbook view claims that advancing industrial innovation, efficiency, productivity and progress as measured by GDP-growth would always create new industries and replace lost jobs with new ones. These macroeconomic theories are failing in the face of the facts of automation and information technologies advance. Former Microsoft scientist and computer guru Jaron Lanier in *Who Owns the Future* (2013) takes the closest look at the evidence. Aghast at the speed of the digital information takeover of more sectors, particularly in music, entertainment, news, retailing, social media and finance, Lanier calls for new rules and laws remunerating every individual who contributes any information to online companies, banks, Facebook, Google, Twitter and all such platforms. Lanier forecasts the social costs of automating vehicles and eliminating human driving: deskilling, a loss of millions of entry-level jobs, providing the unemployed, students, minorities a first step on the ladder in their lives. Deskilling is evident, for example, in fly-by-wire aircraft where pilots have crashed planes when autopilot systems fail ("All Can Be Lost," *The Atlantic*, November 2013).

Debates from the 1960s have re-emerged: how can unemployed people get purchasing power to consume the growing cornucopia of goods and services? If these machines take your job, you had better own a piece of that machine, as advised by Louis and Patricia Kelso, in *Democracy and Economic Power* (1986), leading to the employee-owned companies of today and their employee stock ownership plans (ESOPs). Unions joined the debate with demands that employment and retraining must be assured by unionization, national priorities for full employment, now enshrined in the USA in the Humphrey-Hawkins *Full Employment Act* of 1948 and the dual mandate of the Federal Reserve to focus on maintaining a stable dollar and full employment. Even more fundamentally, why should access to money and purchasing power come mostly from jobs that are increasingly scarce – or by the luck of having wealthy parents, birth in an advanced society or some sinecure obtained through influence, politics or other power games?

I participated in that 1960s debate by forming with my late friend, Robert Theobald, a citizens committee to explore his ideas in *The Guaranteed Income* (1966). At a seminar in Windsor Castle in the 1970s hosted by Britain's famed author Charles Handy, a trade unionist exclaimed in our discussion of the envisioned post-industrial world "You're all mad! The people with the leisure won't have any money!" We were enthusiastic about information technology and believed that much boring repetitive work could be taken over by robots as was happening in Detroit's automating car factories. The United Auto Workers (UAW) leader Walter Reuther agreed and the UAW spearheaded 1960s' debates at their Automation House in New York City. All the new possibilities of creating "Leisure Societies" were examined: reducing work weeks, guaranteed incomes and evolving post-industrial societies toward education and human potentials by investing in people. Social innovation could match the technological innovation and automate drudgery!

Just as Daniel Bell described in his *The Coming of the Post-Industrial Society* (1976), farm mechanization had released laborers to work in factories and their subsequent automation had then steered the workforce into white collar office jobs. Now a new economy beckoned, built on social innovations like the GI Bill, Social Security, Medicare, government R&D in national labs, universities and the space program. We envisioned investments in further progress in healthcare, focusing on prevention, satisfactory lifestyles beyond the heroic feats of consumption demanded by the old, money-based GDP growth model. We explored the secretive politics of money-creation itself as in *Future Work* (1985) and *Future Money* (2012) by James Robertson. Basic minimum incomes could, like healthcare, become a right, guaranteed by sharing the productivity of the Information Age more widely – creating millions of new jobs, also in greater leisure and expanding recreation sectors. Money-creation itself could be democratized with the budding local currencies, LETS system and community banks and credit unions!

Many parts of these scenarios have materialized. Societies' total pies did grow bigger. Tourism and hospitality are now the largest sectors of the global economy, along with movies, entertainment, sporting events and all the new industries based on the internet: from online shopping, dating, bartering and social media to banking, gambling, pornography, child trafficking and money-laundering. Local currencies, crowdfunding, credit unions, microfinance have mushroomed worldwide. All the technological advances of the information-communications revolution created all the possibilities envisioned in the 1960s! Information – The World's New Currency Isn't Scarce, as I wrote in 1993.

So why instead are we still stuck with jobless economic growth, rising inequalities, a lost generation of young people, many burdened with un-repayable student debt, unable to find jobs, and millions of homeless people and empty foreclosed homes, and many employees losing pensions and mired in stagnant wages? The dismal "economism" paradigm maintained control through creating scarcity (The Money Fix) and engendered fear, competition, hoarding – all reinforcing our reptilian brains. This psychological model still underlies banking, finance, asset accumulation, risk and corporate management.

Another answer is that social innovation never kept pace with all that technological innovation. Investments in new infrastructure and in people lagged behind. Capital investments went global and as more and more jobs fell to automation, millions more moved offshore, looking for cheaper, unorganized labor and unprotected workplaces and environments. Pushed by corporations and their economists, political allies claimed that trade agreements like NAFTA in the 1990s between the USA and Mexico would create up to half a million new jobs. The reality is today's estimated loss of one million jobs as US companies moved to Mexico and then to China. Today, as Chinese workers demand and get higher wages, jobs move to Vietnam and Cambodia in the now familiar global race to the bottom. Rearview central banks printed money to bail out incumbent industries of the past instead of investing in the future.

The economic textbooks' dead hand still hold sway over the debate: claiming that the greater efficiency of manufacturing and the unemployment it brought can be eased by new jobs created elsewhere and that retraining of workers is the best remedy. Private sector innovation and investment promised to trickle down to create new jobs, while public investments must be cut, so as not to "crowd out" private companies, entrepreneurs and those job-creators. This story is best debunked by Mariana Mazzucato in *The Entrepreneurial State* (2013) and my *Beyond Austerity and Stimulus*. By 2012, this "economism" view had prevailed and restored the financial sectors with taxpayer bailouts and imposed its austerity regimes in Europe and in the budget-cuts in the USA. High-frequency, computerized trading has taken over on stock exchanges and the new electronic platforms developed by taxpayers: the internet, satellites and other communications, R&D and infrastructure. Betting on which countries' bonds will default became today's quadrillion dollar CDS and derivatives market, and its perverse financial "innovations" are setting up the next bubble.

Open challenges have been led by radical political parties of both the old left and right. New movements like Occupy Wall Street, the World Social Forum, the Barcelona Consensus, have reclaimed the earlier debates of the 1960s, calling for social innovations based on the vast new productivity and opportunities of the Information Age: guaranteed minimum incomes, local currencies, public banking and public sector innovations in education, health and redesigning cities and infrastructure. Global public goods are the focus of UN agencies and its Millennium Development Goals, now targeting sustainability. Shifting from fossil fueled polluting sectors to renewable energies, has become imperative as climate disruption affects millions worldwide. At the 2012 UN Summit Rio+20, 191 countries pledged to accelerate transitions to green economies. Efficiency based on Nature's circular models is now ushering in the next stage of human evolution: the knowledge-rich economies of the emerging Solar Age.

The taboos slowly are falling on acknowledging how human activities are breaching the nine key planetary boundaries and changing the climate. Even The Economist reported more on such planetary news along with their findings on inequality that labor was losing out to capital. All this is obvious to those outside the economics profession not suffering its theory-induced blindness. Many now point to this growing global inequality as generated by faulty models of "economic" growth – rooted in unfair distribution due to powerful private interests, capture of governments, regulations, tax policies and even "cognitive capture" of their mindsets and worldviews. Philosophers have wrestled with the roots of liberal versus conservative polarization, relating it to brain research as does Joshua Greene in *Moral Tribes* (2013). The shift from economism and its anthropocentrism toward understanding how our planetary life-support system functions has turned to real-time visual data imaging from the 12 geostationary satellites of NASA's Earth System Science, as I report in my forthcoming *Mapping the Global Transition to the Solar Age* (ICAEW). Money is now seen as a useful unit of account – simply information tracking real human and natural resources and the productivity of Nature, as in the Principles of Ethical Biomimicry Finance™.

