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## Rare Isotope Tracks an Ancient Water Source

*By Felicity Barringer, The New York Times, November 21, 2011*

The Nubian Aquifer, the font of fabled oases in Egypt and Libya, stretches languidly across 770,000 square miles of northern Africa, a pointillist collection of underground pools of water migrating, ever so slowly, through rock and sand toward the Mediterranean Sea.

The aquifer is one of the world's oldest. But its workings – how it flows and how quickly surface water replenishes it – have been hard to understand, in part because the tools available to study it have provided, at best, a blurry image.

Now, to solve some of the puzzles, physicists at the Department of Energy's Argonne National Laboratory in Illinois have turned to one of the rarest particles on earth: an elusive radioactive isotope usually ricocheting around in the atmosphere at hundreds of miles an hour.

Their first success was in distilling these elusive isotopes, krypton 81, from the water in the huge Nubian Aquifer, part of which lies two miles below the oases of western Egypt where temples honor Alexander the Great. Their second was in holding these isotopes still and measuring how much they had decayed since they last saw sunlight.

Knowing how long water has been underground helps researchers understand how fast aquifers are recharged by surface water and how fast they move, leading to more accurate geological models. Groundwater is becoming an increasingly crucial component of the world's available fresh water, and the findings could significantly increase understanding of how it behaves.

Pradeep Aggarwal, who runs the iso-

tope hydrology section of the International Atomic Energy Agency's water resources program, said that success in tracking older bodies of water had long been elusive. Carbon 14 dating, so useful in archaeology, reaches back just 50,000 years or so.

It is now clear that the Nubian Aquifer has been a million years in the making.

"For decades we have been looking at different means of fingerprinting water," Dr. Aggarwal said. "We used a bunch of different isotopes – stable isotopes – to trace where the rain comes from. We also used the radioisotopes to figure how quickly groundwater moves."

For years, scientists had relied on carbon 14 dating indicating the aquifer was just 40,000 years old. They knew that krypton 81, an isotope present in the open air but not underground, would be a better marker for the forensic work of tracking underground water's movement. When water loses contact with air, the radioactive clock starts; the isotope decays by a factor of two every 230,000 years, and the decay is measurable as far back as two million years.

But the krypton 81 isotopes were devilishly difficult to isolate and even more difficult to catch.

Zheng-Tian Lu, a physicist at the Argonne laboratory, and his colleagues have spent 14 years mastering and extending techniques to slow down atoms, the same laser-based techniques that were pioneered by the current energy secretary, Steven Chu, in the 1980s, and for which he won a Nobel prize.

When Dr. Lu realized the potential benefit of isolating krypton 81 isotopes, "I got

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Isotope *from page 1*

hooked on the problem,” he said. “I tried to use the trapping method I’d already learned to try and solve the radio-krypton dating problem.

“We are combining the ability to control and manipulate atoms to select krypton 81 out of a million kinds of krypton isotopes,” he added. There is one krypton atom in every million molecules of water; one in a trillion of these krypton atoms is the krypton 81 isotope.

The key, he said, is using lasers to pinpoint the frequency at which atoms oscillate – a loose equivalent of trying to determine the exact pitch of a musical note. Detecting the infinitesimal differences in isotopes’ resonance is hard, but when done, lasers can be tuned to pick up each isotope’s frequency. When krypton 81 atoms go through a laser attuned to them, they glow brightly and slow down, giving scientists an easier target to isolate.

The process begins when water is extracted from the aquifer without any contact with air. Krypton is bled from the water into a vacuum system. Once identified and slowed, the krypton 81 isotopes are trapped by six laser beams focusing on them from the four cardinal points of the compass and from above and below. Then their decay can be measured.

“From this aging information, you are looking at how the water flowed in the long past,” Dr. Lu said. “But it does have implications about how to manage waters today.” He added, “To manage a water resource you need to build a realistic hydrology model.”

That is where Neil C. Sturchio, a geologist at the University of Illinois at Chicago, comes in. He works with the most accepted model of how water flows through the Nubian Aquifer. “The reason this model was done,” he said, “is that there is an international agreement among the countries that share this water” – Egypt, Libya, Chad and Sudan.

“The issue is if Libya is starting to pump on their water seriously and Egypt is doing the same thing in their oasis areas,” what happens to the rest of the aquifer? If heavy pumping comes too close to a coastline, saltwater may be drawn into the hydrologic depression created by the pumping.

The Nubian Aquifer is not exactly running dry; it is filled with the equivalent of more than 500 years of Nile River flow; the groundwater in the Egyptian portion alone is estimated to exceed 10,000 cubic miles.

Nonetheless, Dr. Aggarwal of the Inter-

national Atomic Energy Agency pointed out: “As a result of the drawdown we have dried up the oases in a couple of places. In Libya they have dried up Kufra Lake.” In 1920, he said, *National Geographic* published a picture of the lake at high water. “Right now it is a dry bed, because they are pumping so heavily,” he said.