While in the USA and Europe, guaranteeing minimum incomes is still taboo, such incomes were initiated as "Opportunidades" in Mexico and "Bolsa Familia" in Brazil, where these direct or conditional cash payments (CCTs) brought millions out of poverty. Others followed the success of Alaska's Permanent Fund which directs a portion of oil revenues to every citizen. *The UN: Policy and Finance Alternatives* (1995) I co-edited called for taxing all commercial uses of the global commons, with fines for abuses including a financial transactions tax to curb speculation. Since petroleum is a natural resource, not human-made, these ideas are espoused by two policy analysts in their "Petroleum to the People" in the conservative journal Foreign Affairs as a way to prevent further inequality in African countries. Entrepreneurs Paul Polak and Mal Warwick recount many successes in addressing poverty worldwide in their *The Business Solution to Poverty* (2013), while Amy Cortese cites the rebirth of local business models in *Locavesting* (2011).

A longer historical view by Princeton economist Angus Deaton in the *Great Escape* (2013) finds the origins of inequality in the technological revolution as private innovation races ahead of social innovation and how economic elites capture political power. This is also the thesis of Daron Acemoglu and James Robinson in their *Why Nations Fail* (2012). Two MIT economists Erik Brynjolfsson and Andrew McAfee in *Race Against the Machine* (2011) buck their profession by documenting the job losses and inequalities in both technological innovation and the prevailing economic model of globalization. Brain scientist Bruce Lipton in *The Biology of Belief* (2006), endocrinologist John Coates in *The Hour Between Dog and Wolf* (2012) and psychologist Rob Williams' PSYCH-K method are introducing us to why we cling to outdated theories and allow our subconscious fears to overcome our best plans and highest goals. Ethical Markets now focuses on ways to accelerate learning – particularly in financial sectors and for asset managers.

The new paradigms in human development are at last emerging into politics and those 1960s visions of abundant post-industrial societies are alive – beyond ideologically-imposed scarcity regimes and fossil-fueled early industrialism. The Solar Age is now visible in the advance of green, knowledge-rich economies based on harvesting the free daily photons from the sun, as we track in our Green Transition Scoreboard® and daily updates at www.ethicalmarkets.com. Our research shows that current $1 trillion annual private investments between now and 2020 will have scaled and the world will have entered the Solar Age.

Hazel Henderson, DSC(Hon), FRSA, President of Ethical Markets Media (USA and Brazil) is author of Building a Win-Win World *(1996) and many other books, creator of the Transforming Finance TV Series and the Green Transition Scoreboard®. Mercado Ético, the company's Brazilian affiliate won the prestigious Veículo de Comunicação do Ano Especializado em Sustentabilidade – Media of the Year on Sustainability Prize in 2013 in Brazil.*

Occupy Our Bank

Dr. Gerald Ackerman

Questions about Canada's financial future: Are we dreaming of sovereignty? Or just dreaming?

Some Canadians have very strong feelings about our sovereign right – the right to make our own decision in our own interest. The elderly gentleman sitting in the gallery of the federal courtroom in Toronto December 10 certainly does.

Bill Krehm and the monetary reform organization he helped form five decades ago (COMER) are suing the government for not borrowing from our publicly-owned bank – the Bank of Canada.

Every Minister of Finance since 1974 has avoided doing what their predecessors did so well. From 1940 to 1970 we could expect our finance minister to instruct the Bank of Canada governor to create the necessary money to end the 1930s decade of hopeless unemployment. The money created was spent into the economy – it funded the war, then provided educational and business benefits for returning veterans, allowances for children, pensions for elders, ensured healthcare for everyone. Transportation infrastructure pulled the country together by building the Great Lakes seaway and a highway across Canada.

The result?

A productive, healthy, prosperous nation without serious inflation, with an easily managed debt load.

What went wrong?

(a) Canada's chartered banks were released from the lending restrictions that prevailed through the 1960s: maxima 4-year terms, 6% interest.

Reserve requirements were later removed as well.

(b) By adding a section (s18-m) to the *Bank of Canada Act*.

…operational control of our central bank was turned over to the Bank of International Settlements (BIS), a private central bank owned by the private banks of Europe and Great Britain.

Deposits from those banks, the International Monetary Fund, and the World Bank would bear interest, and the reserve requirements of the BIS were to respected without fail.

(c) Only a tiny fraction of Canada's money supply would be created by our central bank. Almost all new money was via borrowing from the private banking system, domestic and foreign –at interest.

The resulting annual deficit has meant an increase in the national debt that was charged the going rate of interest and compounded year after year, often at double digit rates. Thus, Canada's debt of about $20 billion in 1974 became $600 billion, while the unnecessary interest paid exceeded a trillion dollars.

Are Bill Krehm and his associates just dreaming when they talk about the country taking back control of our monetary system? Perhaps. The government's response to the lawsuit is both standard and predictable: Delay, deny, argue status, argue jurisdiction. Bill was 100 years old in November so he won't live to see success for his five decades of valiant effort, even if this judge's decision is favourable.

Or perhaps his associates' dream will become reality. Maybe the youngest activist in the crowded courtroom (Patrick, age 19) will rally his generation to stop the takeover and takeaway of our country. Patrick is aware of the websites www.comer.org and www.occupyourbank.ca. More sites appear monthly.

Social media will assist communication. Over 3 million YouTube readers listened to Victoria Grant's diagnosis and prescription 20 months ago (she was 12 then). At the Public Banking Conference in Philadelphia her 6 minute speech simply said: "If our government needs to borrow money, they should borrow interest-free from our own bank."

Quoting Canada's 10th prime minister in 1938 will help as well:

"Once a nation parts with control of its currency and credit, it matters not who makes that nation's laws.

"Usury, one in control, will wreck any nation. Until the control of currency and credit is restored to government

"And recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of Parliament and democracy is idle and futile."

My own dreams of sovereignty for Canada? Recurring nightmares:

When I recall how important it was in the 1950s that my aging parents had a pension to replace their steady struggle of 30 years of subsistence farming, how family allowances helped my young family, and how medical costs were always affordable, I accuse the subsequent governments of betrayal of the public interest – at every turn.

Policies and practices established and maintained for the last 3 decades have destroyed the future I want my offspring to share with their fellow Canadians. Public goods and services have been underfunded or privatized. Our work force has been undermined by unfair trade agreements. Globalization has meant "gobble-my-nation."

Bailing out banks has meant robbing the taxpayers. Bail-ins (as in the June budget and the CETA and TPP agreements) will mean robbing the depositors. (Our Finance Minister doesn't recognize them as taxpayers.)

No recourse will be possible from either the judiciary or legislature.

I fear for Canada's financial future.

Dr. Gerald Ackerman is a financial analyst, professor, author, business and investor consultant.

Pay the Piper! Call the Tune

An abbreviated version of this article was published in the July 2011 issue of ER.

If we are to call forth the sweet stains of a better world, then we must be prepared to pay the piper; for, he who plays the piper DOES call the tune!

Fortunately, this is something that we are quite capable of doing. *The Money is there for whatever it is that we need money for*. Alas, the choice of how to spend it is *not*. That choice is in the hands of the money-lenders.

The struggle over who should control a nation's money system has been going on for centuries. Its history is a most instructive cautionary tale. Thomas Jefferson, for example, addressed this issue early in the history of the United States. Without so much as a crystal ball, he warned:

if the American people ever allow the banks to control the issuance of their currency, first by inflation and then by deflation, the banks and the corporations that will grow up around them will deprive the people of all property until their children will wake up homeless on the continent their fathers occupied. The issuing power of money should be taken from the banks and restored to Congress and the people to whom it belongs. I sincerely believe the banking institutions having the issuing power of money are more dangerous to liberty than standing armies.[1]

And so" It has come to pass…. (For a compelling documentary on how this prophecy has been fulfilled see Michael Moore's, *Capitalism: A Love Story*.)

The good news, is that we have a bank of our own, you and I. It's our central bank. It's called the Bank of Canada. We bought it during the 1930s – a time when the Great Depression had educated the public to a level of consciousness and concern about banks and banking that would serve us well today.

As early as 1925, J.S. Woodsworth, then the Independent Labour Party of Parliament for Winnipeg North, and one of only two MPs who held the balance of power crucial to the Liberal minority government of Prime Minister, William Lyon Mackenzie King, called for a nationalized system of banking, and government control of the issuance of currency and credit, with the removal of this power from private corporations. He contended that money supply should be managed for national interests rather than private profit, saying that, 'in this we face the larger question as to whether or not Parliament is to be sovereign, as to whether or not the people are to be sovereign, or whether we have not had our liberties filched from us without most of us having been aware of what has taken place.'[2]

Whoever said that Canadian History Was Dull?

In 1933, the Bennett government appointed a royal commission on banking – the Macmillan commission. One of those who appeared before the Macmillan commission was Gerald Grattan McGeer, representing the Vancouver, New Westminster and District Trades and Labour Council. McGeer was a highly accomplished lawyer, counsel to the BB government during the freight-rate cases of the 1920s. His brilliant success had resulted in "significant reductions in rates and corresponding increases in commercial activity." Those cases had convinced him that money and its mismanagement were at the root of the problem, and had drawn his attention to economics, especially in money, backing and interest. That concern was further stimulated by the Great Depression, whose cause he traced to faulty monetary policies.[3]

McGeer's report on the Macmillan Commission included a devastating criticism of the commission itself, and of the "indecent haste" with which it was proceeding. He suggested that the Commission could be likened to a "thieves' kitchen court, in which the wrong – doers were both upon the Bench and in the jury box." He pointed out, for example, that under the ministry of one member of the Commission, Sir Thomas White, PC, KC, MG, Vice-President of the Canadian Bank of Commerce, and Canadian war-time Minister of Finance, war-time rates of interest charged to government for credit loans were increased by 50%.

Also included in his report were excerpts from the British Macmillan Committee on banking credit and finance, (same Macmillan!), excerpts which McGeer believed reflected the minority views of such other notable members of that committee as John Maynard Keynes, and which supported his own.

Finally, he enclosed the outline of a plan for Canada, entitled, *The Conquest of Poverty*. In it, he explained how "public credit [was] used to support the most powerful predatory monopoly in finance that has ever been organized," and argued that "legal tender money and the purchasing power medium of exchange, whether it be money or credit, transferred by cheque, is…a creature of law and its creation and circulation constitute the exercise of a supreme prerogative power of governmental authority." "In the course of time," he predicted, "The system of more equitably distributing national income will be perfected." "But, in the meantime," he stressed, "We must get started." "His performance at the committee won much public acclaim and wide publicity."[4]

Three of the five members of the Commission supported the creation of the Bank of Canada. While there was little opposition in the Commons to creating the Bank of Canada, important issues remained to be settled.[5] Two of these were key. Should the bank be privately or publicly owned? Who should have supreme authority on monetary policy, the government or the bank? The ensuing struggle for ownership of the Bank of Canada is a buried tale that bears out Santayana's observation that, "those who do not remember their history are doomed to repeat it."

The Band of Canada opened in 1935. In August of that year, in a radio address to the nation, Prime Minister, MacKenzie King, said:

Once a nation parts with control of its currency and credit, it matters not who makes that nation's laws. Usury, once in control will wreck any nation. Until the control of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of Parliament and of democracy is idle and futile.

To this Abraham Lincoln would have added that, "the privilege of creating and issuing money is not only the supreme prerogative of government, but it is its greatest *creative opportunity*." In an address to Congress, a few weeks before his assassination, Lincoln outlined principles not unlike those expressed in the *Bank of Canada Act* and predicted that by the adoption of these principles…"money [would] cease to be the master and become the servant of humanity," and that, "democracy would rise superior to the money power."[6]

Colourful, controversial, relentless, indefatigable, and a powerful orator, McGeer championed the cause of monetary reform through a publicly owned bank, operated by the Canadian government. He stirred national debate on the subject. "From him, more than any other man of his time, [the public] learned about the awful power of money."[7]

Finally, in 1938, thanks in no small part to Gerry McGeer, Prime Minister Mackenzie King, in accordance with his political insights, and his well honed skills in the "art of the possible," led his government to "nationalize" the Bank of Canada.

In Canada, it seemed for a time that the question of who should create the money – the state on behalf of all the people, or the private banks in their own interests and that of their preferred clientele – had been decided. Money – creation was shared by the government, through the Bank of Canada, and the private banks. The system served us well. It helped finance World War II and favoured us with a "Golden Age." It helped us to afford post-was infrastructure projects like the Trans-Canada highway and the St. Lawrence Seaway, and social programs like the Canada Pension Plan and Medicare. It nurtured a growing Middle class and an increasingly egalitarian society.

The modern banking system manufactures money out of nothing. The process is perhaps the most astounding piece of sleight of hand that was ever invented. Banking was conceived in iniquity and born in sin. Bankers own the earth: take it away from them, but leave them with the power to create credit, and with the stroke of a pen they will create enough money to buy it back again… if you want to be slaves of the bankers, and pay the costs of your own slavery, then let the banks create money.[8]

In *The Rise Of Canada's Richest 1%,* Armine Yalnizian, economist with the Canadian Centre for Policy Alternatives, draws on data used in a study by two economists, Emmanual Saez, and Michael Veall, which showed how, in both the US and Canada, long-term trends towards greater income equality were reversed after 1980.

"From 1946 to the end of the 1970s," she points out, "the majority of Canadians saw a rapid rise in income…and there was a clear and consistent trend towards greater equality. After 1980, however, despite a decade of unbroken economic growth, that trend took what has been called, the *Great U-Turn of Our Time.*

A flip from decades of steady *decline* in income inequality to it's opposite: a steady *increase* in inequality, in good times and bad. Economic growth no longer paved the path to widespread prosperity. But for a select few, good times never seemed so good. Incomes of the very rich have doubled and tripled, while they've flat-lined for the majority, which has also been squeezed by rising costs and worsening household debt."'

One particular example she cites is that, "From the beginning of the Second World War to 1977, the income share of the richest 1% was cut in half, from 14% to 7.7%; by 2007, we were right back where we started: the richest 1% held 13.8% of incomes in Canada, and the trend-lines show no signs of leveling off."

Of course, this didn't just happen! No "invisible hand" filled the pockets of the rich. No mystical market reversed the "trickle-down." It happened because real politicians, in a real House of Commons, using *monetary policy,* (the use by a government or central bank of interest rates or controls to influence the economy), and *fiscal economy,* (the use of taxation and government spending to influence the economy), made the rich richer and made debt-slaves of the rest of us.

Politics and economics are two sides of the same coin. Indeed, what we today call *economics* used to be called *political economy* – a term I believe we should resurrect, because it more honestly reflects the truth, and because it would remind a better informed public of that crucial connection.

As the financial elite escaped the arms escaped the arms of *Keynesian economics* and embraced the *neoliberal economics* championed by politicians like Margaret Thatcher and Ronald Regan, successive Canadian governments abdicated their responsibilities under the *Bank of Canada Act,* and surrendered our central bank to the moneylenders. Whereas, as recently as the early seventies, the Bank of Canada was still creating up to 25% of the money supply, today it creates less than 5%; 95% of our money is DEBT!

Money matters! It is the lifeblood of the economy. If there is a shortage of money, the economy shrinks; if too much, money loses its value. At either extreme, society shudders as the economy, production, trade, and consumption of the goods and services on which it depends, slump or lurch into dysfunction.