And even though the aquifer is huge, its recharge rate, at best, “is measured in millimeters per year,” Dr. Aggarwal said – tiny compared with what is being pumped out.

In addition, Dr. Sturchio said, there remains the question of how best to extract water: “where you put wells, how deep, how close to each other.”

“If you design it the right way, you can get a lot more water without problems,” he went on. “But if you put all the wells in one spot, you could be causing yourself a lot of trouble.”

Water managers around the world will find the team’s information useful, he predicts.

In addition to being applied to other aquifers in places like the Philippines and Australia, the krypton 81 techniques are being explored as a way of tracking underground brine in places like southeastern New Mexico, where radioactive waste from ships, submarines and aircraft carriers is stored underground.

In the end, management of nuclear waste, like management of water, is a political matter. “There are a lot of different calculations that go into exploiting a resource,” Dr. Aggarwal said. “In most cases, decisions of whether to use or not to use, or how much to use, are social, political and economic decisions.”

Still, he said, “the more reliable info we can provide for making those decisions, the better off we are – what we want to do is get the most accurate information possible.”



**Editor:** *Wasting human capital, while disastrously running out of water.* Have you noticed how snowless the skies have been to the point that poor Santa Claus has to pull his sled on broken wheels may be, under what threatens to be clear dry skies? That will not only require the rewriting of our Xmas carols, but interfere with how we do our “washing up.”

That again it is only another instance on how society has given the back of its hand to the preservation and full use we must make of our human capital, which has taken

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# Occupy Moves Us into a New Era

By Linda McQuaig, *Toronto Star*, November 25, 2011

When thousands of Egyptian protesters took over Tahrir Square in events widely celebrated as the Arab Spring, I don't recall anyone being concerned that they were violating local bylaws.

Of course, Egypt was a dictatorship and the only way to protest the lack of democracy was by breaking laws.

Canada isn't a dictatorship, and so protesters – like the group now ordered evicted from St. James Park – don't have the same clear moral licence to ignore bylaws that their Egyptian counterparts had.

Critics argue that the Toronto Occupiers have made their point; if they want to take it further, they should join a political party – attend all-candidates meetings, put up lawn signs, eat hot dogs at summer barbecues, become backroom operatives.

Of course, Occupiers should join political parties and try to change them. But part of the Occupiers' point is that democracy has become a hollow shell.

In theory, democracy is one of humankind's noblest creations – a system in which people govern themselves. In practice, the results have been, well, disappointing.

In particular, as the Occupiers note, the concentration of wealth in the hands of the top 1 per cent undermines meaningful democracy, blocking the will of the bottom 99 per cent.

Or as the late 19th century Republican strategist Mark Hanna put it during another era of extreme inequality: "There are two things that are important in politics. The first is money and I can't remember what the second one is."

This is more obviously true in the US, but it's also true here.

The financial elite manages to exert its dominance, not just at elections but at every stage of the political process – from the drafting of party platforms, the financing and organizing of political advocacy campaigns, the writing and amending of legislation, to the shaping of public opinion through the media (which they largely own). The wealthy are adept at influencing every stage of the broader political process.

Given the lopsided influence of the wealthy, those seeking to restore meaningful democracy and a more inclusive economic system can be forgiven for thinking it's

necessary to grab attention through extraordinary measures like occupying more than 1,000 parks across North America.

After all, they're drawing attention to nothing less than the fundamental dysfunction of our economic system, which massively favours a privileged elite at the expense of the rest and which led to the disastrous 2008 financial collapse, from which millions still suffer around the world (including in Canada).

Despite its radical message, the Occupy movement has attracted some surprising supporters, including a retired Philadelphia police chief who was arrested last week at a New York protest where he told the cops they were just "workers for the 1 per cent."

Another unexpected supporter is former Canadian prime minister Paul Martin, who as finance minister in the 1990s slashed social spending in the name of deficit reduction. Martin, former CEO of Canadian Steamship Lines, is also very much part of the top 1 per cent.

Yet, in a telephone interview on Monday from Montreal, Martin told me that he sees "considerable value" in the Occupy movement. "Everybody I've talked to feels the same way. The question of inequality and the top 1 per cent. That's not what built North America.

"The fact is (the Occupiers) have touched a chord with Canadians and, I'm sure, with Americans," said Martin. "Look, there's something fundamentally wrong here.... For the last hundred years, certainly in North America, every generation has felt it's going to have a better life than their parents. For the first time, that's not there."

Rather than hanging out at malls or zoning out on Facebook, these young people have endured real hardship in the Canadian near-winter to fight for a more inclusive society. Any inconvenience they've caused through their peaceful occupation seems minor in comparison to their contribution to the public good.