How money is created also matters! Money created by government is essentially debt-free and is *spent* into the *real* economy. This frees the government to act in the public interest. It empowers the government to exercise democratic control over priorities like job-creation and environmental pro-

What to Do? Some Suggestions

- Take back what is ours – recover our central bank and use it to further the Common Good.
- Re-regulate private banks.
- Reduce our foreign debt.
- Introduce a system of accounting that will distinguish between investment and debt.
- Alter the way we assess the health of our economic system.
- Develop a national incomes policy.
- Make employment a genuine priority.
- Restore a reasonable measure of equality through fair taxation.
- Recognize the priority of human capital over financial capital.
- Reconsider corporate charters.

How?

- Educate ourselves and others about our options. If you don't know what your options are, you don't have any.
- Work to make important issues regarding our political economy a mater of national debate.
- Organize political action.
- Make electoral reform an immediate goal.
- Elect a government with the understanding, the integrity and the courage to legislate and enforce essential reforms.
- Alert Canadians to the threats they face. For example, in June, 2010, during the G-20 Meetings, former Prime Minister, Paul Martin, in a key-note speech at a Toronto seminar, asserted that we must "re-define sovereignty." His them was the need for, "global economic governance." "Every nation," he stressed, "must submit to international laws that are *mandatory and enforceable.*"

Canadians would do well to question this transfer of power BEFORE the monetary option is stolen from them. Serious national debate on this issue – a far more serious debate than the one we had on NAFTA – could prevent the ultimate surrender of our national sovereignty to the tyranny of the global money power.

A Word to the Faint of Heart

- It was people with all the credentials that led us into this age of crises.
- There are good people with all the credentials who will help us where we need their expertise.
- The eminent British economist, Joan Robinson, has observed that, "You don't study economics so that you can develop a new theory. You study economics so as not to be deceived by economists."
- "Amateurs built the Ark; experts built the Titanic."

tection, in a *mixed* economy, (one with a mixture of state and private enterprises). It promotes economic and political stability by enabling the government to maintain purchasing power for individuals and the nation. Money created by private banks is created out of thin air, through loans, and is *lent* into a *market* economy. It favours financial capital over human capital. It perpetuates the "boom – bust" cycle characteristic of the capitalist system. When the government is short of revenue it is forced to borrow money from private banks and must, like any other borrower, pay interest. This empowers banks and other corporations to influence government policy, and places governments under various constraints. Government debt, for example, swells taxes (for some!), and is used to justify cuts to social services.

The debt-money system generates serious problems. One of these is that private banks can create only the amount of the loan; they cannot create the money needed to pay the interest on that loan. There is never, therefore, enough money in the system. This makes *growth* imperative. The system must grow or die. Debt and the interest on debt grow faster than money and income because debt is the only way to create new money. If the money supply cannot keep up to the cost of debt and interest, the economy will stall. When the burden of debt exceeds the capacity of debtors to pay, or the willingness of lenders to lend, the system must fail.

The pressure of debt on business intensifies competition, generating waste and exploitation. Businesses strive to grow bigger through mergers and takeovers, to dominate and manipulate markets, to minimize costs, and to escape government interference, (but ensure government protection!).

Through so-called *free trade*, and *debt*, corporate globalization has created a "New World Order" owned by international capital, and has established a global infrastructure designed to put nations in their place and keep them there.

As Paul Hellyer has put it:

In reality, the banks have turned the world into one humungous pawn shop. You Hock your stocks, house, business, rich mother-in-law…. Then, if the market value of your collateral goes down, the bank may phone and insist that you beef up your collateral or pay off the loan. That happened in the 2007 crisis. This would not be necessary if the banks themselves were not so highly leveraged. They have lent or invested twenty times as much as they actually have, on the basis of that collateral.[9]

Our money supply has been privatized. The Bank of Canada, which could create money at little or no interest, borrows it instead from private banks at *compound* interest! The banks get the profit; we get the debt. That debt is then used to justify cuts to education, health care…all of those social goods and services that most of us would deem it an economic system's raison d'être t o deliver. Then, when the economy flags or fails – as it sometimes must, given the "boom-bust" nature of the present system – we pay those banks to stimulate the economy – which they may or may not do – or, we may even have to bail them out! In his 2009 budget, for example, Steven Harper agreed to purchase an additional $50 billion in government-insured mortgages from Canada's major banks, bringing the total since late the previous year, to C$125 billion. Mark Carney, governor of the Bank of Canada, has admitted that the banks know that the government will protect them, and has said, "We have to get rid of that."

Whether our major concern is education, health care, social justice, the environment…we are all shackled to spokes of the same wheel. And that wheel is hurtling along the path of corporate globalization. At the hub of that wheel, causing it to spin faster and faster, is something called the money system. Unless we deal with that, NONE of these problems can be solved; for money is power – the power that drives our economic system. Our present trajectory is over the cliff.

Footnotes

1. Charles Beard, *The Rise of American Civilization*, London, Cape, Quoted in Michael Rowbotham's, *The Grip of Death*, pp. 34, 35.
2. Vincent lam, *Tommy Douglas*, Penguin, Canada.
3. David Ricardo Williams, *Mayor Gerry*, Douglas and McIntyre.
4. Ibid.
5. Babad/Mulroney, *Where the Buck Stops*, Stoddart.
6. Abraham Lincoln, Senate document 23, p. 91, 1865. Quoted in *The Grip of Death*, Michael Rowbotham, p. 221.
7. David Ricardo Williams, *Mayor Gerry*, Douglas and McIntrye.
8. Lord Josiah Stamp, *Public Address in Central Hall*, Westminster, 1937.
9. Paul Hellyer, *Light at the End of the Tunnel*, p. 217.

Social Media as a Megaphone to Push Food Makers to Change

By Stephanie Strom, The New York Times, December 31, 2013

Renee Shutters has long worried that food dyes – used in candy like blue M&M's – were hurting her son, Trenton.

She testified before the Food and Drug Administration, but nothing happened. It wasn't until she went online, using a petition with the help of the Center for Science in the Public Interest, that her pleas to remove artificial dyes from food seemed to be heard.

Mars, the candy's maker, is now hinting that it may soon replace at least one of the dyes with an alternative derived from seaweed.

"I've really thought about calling them," Ms. Shutters said about Mars. "I'm not trying to be this horrible person. What I'm really thinking is that this is an opportunity for their company to lead what would be an awesome publicity coup by taking these dyes out of their products."

While the FDA continues to allow certain dyes to be used in foods, deeming them safe, parents and advocacy groups have been using websites and social media as powerful megaphones to force titans of the food industry to reconsider the ingredients in their foods and the labeling and processing of their products. In several instances in the last year or so, major food companies and fast-food chains have shifted to coloring derived from spices or other plant-based sources, or changed or omitted certain labels from packaging.

Matthew Egol, a partner at Booz & Company, the consulting firm, said that while food companies had benefited from social media to gain rapid insight into trends, data on what products to introduce and which words to use in marketing, they also had been the target of complaints that sometimes become magnified in an online environment.

Mr. Egol said companies were approaching the negative feedback they get with new tools that help them assess the risks posed by consumer criticism. "Instead of relying on a PR firm, you have analytical tools to quantify how big an issue it is and how influential the people hollering are," he said, "Then you can make a decision about how to respond. It happens much more quickly."

From Cargill's decision to label packages of its ground beef that contain "pink slime," or what the industry prefers to call finely textured meat, to PepsiCo's decision to replace brominated vegetable oil in Gatorade with a natural additive at the behest of a teenager, corporations are increasingly capitulating to consumer demands.

Companies are reluctant to admit a direct connection between the crusades of consumer like Ms. Shutters or Vani Hari, a blogger know as the Food Babe, and their decision to tweak products, but the link seems clear. More than 140,000 people have signed Ms. Shutter's petition on petroleum-based food dyes, and dozens have commented on Ms. Hari's posts about some of the ingredients in items on Chick-fil-A's menu.

"We've always tried to be a customer-focused organization," said David B. Farmer, vice president for product strategy and development at Chick-fil-A. "What has clearly changed is some of the channels of communications, which wasn't a factor in the past like it is today. We've had to adapt to that."

Two years ago, Ms. Hari marveled in a blog post about the nearly 100 ingredients in a Chick-fil A chicken sandwich and took issue with some of them, like MSG, artificial colors and TBHQ or tertiary butylhydroquinone, which is used as a preservative in many foods.

"TBHQ is a derivative of butane," she said in a telephone interview. "The FDA says TBHQ cannot exceed 0.02 percent of fats and oils in a product, but consumers who are eating a sandwich that has it plus French fries and other things that also have it in a single meal may be getting more than that." She followed that post with another, offering a recipe her readers could use to make a chicken sandwich that is a pretty fair imitation of Chick-fil-A's – but with only 12 ingredients, none of them artificial.

Chick-fil-A eventually responded, inviting Ms. Hari in October 2012 to spend a day at its headquarters in Atlanta, where she discussed her concern about some ingredients as well as larger issues like the use of chicken from animals whose feed contains antibiotics and the potential for labeling products that have genetically engineered components.

"They went out of their way to make sure I got all the info I needed," Ms. Hari said. "We sat down and put together a road map of my concerns and then laid out how they start addressing them and what I would prioritize on a white board."

Most important for her was where Chick-fil-A buys its chicken, and her second priority was removing artificial dyes from the company's products. "That was one of the easiest things for them to get rid of, I thought," she said. This month the company told Ms. Hari that it had eliminated the dye Yellow No. 5 from its chicken soup, and reduced sodium in the soup. It is testing a peanut oil that does not contain TBHQ and will start testing sauces and dressings made without high-fructose corn syrup in the coming year.

The company said its decision to address some of Ms. Hari's concerns was just a step in a long-term effort to improve and enhance its menu to give consumer what they want. "We've been working through the menu, starting with the removal of all trans fat between 2006 and 2008, taking high-fructose corn syrup out of bread, some dressings, some ice cream and milk shakes and reducing sodium across the board," said Jodie Worrell, Chick-fil-A's nutritionist.

Last year, the company added oatmeal to its yogurt fruit cups, and it offers fruit cups as an alternative to fries on its menu at no extra charge, "even though it's more expensive" Ms. Worrell said.

Kraft withstood Ms. Hari's criticism for its use of petroleum-based dyes in its popular macaroni and cheese. But the company announced quietly last month that it would no longer use Yellow No. 5 and Yellow No. 6 dyes in its Shapes line of macaroni and cheese beginning in 2014.

Kraft is replacing the dyes with coloring derived from spices like turmeric and paprika. It is also adding more whole grain to the Shapes products, which are shaped like cartoon characters, and reducing the sodium and saturated fats they contain.

"Our Shapes products are popular with families," Lynne Galia, a spokeswoman for Kraft, wrote in an email. "Parents have told us they would like fun mac and cheese varieties with the same great taste but improved nutrition."

Asked whether the changes were made in response to Ms. Hari's crusade, Ms. Galia wrote that they were made as part of the company's continuing efforts to deliver better nutrition in it's products. "We're always listening to consumer," she wrote, "in this particular case, we've been working on the re-launch for quite some time."

She said that it took about a year and a half to reformulate the products, and that one of the challenges food companies face when confronted by consumers demanding change is getting them to understand how complicated that change can be.

Food companies must work with suppliers to determine what's possible, then suppliers have to make the new ingredient in bulk. That ingredient is then tried in the recipe, and the recipe goes through tweaks to try to achieve the same viscosity, texture and other attributes contributed by the old ingredient.

"Then it goes to a validation stage, where we might have a sensory panel made up of folks who have trained capabilities and can apply science to determine if we're matching the original flavor," Mr. Farmer of Chick-fil-A said. "And then we test it with customer to get their feedback."

Some changes come at little cost, others force a higher price. When Chick-fil-A changed its salads, for instance, replacing iceberg lettuce with leaf lettuce and adding options like fresh blueberries, it raised the price it charges for them to cover some of the additional costs. "It's a more expensive product, but we're selling significantly more salads because that's what the customer wants," Mr. Farmer said.

Similarly, Mars had to receive FDA approval to replace FD&C Blue No. 1, the petroleum-based dye it uses for blue M&M's, with a blue dye derived from spirulina, an algae, that is often used in confectionary and chewing gum. "As a company, we continue to explore the use of naturally sourced colors," Mars said in a statement. "While we do not currently use spirulina extract, its approval is a step toward providing us the option to produce confectionary products made with this naturally sourced color."

Ms. Shutters said she was happy to hear about the potential new dye. She omitted all foods containing petroleum-based dyes from her son's diet a few years ago, hoping it would improve his focus, ease fidgetiness and make him more cooperative in his hockey practice.

"His schoolteacher just about passed out when he went back after the break," she said. "I'm not kidding you, it was a miracle that we figured it out. I never realized until then how big an impact what you eat can have."

Our Comment

In this article two things converge tanks to the power of social media – increasing interest in what's in our food and the ability to connect consumers. In the not-so-distant, pre social media past, food processors were in control with top-down advertising sending out brand messages to consumers via print or broadcast ads. Now, the internet not only means advertises have yet another powerful communication tool but that consumers have access to huge volumes of information to share and talk about with other interested people.

During the halcyon days for food processors, consumers trusted that the food was safe, But that has plummeted due to a steady stream of food recalls, scares and food borne illnesses. Simultaneously, new voices emerged to educate people about the realities of the industrial food system. Michael Pollan's book, *The Omnivore's Dilemma* and the movie *Food Inc.* and may others have effectively helped bury the former 'age of innocence' enjoyed by the big brands. There have been many outcomes including the rise of the local food movement promising consumers authentic, real, whole food. Hence the growth of farmers' markets, good food boxes, food co-ops and communities of concern connecting locally and on social media via Facebook, Twitter, YouTube. Now everyone, consumer and manufacturer alike, have access to potentially every powerful ways of communication.

For a detailed picture of the industrial food system, obesity and chronic illness inducing ingredients Pulitzer Prize-winning journalist Michael Moss' *Salt Sugar Fat: How the Food Giants Hooked Us* is recommended reading.

Hélène St. Jacques

Hélène is an expert consumer and market researcher with a history that spans many food, health, social justice and environmental sectors. Her Experience includes working on local, national and international fronts with large and small size public and private sector organizations. She has a BA (University of Waterloo) and an MEd (University of Toronto).

Reader Mail

December 26, 2013

Dear Mr. Krehm,

Here is a letter I received from my MP. It was in response to suggestions I made regarding the use of the Bank of Canada.

I have always wanted to send you a copy of this letter for your information. I wish him no ill, so please don't refer to him.

There is an ad on television about hockey. The enthusiasm is amazing to watch. I wish the same type of national enthusiasm could be harnessed for monetary reform and environmental protection, etc., etc.

I think Jozef Izak's friend has a good idea with his suggested list of contributors.

All good wishes on your birthday and many more.

Thank you for caring so much it is most appreciated.

Yours sincerely,

Margaret S. Grande, Ottawa, Ontario

May 29, 2008

Dear Ms. Grande,

When our forefathers wrote the *British North America Act* of 1867, the responsibilities for municipalities was given to the provincial order of government.

Thus far, provincial authorities have chosen not to allow municipalities to collect income taxes. They are restricted to property taxes. Some service fees and levies and for the rest depend on provincial transfers and federal funding of programs related to such things as infrastructure.

As for the Bank of Canada, its role is not to fund projects of any sort. Rather it is to set monetary policies such as interest rates and to help regulate financial markets. Our currency and our credit instruments.