As lawyers from the Law Union of Ontario point out: "Some inconveniences to local park users is a small price to pay for the larger price being paid by the 99 per cent worldwide in the face of an economic system that privileges the few over the many."

Are occupations really necessary to draw attention to their cause? Perhaps not. But I'd trust their judgment over mine. After

all, they've managed to change the public discourse, putting inequality front and centre – something activists and writers, myself included, have failed to accomplish despite decades of trying.

An article last week in the mainstream magazine *New York* notes that we're now moving "from the terror era to the income-inequality era."

Wow. After only two months, the Occupy movement – without backing from billionaires or governments – seems to have moved us into a new era. Not bad for a leaderless group that sleeps in tents and doesn't even use microphones.

*Linda McQuaig is an award winning journalist and author. Her latest book, The Trouble With Billionaires, written with Neil Brooks, is now available in paperback. Her column appears monthly in the Toronto Star.*



**Editor:** The McQuaig article is good, courageous, and well intentioned, but it leaves the really powerful technology of ever-more voracious investments unmentioned.

The speculative banks have transformed the greatest achievement to come out of World War II – the recognition of the crucial importance of human capital – health, education, the ability to endow every generation with an ever more invaluable heritage. Treat that as debt rather than as the ever more valuable capital asset it is, and you have recognized the key tool the speculative bankers have devised to ensure that not only future profits but past social achievements are reversed into a ever more voracious trap for society's capital improvements.

This reflects the role of the male rake who makes a passing pleasure of having making love with no sense of responsibility, even curiosity, of the possible fetus and even the child that may result from a one-time encounter. Very different is the role of the impregnated female not only during pregnancy but even if there should result a formal marriage.

Finance capital in its intrusive very temporary involvement with loans or investments has its counterpart in the high finance investment that takes its maximum profits and the sooner the better and on to other overnight adventures. It reflects the self-centred, clipped interest of an aggressive irresponsible male, whereas our society needs more of the responsible concerns of ever-ravaged motherhood.

W.K.

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# As Permafrost Thaws, Scientists Study the Risks

By Justin Gillis, *The New York Times*,  
December 16, 2011

Fairbanks, Alaska – A bubble rose through a hole in the surface of a frozen lake. It popped, followed by another, and another, as if a pot were somehow boiling in the icy depths.

Every bursting bubble sent up a puff of methane, a powerful greenhouse gas generated beneath the lake from the decay of plant debris. These plants last saw the light of day 30,000 years ago and have been locked in a deep freeze – until now.

“That’s a hot spot,” declared Katey M. Walter Anthony, a leading scientist in studying the escape of methane. A few minutes later, she leaned perilously over the edge of the ice, plunging a bottle into the water to grab a gas sample.

It was another small clue for scientists struggling to understand one of the biggest looming mysteries about the future of the earth.

Experts have long known that northern lands were a storehouse of frozen carbon, locked up in the form of leaves, roots and other organic matter trapped in icy soil – a mix that, when thawed, can produce methane and carbon dioxide, gases that trap heat and warm the planet. But they have been stunned in recent years to realize just how much organic debris is there.

A recent estimate suggests that the perennially frozen ground known as permafrost, which underlies nearly a quarter of the Northern Hemisphere, contains twice as much carbon as the entire atmosphere.

Temperatures are warming across much of that region, primarily, scientists believe, because of the rapid human release of greenhouse gases. Permafrost is warming, too. Some has already thawed, and other signs are emerging that the frozen carbon may be becoming unstable.

“It’s like broccoli in your freezer,” said Kevin Schaefer, a scientist at the National Snow and Ice Data Center in Boulder, Colo. “As long as the broccoli stays in the freezer, it’s going to be OK. But once you take it out of the freezer and put it in the fridge, it will thaw out and eventually decay.”

If a substantial amount of the carbon should enter the atmosphere, it would intensify the planetary warming. An especially worrisome possibility is that a significant proportion will emerge not as carbon diox-

ide, the gas that usually forms when organic material breaks down, but as methane, produced when the breakdown occurs in lakes or wetlands. Methane is especially potent at trapping the sun’s heat, and the potential for large new methane emissions in the Arctic is one of the biggest wild cards in climate science.

Scientists have declared that understanding the problem is a major priority. The United States Department of Energy and the European Union recently committed to new projects aimed at doing so, and NASA is considering a similar plan. But researchers say the money and people devoted to the issue are still minimal compared with the risk.

For now, scientists have many more questions than answers. Preliminary computer analyses, made only recently, suggest that the Arctic and sub-Arctic regions could eventually become an annual source of carbon equal to 15 percent or so of today’s yearly emissions from human activities.

But those calculations were deliberately cautious. A recent survey drew on the expertise of 41 permafrost scientists to offer more informal projections. They estimated that if human fossil-fuel burning remained high and the planet warmed sharply, the gases from permafrost could eventually equal 35 percent of today’s annual human emissions.

The experts also said that if humanity began getting its own emissions under control soon, the greenhouse gases emerging from permafrost could be kept to a much lower level, perhaps equivalent to 10 percent of today’s human emissions.

Even at the low end, these numbers mean that the long-running international negotiations over greenhouse gases are likely to become more difficult, with less room for countries to continue burning large amounts of fossil fuels.

In the minds of most experts, the chief worry is not that the carbon in the permafrost will break down quickly – typical estimates say that will take more than a century, perhaps several – but that once the decomposition starts, it will be impossible to stop.

“Even if it’s 5 or 10 percent of today’s emissions, it’s exceptionally worrying, and 30 percent is humongous,” said Joseph G. Canadell, a scientist in Australia who runs a global program to monitor greenhouse

gases. “It will be a chronic source of emissions that will last hundreds of years.”

A troubling trend has emerged recently: wildfires are increasing across much of the north, and early research suggests that extensive burning could lead to a more rapid thaw of permafrost.

## Rise and Fall of Permafrost

Standing on a bluff the other day, overlooking an immense river valley, A. David McGuire, a scientist from the University of Alaska, Fairbanks, sketched out two million years of the region’s history. It was the peculiar geology of western North America and eastern Siberia, he said, that caused so much plant debris to get locked in an ice box there.

These areas were not covered in glaciers during the last ice age, but the climate was frigid, with powerful winds. The winds and rivers carried immense volumes of silt and dust that settled in the lowlands of Alaska and Siberia.

A thin layer of this soil thawed on top during the summers and grasses grew, capturing carbon dioxide. In the bitter winters, grass roots, leaves and even animal parts froze before they could decompose. Layer after layer of permafrost built up.

At the peak of the ice age, 20,000 years ago, the frozen ground was more extensive than today, stretching deep into parts of the lower 48 states that were not covered by ice sheets. Climate-change contrarians like to point to that history, contending that any melting of permafrost and ice sheets today is simply the tail end of the ice age.

Citing permafrost temperatures for northern Alaska – which, though rising rapidly, remain well below freezing – an organization called the Center for the Study of Carbon Dioxide and Global Change claimed that permafrost is in “no more danger of being wiped out any time soon than it was in the days of our great-grandparents.”

But mainstream scientists, while hoping the breakdown of permafrost will indeed be slow, reject that argument. They say the climate was reasonably stable for the past 10,000 years or so, during the period when human civilization arose. Now, as people burn immense amounts of carbon in the form of fossil fuels, the planet’s temperature is rising, and the Arctic is warming twice as fast. That, scientists say, puts the remaining

permafrost deposits at risk.

For several decades, researchers have been monitoring permafrost temperatures in hundreds of boreholes across the north. The temperatures have occasionally decreased in some regions for periods as long as a decade, but the overall trend has been a relentless rise, with temperatures now increasing fastest in the most northerly areas.

Thawing has been most notable at the southern margins. Across huge areas, including much of central Alaska, permafrost is hovering just below the freezing point, and is expected to start thawing in earnest as soon as the 2020s. In northern Alaska and northern Siberia, where permafrost is at least 12 degrees Fahrenheit below freezing, experts say it should take longer.

“Even in a greenhouse-warmed world, it will still get cold and dark in the Arctic in the winter,” said Mark Serreze, director of the snow and ice data center in Boulder.

Scientists need better inventories of the ancient carbon. The best estimate so far was published in 2009 by a Canadian scientist, Charles Tarnocai, and some colleagues. They calculated that there was about 1.7 trillion tons of carbon in soils of the northern regions, about 88 percent of it locked in permafrost. That is about two and a half times the amount of carbon in the atmosphere.

Philippe Ciais, a leading French scientist, wrote at the time that he was “stunned” by the estimate, a large upward revision from previous calculations.

“If, in a warmer world, bacteria decompose organic soil matter faster, releasing carbon dioxide,” Dr. Ciais wrote, “this will set up a positive feedback loop, speeding up global warming.”

## Plumes of Methane

Katey Walter Anthony had been told to hunt for methane, and she could not find it.

As a young researcher at the University of Alaska, Fairbanks, she wanted to figure out how much of that gas was escaping from lakes in areas of permafrost thaw. She was doing field work in Siberia in 2000, scattering bubble traps around various lakes in the summer, but she got almost nothing.

Then, that October, the lakes froze over. Plumes of methane that had been hard to spot on a choppy lake surface in summer suddenly became more visible.

“I went out on the ice, this black ice, and it looked like the starry night sky,” Dr. Walter Anthony said. “You could see these

bubble clusters everywhere. I realized – ‘aha!’ – this is where all the methane is.”