The funding of long or short term projects is really a government function (federal, provincial and municipal) sometimes in conjunction with private interests.

Having said all the above, yes I remain concerned, as you are, of the importance of proper funding of our municipalities. That is why past Liberal federal governments created infrastructure programs, removed the GST from our municipalities and agreed to transfer half of the excise tax on gasoline (5¢ of the 10¢ per liter collected for the federal government) to our municipal sector. This latest item alone represents 2 billion dollars annually. Future Liberal governments are committed to further assist municipalities.

I hope you will find the above of use and interest.

Sincerely,

(name withheld by request)

US Media Blacks Out Snowden Interview Exposing Death Threats

By Bill Van Auken, Information Clearing House, January 28, 2014

The former National Security Agency contractor Edward Snowden appeared Sunday night in his first extended television interview. Citing published statements by unnamed US intelligence and military operatives calling for his assassination, he warned that he faces "significant threats" to his life and that US "government officials want to kill me."

The interview, broadcast by the German television network ARD, was largely blacked out by the US media. *The New York Times* carried not a word of what Snowden said, while the cable and broadcast news programs treated the interview with near total silence.

The American media's reaction stood in stark contrast to that of both broadcast and print media in Germany, where the interview conducted with Snowden in Russia was treated as a major political event.

The interview itself was preceded by a segment dedicated to Snowden on Germany's most popular news talk show, with commentary delivered before a sizable live television audience. Those who spoke out in Snowden's defense received enthusiastic applause, while the defenders of Washington's spying operations, including a right-wing German journalist and a former US ambassador to Germany, were treated coolly or with outright derision.

Polls conducted in Germany have shown six out of ten surveyed expressing admiration for Snowden, with only 14 percent regarding him as a criminal. The public is evenly divided over whether he should be granted asylum in Germany. Anger over NSA spying on German telephone and Internet communications – including Chancellor Angela Merkel's personal cell phone – is widespread.

In the interview, Snowden eloquently laid out the core questions of basic democratic rights posed by the massive NSA spying programs exposed in the documents he has made public.

"Every time you pick up the phone, dial a number, write an email, make a purchase, travel on the bus carrying a cell phone, swipe a card somewhere, you leave a trace and the government has decided that it's a good idea to collect it all, everything, even if you've never been suspected of any crime," he said.

Snowden went on to note that, while in the past intelligence agencies would identify a suspect through an investigation and then obtain a warrant for surveillance, "Nowadays what we see is they want to apply the totality of their powers in advance – prior to an investigation."

The former NSA contractor told his interviewer that his "breaking point" in terms of deciding to make the NSA documents public came in March of last year, "seeing the Director of National Intelligence, James Clapper, directly lie under oath to Congress" when he denied the existence of any programs gathering intelligence on millions of Americans. "Beyond that, it was the creeping realization that no one else was going to do this," he added. "The public had a right to know about these programs. The public had a right to know that which the government is doing in its name, and that which the government is doing against the public."

While Snowden stuck to his position of allowing journalists to determine what material to make public out of the estimated 1.7 million secret documents he took from the NSA, he did indicate that the agency was spying both on a wide range of German officials as well as carrying out industrial espionage against German corporations.

"If there's information at Siemens [the German engineering and electronics conglomerate] that they think would be beneficial to the national interests, not the

Still Not Serious About Jobless Benefits

By the Editorial Board, The New York Times, January 8, 2014

The Senate agreed on Tuesday to hold a debate on extending unemployment benefits to more than a million of the long-term jobless, clearing the first filibuster hurdle. But those benefit checks are still a long way from getting into the mailboxes of the people who desperately need them, thanks to the callousness of Republican lawmakers in both the House and Senate.

Six Republicans joined 54 Democrats in the Senate vote, the minimum needed to keep alive the bill, which would reinstate for three months benefits that expired in late December. But some of the six said they would not help push the bill past the next filibuster vote, needed to end debate, unless some other program is cut to offset the $6.5 billion cost. House leaders are also insisting that the benefits be "paid for" with other cuts, though they won't consider reducing tax loopholes for the rich as an offset. The demand for a "pay for" is just another way of saying that they aren't serious about helping those in need.

Long-term jobless benefits have been routinely approved since the 1970s without offsets, except for a handful of times when they were included in larger budget packages. The Tea Party obsession with reducing the deficit, even when it is already falling sharply, is preventing Republicans from quick agreement on an extension, along with a contemptuous belief that unemployed people prefer the benefits over looking for a job.

The party's reputation for hardheartedness is embarrassing a few prominent Republicans who try to pretend they are interested in the less fortunate. Paul Ryan, the House Budget Committee chairman, for example, wants to "reform" the social safety net. Eric Cantor, the House majority leader, wants to expand school vouchers. These are ideological goals meant to camouflage opposition to the important (and popular) anti-inequality agenda of the Democrats. But their insistence on cutting food stamps, refusal to expand Medicaid and hostility to jobless benefits and a higher minimum wage show they don't really care about people falling from the middle to the bottom.

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Our Comment. Key ignored point: What will keep the conscientious citizen dangling "mid-air"? *W.K.*

national security of the United States, they'll go after that information and they'll take it," he said.

Snowden also answered the McCarthyite smears spread by politicians of both major parties and the media in attempting to brand him as a "traitor" or even a Russian spy.

Insisting that he acted alone and neither accepted nor required help from any foreign government, he stated: "If I am a traitor, who did I betray? I gave all of my information to the American public, to American journalists who are reporting on American issues. If they see that as treason I think people really need to consider who do they think they're working for. The public is supposed to be their boss, not their enemy. Beyond that as far as my personal safety, I'll never be fully safe until these systems have changed."

Snowden insisted that what he had done was right, even though the government claims it was a crime, and that what the government is doing is a crime, even though it claims it is legal. He told his interviewer: "I think it's clear that there are times where what is lawful is distinct from what is rightful. There are times throughout history and it doesn't take long for either an American or a German to think about times in the history of their country where the law provided the government to do things which were not right."

He added that, while he would welcome an opportunity to defend himself in open court, the Obama administration had no intention of allowing him to do so. Rather, it has charged him under the *Espionage Act*, whose terms would preclude his making any case to a jury that his actions were in the interest of the American people. "So it's I would say illustrative that the president would choose to say someone should face the music, when he knows that the music is a show trial," he said.

The near blackout of this interview by the US media is deliberate and highly conscious. From the outset of Snowden's revelations last June, the media has lined up squarely behind the Obama administration, peddling the official lie that the mass domestic surveillance programs are justified by the "war on terror," while joining in the vilification of Snowden as a traitor and possible Russian spy.

Prominent TV announcers like ABC's George Stephanopoulos and NBC's David Gregory have devoted airtime to arguing that not only Snowden, but even journalists reporting on the documents he has released,

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H1N1 Fears Spur Extra Flu Vaccine Demand

By Kelly Grant, The Globe and Mail, January 27, 2014

Canada will ship out more influenza vaccine this season than it has since the H1N1 pandemic swept the country four years ago, with nearly every province and territory placing late-season orders to satisfy a surprising surge in demand for the flu shot.

The 2013-2014 season marks the first time since the pandemic that Canada has been forced to track down extra vaccine, above and beyond a five-per-cent cushion built into the country's contracts with vaccine makers, according to the Public Health Agency of Canada.

"With this season – for whatever reason and we can only theorize – but there has been a lot more uptake, a lot more demand by Canadians," said Dr. Gregory Taylor, Canada's deputy chief public health officer.

Only Nova Scotia and Nunavut declined to snap up more vaccine when Ottawa secured more than 400,000 extra doses earlier this month, according to an informal survey by *The Globe and Mail*.

Newfoundland and Labrador increased its vaccine supply by the largest amount – 62 per cent – by requesting an extra 80,000 doses on top of the 130,000 it ordered at the start of the influenza season. Saskatchewan and Manitoba were not far behind, increasing their stockpiles by 53 per cent and 29 per cent, respectively.