When organic material comes out of the deep freeze, it is consumed by bacteria. If the material is well-aerated, bacteria that breathe oxygen will perform the breakdown, and the carbon will enter the air as carbon dioxide, the primary greenhouse gas. But in areas where oxygen is limited, like the bottom of a lake or wetland, a group of bacteria called methanogens will break down the organic material, and the carbon will emerge as methane.

Scientists are worried about both gases. They believe that most of the carbon will emerge as carbon dioxide, with only a few percent of it being converted to methane. But because methane is such a potent greenhouse gas, the 41 experts in the recent survey predicted that it would trap about as much heat as the carbon dioxide would.

Dr. Walter Anthony’s seminal discovery was that methane rose from lake bottoms not as diffuse leaks, as many scientists had long assumed, but in a handful of scattered, vigorous plumes, some of them capable of putting out many quarts of gas per day. In certain lakes they accounted for most of the emerging methane, but previous research had not taken them into consideration. That meant big upward revisions were probably needed in estimates of the amount of methane lakes might emit as permafrost thawed.

Most of the lakes Dr. Walter Anthony studies were formed by a peculiar mechanism. Permafrost that is frozen hard supports the ground surface, almost the way a concrete pillar supports a building. But when thaw begins, the ground sometimes turns to mush and the entire land surface collapses into a low-lying area, known as a thermokarst. A lake or wetland can form there, with the dark surface of the water capturing the sun’s heat and causing still more permafrost to thaw nearby.

Near thermokarst locations, trees often lean crazily because their roots are disturbed by the rapid changes in the underlying landscape, creating “drunken forests.” And the thawing, as it feeds on itself, frees up more and more ancient plant debris.

One recent day, in 11-degree weather, Dr. Walter Anthony and an assistant, Amy Strohm, dragged equipment onto two frozen thermokarst lakes near Fairbanks. The fall had been unusually warm and the ice was thin, emitting thunderous cracks – but it held. In spots, methane bubbled so vigorously it had prevented the water from

freezing. Dr. Walter Anthony, six months pregnant, bent over one plume to retrieve samples.

“This is thinner ice than we like,” she said. “Don’t tell my mother-in-law! My own mother doesn’t know.”

Dr. Walter Anthony had already run chemical tests on the methane from one of the lakes, dating the carbon molecules within the gas to 30,000 years ago. She has found carbon that old emerging at numerous spots around Fairbanks, and carbon as old as 43,000 years emerging from lakes in Siberia.

“These grasses were food for mammoths during the end of the last ice age,” Dr. Walter Anthony said. “It was in the freezer for 30,000 to 40,000 years, and now the freezer door is open.”

Scientists are not sure yet whether thermokarst lakes will become more common throughout the Arctic in a warming climate, a development that could greatly accelerate permafrost thaw and methane production. But they have already started to see increases in some regions, including northernmost Alaska.

“We expect increased thermokarst activity could be a very strong effect, but we don’t really know,” said Guido Grosse, another scientist at the University of Alaska, Fairbanks. He is working with Dr. Walter Anthony on precision mapping of thermokarst lakes and methane seeps, in the hope that the team can ultimately use satellites and aerial photography to detect trends.

With this kind of work still in the early stages, researchers are worried that the changes in the region may already be out-running their ability to understand them, or to predict what will happen.

## When the Tundra Burns

One day in 2007, on the plain in northern Alaska, a lightning strike set the tundra on fire.

Historically, tundra, a landscape of lichens, mosses and delicate plants, was too damp to burn. But the climate in the area is warming and drying, and fires in both the tundra and forest regions of Alaska are increasing.

The Anaktuvuk River fire burned about 400 square miles of tundra, and work on lake sediments showed that no fire of that scale had occurred in the region in at least 5,000 years.

Scientists have calculated that the fire and its aftermath sent a huge pulse of carbon into the air – as much as would be emitted

in two years by a city the size of Miami. Scientists say the fire thawed the upper layer of permafrost and set off what they fear will be permanent shifts in the landscape.

Up to now, the Arctic has been absorbing carbon, on balance, and was once expected to keep doing so throughout this century. But recent analyses suggest that the permafrost thaw could turn the Arctic into a net source of carbon, possibly within a decade or two, and those studies did not account for fire.

“I maintain that the fastest way you’re going to lose permafrost and release permafrost carbon to the atmosphere is increasing fire frequency,” said Michelle C. Mack, a University of Florida scientist who is studying the Anaktuvuk fire. “It’s a rapid and catastrophic way you could completely change everything.”

The essential question scientists need to answer is whether the many factors they do not yet understand could speed the release of carbon from permafrost – or, possibly, slow it more than they expect.

For instance, nutrients released from thawing permafrost could spur denser plant growth in the Arctic, and the plants would take up some carbon dioxide. Conversely, should fires like the one at Anaktuvuk River race across warming northern landscapes, immense amounts of organic material in vegetation, soils, peat deposits and thawed permafrost could burn.

Edward A.G. Schuur, a University of Florida researcher who has done extensive field work in Alaska, is worried by the changes he already sees, including the discovery that carbon buried since before the dawn of civilization is now escaping.

“To me, it’s a spine-tingling feeling, if it’s really old carbon that hasn’t been in the air for a long time, and now it’s entering the air,” Dr. Schuur said. “That’s the fingerprint of a major disruption, and we aren’t going to be able to turn it off someday.”



**Editor:** Contrast this with the way that the current rules of our economies are assuming every rise in the price level to be due to an excess of market demand, when decades ago I and others had identified factors such as government investments in human capital that simply are not marketed, but directly acquired by governments, that is notably prepaid human capital that had been recognized as the most profitable investment a country and humanity could make. *W.K.*

## A State Weighs Restitution for People It Sterilized

*By Kim Severson The New York Times, December 10, 2011*

Linwood, NC – Charles Holt, 62, spreads a cache of vintage government records across his trailer floor. They are the stark facts of his state-ordered sterilization.

The reports begin when he was barely a teenager, fighting at school and masturbating openly. A social worker wrote that he and his parents were of “rather low mentality.” Mr. Holt was sent to a state home for people with mental and emotional problems. In 1968, when he was ready to get out and start life as an adult, the Eugenics Board of North Carolina ruled that he should first have a vasectomy.

A social worker convinced his mother it was for the best.

“We especially emphasized that it was a way of protecting Charles in case he were falsely accused of having fathered a child,” the social worker wrote to the board.

Now, along with scores of others selected for state sterilization – among them uneducated young girls who had been raped by older men, poor teenagers from large families, people with epilepsy and those deemed to be too “feeble-minded” to raise children – Mr. Holt is waiting to see what a state that had one of the country’s most aggressive eugenics programs will decide his fertility was worth.

Although North Carolina officially apologized in 2002 and legislators have pressed to compensate victims before, a task force appointed by Gov. Bev Perdue is again wrestling with the state’s obligation to the estimated 7,600 victims of its eugenics program.

The board operated from 1933 to 1977 as an experiment in genetic engineering once considered a legitimate way to keep welfare rolls small, stop poverty and improve the gene pool.

Thirty-one other states had eugenics programs. Virginia and California each sterilized more people than North Carolina. But no program was more aggressive.

Only North Carolina gave social workers the power to designate people for sterilization. They often relied on IQ tests like those done on Mr. Holt, whose scores reached 73. But for some victims who often spent more time picking cotton than in school, the IQ

tests at the time were not necessarily accurate predictors of capability. For example, as an adult Mr. Holt held down three jobs at once, delivering newspapers, working at a grocery store and doing maintenance for a small city.

Wealthy businessmen, among them James Hanes, the hosiery magnate, and Dr. Clarence Gamble, heir to the Procter & Gamble fortune, drove the eugenics movement. They helped form the Human Betterment League of North Carolina in 1947, and found a sympathetic bureaucrat in Wallace Kuralt, the father of the television journalist Charles Kuralt.

A proponent of birth control in all forms, Mr. Kuralt used the program extensively when he was director of the Mecklenburg County welfare department from 1945 to 1972. That county had more sterilizations than any other in the state.

Over all, about 70 percent of the North Carolina operations took place after 1945, and many of them were on poor young women and racial minorities. Nonwhite minorities made up about 40 percent of those sterilized, and girls and women about 85 percent.

The program, while not specifically devised to target racial minorities, affected black Americans disproportionately because they were more often poor and uneducated and from large rural families.

“The state owes something to the victims,” said Governor Perdue, who campaigned on the issue.

But what? Her five-member task force has been meeting since May to try to determine what that might be. A final report is due in February.

This week, the task force set some priorities. Money was the most important thing to offer victims, followed by mental health services.

How much to pay is a vexing question, and what North Carolina does will be closely watched by officials in other states. In a period of severe budget cuts and layoffs, money for eugenics victims can be a hard sell to legislators.

States began practicing eugenics in earnest in the United States in the 1920s and ‘30s, driven by a philosophy of social engineering once so popular that President

Woodrow Wilson, Justice Oliver Wendell Holmes Jr. of the Supreme Court and Margaret Sanger, the founder of Planned Parenthood, were ardent supporters.

Before most of the programs were closed down, more than 60,000 people nationwide had been sterilized by state order.

The reasons were chilling, reports from state records and interviews with survivors and researchers show.

There was a 14-year-old girl deemed low-performing and “oversexed” who came from a home with poor housekeeping standards. A man who raped his daughter at 12 signed her sterilization consent when she was 16 and pregnant. A mother of five was deemed to have a low IQ.