Canada had already ordered approximately 10.8 million doses at the start of the season, about the same size of the order it placed at the beginning of the 2010-2011 season and more than any year since, according to the Public Health Agency of Canada (PHAC).

The demand is particularly puzzling because, as public health officials have been stressing, this has been a typical flu season.

That raises a question that is as difficult to answer as the flu virus is to predict: What makes Canadians clamour for flu shots one year and eschew them the next?

"It's really quite unusual," Dr. Michael Gardam, one of the country's top flu specialists, said of the late-season purchases. "It's been a very average season. "

The prevalence of H1N1 this year could explain the surge, experts say.

More than 90 per cent of the flu cases detected this year have been H1N1, now considered a regular seasonal flu virus.

Some provinces have been hit harder than others: Saskatchewan, for instance, announced Friday that 16 people in the province had died of the H1N1 strain of the flu, one more than in the pandemic season of 2009-2010.

"The word H1N1 is scarier than regular flu and that drives demand," said Dr. Allison McGeer, director of infection control at Toronto's Mount Sinai hospital.

H1N1 also tends to strike people between the ages of 20 and 64. Last year, H3N2 dominated and hit more seniors. Both strains are included in this year's flu vaccine, along with a type of influenza B.

Media reports of adults in this younger age group contracting the flu, falling seriously ill and dying, prompted a stampede to flu clinics, particularly in the western provinces in the last week of December and first week of January.

"It was the spike after Christmas in H1N1, the shift in morbidity and mortality to a younger age group and the media attention that that garnered," said Dr. Perry Kendall, the provincial health officer for British Columbia.

Still, January and February are not the best time to get the flu shot. Full protection does not kick in until two weeks after the shot is administered. Those who receive the vaccine today would have gone unshielded through much of the flu season.

"Waiting until that moment to get your flu shot, it's not entirely worthless, but frankly there's a reasonable chance it's not going to help you much," said Dr. Gardam, who is the director of infection prevention and control at Toronto's University Health Network.

"The analogy I give is, you've never bought fire insurance, now your drapes are on fire and you're frantically calling State Farm. You're kind of too late."

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Our Comment. Time is high to get our wits unbummeled. Just heating the funeral van to the goal is not good enough. *W.K.*

like Glenn Greenwald, should be jailed.

This form of "journalism" reflects the class interests of the giant corporations that control the mass media and of the capitalist system as a whole. Its coverage of the NSA revelations has been abysmal, minimizing the significance of the mass domestic spying operations. It is significant that in the face of this media manipulation, Snowden enjoys powerful support within the American public, and hostility to the NSA spying has continued to grow since his revelations.

The media's silencing of the German television interview has another, even more sinister implication. It wants to silence Snowden's warnings about the threats against his life in order to facilitate the work of any death squad formed by the US government to make good on these threats.

Our Comment

Edward Snowden is news. Stating in an interview with a major TV station in a large western democracy that US "government officials want to kill me," one would think, would also be news. But we have officially (ignore the "big brother" implications of that word) entered the "Snowden is to be ignored and then we won't have to consider the implications of what's he's done" era. Considering that when the US puts its head in the sand, it often is to scope out the underground activities of those it fears or thinks it should fear, this is self-willed blindness of rather curious proportions. Transparency is one of the most cherished elements of democracy. And that should remain transparent to all, including our governments.

Peter O'Brien

More Reforms Planned for Foreign Worker Program

By Josh Wingrove, The Globe and Mail, January 27, 2014

Ottawa – The Conservative government is preparing a second round of changes to the Temporary Foreign Worker Program, as Canadian employers warn an overhaul last year has interfered with their ability to recruit top talent.

The federal government overhauled the program last April in a bid to see Canadians getting first crack at jobs. Since then, the time needed for an approval, known as a Labour Market Opinion (LMO), to bring in foreign workers of all skill levels has ballooned and now takes months – too long, in the eyes of many in the private sector.

"Unfortunately, the reach of the changes and the impact of their changes is significantly interfering with a company's ability to hire that [top] level of talent if that person is from another country," said Janet Ecker, president and chief executive officer of the Toronto Financial Services Alliance. Among bank CEOs, who met with government in the summer, "there was great frustration that a system that was working for this kind of specialized hire had ceased to work," she added.

Employment Minister Jason Kenney is now pledging a second round of reforms within the next two or three months, including the "likelihood" of a new fast-track system for high-skill positions. "I'll ask those who are frustrated with the slow processing now just to be a little bit more patient," Mr. Kenney told *The Globe and Mail*.

The changes to the TFW Program – criticized by some for undercutting Canadian wages – comes as Ottawa overhauls its immigration system. Canada is launching a new Expression of Interest (EOI) system next year, under which those who "express" interest in immigrating and whose skills match what Canada needs will be invited to apply under a quicker process. "It is truly faster. Six months or better processing will be a revolution," Immigration Minister Chris Alexander said.

He expects it will lower demand for TFWs, who can work in Canada for up to four years. While some apply to stay, Prime Minister Stephen Harper said this month he wanted "more permanent foreign workers" and fewer TFWs, and pointed to EOI as a way to do that. But those critical of the TFW changes also doubt EOI.

Computer programmers and other high-skill workers are globally in demand and unlikely to formally express an interest in Canada, said Jayson Hilchie, president of the Entertainment Software Association of Canada. "It is more likely that we're going to have to go find a person, than for that person to find us. I think EOI will work for some people. I don't think it's going to be the cure for us," he said.

Since 2006, Canada has brought in more than 500,000 Temporary Foreign Workers of varying skill under LMOs. The national Labour Force Survey shows Canada added 1.5 million jobs overall in that period, though Statistics Canada was unable to say whether TFWs were included in that.

The TFW changes came after a series of high-profile problems with the program. "We're trying to strike the right balance in the Temporary Foreign Worker Program to ensure that it is a last resort, not a first resort, for employers," Mr. Kenney said. But many in the private sector are frustrated so far.

"The fact the government announces that Canadian workers should fill every vacancy does not mean that it is easy or even feasible to find or train or persuade people to move," said Perrin Beatty, president of the Canadian Chamber of Commerce, which met with Mr. Kenney about the issue this month. LMO wait times in some places are now "crippling," Mr. Beatty added.

Earlier this month, Mr. Harper acknowledged frustration with the changes, according to a recording of a private roundtable with ethnic media obtained by Vancouver's 24 Hours newspaper.

"I know some companies are frustrated by this, but we have too many examples of companies that were misleading the government and abusing the system," Mr. Harper said.

While high-skill workers are in demand, other industries continue to push for low-skill TFWs. "We need the stream [of TFWs] continued. There's no doubt about that at all," said Tony Pollard, president of the Hotel Association of Canada, which says its industry faces a labour shortage in many markets, such as resorts and other areas. Government wants to make sure "Canadians are employed in that area – which, in principle, we support completely," Mr. Pollard said. "However, I think there has to be a dose of reality that's injected into this. There are a lot of places where that's just not happening."

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Our Comment. The note we "consider" to be missing would have to note the crucial detail that would make the performance acceptable as a crucial proposition. *W.K.*

Our Economic Development Policies Environmentally Disastrous

By William E. Rees, CCPA Monitor, Volume 20, No. 8

It was several days before media reports and commentary on the havoc caused by typhoon Haiyan in the Philippines finally began to acknowledge a possible connection to anthropogenic climate change. While no single hyper-storm can be positively attributed to human disruption of the global climate system, climate models predict that extreme weather events will increase in frequency and violence. Unprecedented natural maelstroms like Haiyan provide empirical evidence that the models are likely correct.

What continues to be almost entirely missing from media analysis is Canada's role in all of this, particularly the moral dimensions of the nation's current economic development policies.