Victims began filing a handful of lawsuits in the 1970s, but outrage has been slow to build. In 2002, *The Winston-Salem Journal* ran a series of articles on eugenics, prompting official apologies and initial legislative efforts aimed at compensating victims.

But nothing came of it until Governor Perdue, a Democrat, took up the cause. She has vowed to put money in the 2012 budget. The House speaker, Thom Tillis, a Republican, said in October that he, too, would work on a bill to compensate victims.

But how much to include? Is \$20,000 per victim, a figure suggested by some, enough?

“How can you quantify how much a baby is worth to people?” asked Charmaine Fuller Cooper, executive director of the North Carolina Justice for Sterilization Victims Foundation, which is financed by the state. “It’s not about quantifying the unborn child, it’s about the choices that were taken away.”

The issues go deeper than just a dollar amount. The task force has to decide whether money should go only to those living or to the estates of the dead, whether a tubal ligation is worth more than a vasectomy.

One variable is how many people will actually sign up to get the money. The state estimates that about 3,000 victims of state-mandated sterilizations may still be alive. Of those, 68 have been verified in state records. But not all sterilizations were done through the state board. Counties had programs, as did private doctors who were part of the eugenics movement. Those people will not qualify for state compensation, Ms. Fuller Cooper said.

Still, her office in Raleigh receives about 200 calls a month. People who suspect they were part of the state program must send her a notarized letter. Then, their names have

to be found among eugenics board records stored in dozens of cardboard boxes in the basement of the state archives. People have died or moved or use different names. It is needle-in-a-haystack work.

Some critics of the effort say the state is not working hard enough. Victims and others argue that names in the archives could be matched to drivers’ records.

But the state cannot just send letters to people’s houses suggesting they might have been sterilized against their will, Ms. Fuller Cooper said. Medical records are private. Husbands or adopted children could find out a long-buried secret. Old wounds could be laid open again.

Even people who call her office sometimes hang up abruptly when a spouse approaches, wanting to keep their terrible secret unless money is on the table.

“Until folks know what the state’s going to do, people aren’t going to take the risk and come forward,” she said.

One woman who submitted her name fears it will become public. In a recent interview in her small home in Lexington, NC, she said she would be embarrassed if her co-workers at a local hospital knew her story.

Now 62, she was adopted but sent to a state school at 7 because her parents thought she was mentally deficient. She remembers being told as a teenager that she was getting an appendectomy. When she was 27 and started having uterine trouble, a doctor requested her records and discovered that she had been sterilized in an operation that had been botched, her medical records show.

“I tell you what,” she said. “I about hit the floor.”

She went to her mother, who said she

was going to tell her before she got married. Welfare would have ended if she had not consented, her mother said.

She did marry, and her husband, who has since died, accepted the fact that they could not have children. Still, she was forever changed.

“I see people with babies and I think how much I would have loved to have a young one,” she said. “It should have been my choice whether I wanted to have a baby or not. You just feel like you were held back, like you never had any say in your life.”

She figures what she went through is worth at least \$50,000 or \$100,000. “Maybe I could retire,” she said.

Mr. Holt still remembers that October day. He thought he was getting an examination so he could leave the state home. He said he did not know he was giving up his chance to be a parent.

“The doctor told me I couldn’t go home unless I had an operation done,” said Mr. Holt, who was 19 at the time. “When I woke up I tried to walk, and I said: ‘This ain’t right. I don’t even remember them shaving me down there.’”

He went on to marry and divorce. Now recovering from a stroke and surviving on disability payments, he lives with relatives in a tidy trailer park in the middle of the state.

He thinks maybe \$30,000 would be enough. Others want more. Elaine Riddick, 57, who also lives in Atlanta, was sterilized in 1967. She was 14 and had gotten pregnant from a rape. Social workers persuaded her illiterate grandmother to sign the consent form with an X.

She has become the most vocal propo-

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## Reader Mail

Dear William,

Greetings from me and many of your UK Bromsgrove friends who look in when they can on the weekly London Global Table.

I always have pleasure there in sharing the wisdom of COMER’s journal.

Your current editorial is a particular joy, and I thought you might yourself enjoy the five minutes of this remarkable YouTube video.

Alive to deepest being [www.youtube.com/watch?v=EXBSF98nREk](http://www.youtube.com/watch?v=EXBSF98nREk).

The associates the Table are intensely involved in the new networks of creativity aroused by OCCUPYLSX and its compan-

ion awakenings around the world.

In the inevitable confusion within each expression of this amazing example of subsidiary, the inclusiveness, the toleration of difference and the growing understanding of “human capital” and “accrual accounting” is astonishing.

Our own complicity in the state of economic misdirection is growing on many participants and so an emerging commitment towards formal reconciliation fora is particularly encouraging.