The facts are that:

On a per capita basis, historically and at present, Canada stands among the world's top greenhouse gas (GHG) emitters particularly of carbon dioxide (CO_2). Canadians are therefore as responsible as anyone else on Earth for human-induced global warming. (To argue that as a nation our emissions are only 2-3% of the global total is specious, essentially a form of denial.)

The federal government and several provinces have hitched their economic wagons largely to petroleum, natural gas and coal development / exports. In short, the nation's economic future is tied, as a matter of deliberate policy, to the country becoming a major exporter of potentially catastrophic climate change. (To argue that Canada's shale gas and tar-sands crude is greener or more "ethical" than the alternatives is ludicrous.)

This is an extraordinary state of affairs. Would a thoughtful, well-informed, morally responsible people intentionally commit to an economic development path that will almost certainly contribute to accelerating climate disruption, global food shortage, ecological violence against the chronically impoverished, the physical displacement of hundreds of millions (billions?) of innocent people, and generalized geopolitical chaos, possibly within their own lifetimes? (All of these things have been identified as likely outcomes of current trends in numerous graphic reports prepared by various high-level institutions, ranging from national security think-tanks to the World Bank.) It is the more extraordinary because viable alternative economic development strategies are possible.

In this light, is it not time that we had a nation-wide adult conversation about just what is going on here? How could the media report, with apparent pride, Canada's military and civil contributions to humanitarian rescue efforts in the Philippines while ignoring our nation's commitment to ensuring that present disaster are mere prelude to greater future catastrophe?

> TO REMAIN IN DENIAL CONSTITUTES SILENT DEFENSE OF ECONOMIC POLICIES THAT WILL ACCELERATE CLIMATE DISRUPTION, CAUSE GLOBAL FOOD SHORTAGES, DISRUPT NATURAL SYSTEMS, AND KILL OR INJURE MILLIONS OF PEOPLE.

To remain in denial about Canada's contribution to climate change constitutes silent defense of economic policies that will permanently disrupt natural systems, injure or kill millions of people, and undermine prospects global civilization.

Canadian common law provides useful guidance in thinking this conundrum through. One may be found environmentally negligent as a result of unreasonable conduct that results in ecologically significant damage to another's property or person. The law defines "unreasonable conduct" as doing something that a prudent or reasonable person would not do, or failing to do something that a reasonable person would do. Fault may be found even in the case of unintended harm if it stems from unreasonable conduct.

The Criminal Code (section 219) is even clearer that lack of intent to harm is no defense if the damage results from conscious acts performed in careless disregard for others: "Everyone is criminally negligent who (a) in doing anything, or (b) in omitting to do anything that it is his duty to do, shows wanton or reckless disregard for the lives or safety of other person" (where "duty" means a duty imposed by law).

Indeed, "a person commits homicide when directly or indirectly, by any means, he causes the death of a human being, by being negligent." The fact the Canada is not the only offending nation would be no defense. All participating members are guilty of crimes committed by a criminal gang.

Of course, Canadian laws does not apply in the international arena and in the absence of a corresponding negligence framework, international law imposes no legal duty to act responsibly. That said, there is no prima facie reason why the behavioral standards we impose on ourselves as global citizens should not be as rigorous as those we accept at home under domestic law.

If human-induced climate change is the cause of death and destruction, is not Canada's failure to reduce its CO_2 emissions at least morally negligent? Does not the conscious pursuit of economic policies that actually exacerbate climate change display "wanton or reckless disregard for the lives or safety of other person," particularly so if alternative paths are available?

Canada's stance on climate change arguably constitutes gross moral negligence. In light of global change, our current economic development model is fatally flawed. The nation deserves a rigorous public discussion of both these issues in Parliament and in the national media. Without such debate, we cannot act like the thoughtful, well-informed, morally responsible people we purport to be.

William Rees is an ecological economist, Professor Emeritus, and former director of the University of British Columbia's School of Community and Regional Planning.

Budget Dogma and "Bankster" Hubris Take a Hit

By Ralph Surette, The Chronicle Herald, Halifax, April 5, 2013

It's budget season everywhere, and it's all about debt and deficits and the elusive quest to balance the beast, which can only be done, it is said, by cutting services or raising taxes.

The burden of interest charges – on the same scale as health or education in most provincial budgets – doesn't get questioned because interest is fixed by the gods according to divine law, retribution from which we can only escape through harsher and harsher penance.

Or is it? Let's chew on a couple of startling points.

Before 1974, debt and deficits weren't a big problem in Canada because, get this, the Bank of Canada made loans to provinces and municipalities, as well as to the Government of Canada, interest-free. That's right. We were borrowing our own money, from ourselves, from our own public central bank, apart from international finance.

Apparently it worked. Along with all our public works, public services and so on, we financed our participation in the Second World War that way. If you're old enough, you may remember that the last time the finances of Nova Scotia, among others, were truly intact was in the 1970s. After 1980, debt and deficits went south at light speed as we were required to borrow from international financiers – who also juiced up interest rates to as much as 23 per cent at the time.

So why did we drink the financial hemlock after 1974? First, another story.

Most American states and municipalities are groaning under a withering financial burden, some in or near bankruptcy. Only one state regularly balances its books: North Dakota. The state, it turns out, has its own public bank. It was started by mostly Norwegian immigrants in 1919 to prevent rapacious Wall Street financiers from foreclosing on their farms.

The line on it: pays no bonuses, offers cheap credit to state and local government agencies, underwrites municipal bonds, funds disaster relief, supports student loans, partners with (small) commercial banks to increase lending across the state, and pays competitive interest rates to the state.

You can do that!? That question is being asked in 20 other states where there are movements to attempt the same thing. Even in the heart of capitalist America, the connection is made: While public services are crushed, the financial sector keeps up the profits and the bonuses. Conclusion: they're sucking it from the real economy (in some cases stealing it, as with the rigging of interbank rates known as the LIBOR scandal, possibly the largest scam in history, the subprime meltdown and others.)

Here's what I'm getting to. There's a case in Federal Court in Toronto in which civil society groups under the name COMER (Committee on Monetary and Economic Reform) are suing to force the Bank of Canada to "exercise its public statutory duty," which they say is still on the books, to provide interest-free loans to provinces, municipalities and the federal government. Since 1974, they say, there has been a constant slide in which Canada's monetary and financial policy are dictated by foreign financial interests "contrary to the *Bank of Canada Act*."

It was in 1974 that the world's financial forces consolidated under the Bank of International Settlements (BIS), located in Basel, Switzerland. It's basically the world's central bank and runs the world banking system.

That's right, you've never heard of it although it's one of the world's most powerful institutions. It works in absolute and unaccountable secrecy. Its aim is to stabilize the world financial system, but its other aim is to make sure national governments have no say in that, overriding national constitutions and governments.

The plaintiffs argue that the BIS, with the International Monetary Fund and others under its wing, were set up originally to keep poorer nations in their place by putting them in hock to the company store, so to speak, but that now the plague has reached developed nations as well.

They call it a conspiracy. I paused at that word. But the right-wing coups of the 1970s driven by the theories of economic guru Milton Friedman, the deregulations leading to the 2008 meltdown, and the policies designed to enrich the financial sector at the expense of the rest of us jogged my memory, as did frank admissions like this one by banker David Rockefeller around 1990: "We who run the transnational corporations are now in the driver's seat of the global economic engine and are setting government policies," and "all we need is the right major crisis and the nations will accept the New World Order."

As for COMER, their chances of winning are probably zero, but if they manage to get this talked about, it will be a victory of sorts. It's time, as the major crises in question result from the predations of the Rockefellers and their friends themselves.

(By the way, I'm away this week and wrote this before knowing how the numbers have been tortured in the Nova Scotia budget. I'll join the fun when I get back.)

Ralph Surette is a veteran freelance journalist living in Yarmouth County.