Yours along the pilgrims’ challenging way,

*Peter Challen*

ment of payment, suing the state for \$1 million. Her case was appealed to the United States Supreme Court, which refused to hear it.

For Nial Ramirez, 65, who was sterilized at 18 after she gave birth to her daughter, no amount could make it right.

A social worker from the Washington County Department of Public Welfare suggested that she get sterilized. Mrs. Ramirez said she did not understand that the procedure was permanent and thought she had no choice.

"They told me that my brothers and

sisters were going to be in the streets all because of you," she said. "It's either sign the paper or mama's checks get cut off."

In 1973, with the help of the American Civil Liberties Union, she became the first person to file a lawsuit against the state eugenics board. It ended with a \$7,000 settlement from the doctor, she said.

Now in a small apartment surrounded by the sound of the television and some of the 200 dolls she has collected through her lifetime, Ms. Ramirez remains angry. She does not want an apology, and she will not settle for the amounts being discussed.

"What would an apology do for me?" she said. "You don't know what my kids were going to be. You don't know what kids God was going to give me. Twenty thousand dollars ain't gonna do it, honey."



**Editor:** It is no great chore moving from this shocking report of the destruction of Nature's wisdom in endowing humans – and other species – with a deep desire to have, protect and nurture their progeny. But the financial clique that has taken over is imposing the exact parallel of the de-sexing

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## Hope for Post-traumatic Stress Sufferers

By Anne McIlroy, *The Globe and Mail*, October 1, 2011

It is difficult for navy veteran Aubrey Francis to talk about the faces that have haunted him for years in flashbacks and in nightmares, but this week, he sat for an interview and compelled himself to recall one of the worst days of his life. His goal: to make others aware of an experimental treatment for post-traumatic stress disorder that has blunted the destructive power of his memories.

"I was in Syria, in 1999, I was with the UN. I was having a stroll through Damascus," Mr. Francis began, sitting in a quiet room in his psychiatrist's house in Kingston, Ont. "It was my weekend off. There was a square, with a statue of the president, covered in flowers, with a nice floral scent. I sat there and had a sandwich and a drink of water. Just outside the courtyard there was a marketplace. A young boy runs past. He might have been no more than 8.

"Two security guards ran in behind, and they grabbed him. He had an orange. He was a little street urchin. One held his arms, the other took out a club and beat his brains out. Before they hit him, he looked at me and I just froze. And the guards looked at me and said, 'What are you going to do, UN?' They beat him and the blood went all over my beret. I walked away. But my life changed that day."

That was one of many horrifying incidents during 20 years in some of the world's most troubled places. Mr. Francis was diagnosed with PTSD in 2003 after returning from a tour in Afghanistan. In 2008, he had to leave the service, suffering from flashbacks, nightmares and other symptoms, until a therapy called neurofeedback deliv-

ered some relief. Designed to help people influence the activity of their brain waves, it offers a new approach to a disorder that affects one in 10 Canadians.

"I'm not back to normal, but I am functional. I wasn't functional before. The dreams aren't so intense, the flashbacks aren't so hellish. The terror is not there," Mr. Francis, 42, said.

Neurofeedback is still experimental and costs up to \$150 a week. But the idea of using it for PTSD is gaining steam among veterans in Kingston, who are encouraged that Veterans Affairs Canada agreed to cover the cost for many of them.

Mr. Francis first tried the therapy two years ago at the suggestion of his psychiatrist, Janet McCullough.

Dr. McCullough is a clinician, not a researcher, but she and two colleagues did a small pilot study that showed the therapy significantly reduced the severity of PTSD symptoms in 12 veterans. So far, Dr. McCullough has treated more than 40 men.

Many relive traumatic events in dreams or flashbacks that can be triggered by sounds and smells. Some withdraw from family and friends, and many have difficulty sleeping. It is an anxiety disorder, but is linked to depression and addictions to alcohol or drugs, as well as an increased risk of suicide. Treatments include medication and talk therapy.

Neurofeedback was once seen as alternative medicine, but a growing number of preliminary studies suggest it could help with several brain disorders. US researchers are planning trials to see if it can help veterans with PTSD.

During each session, Dr. McCullough places electrodes on the patient's scalp that record brain waves. The pattern goes

through an amplifier to a computer that analyzes electrical activity as it occurs. Information is sent back to the patient through audio and visual feedback. Patients wear earphones and listen to music. They also watch constantly moving colourful patterns on a screen. When their brain-wave activity becomes too intense they hear static in the music and see a slight jump or hesitation in the movement on the screen.

"It acts like a rumble strip on a highway," Dr. McCullough said. "The brain self-corrects."

It is unclear exactly how it helps reduce the symptoms. Mr. Francis said he had more energy almost immediately. He is off antidepressants and other medication.

Veterans Affairs recently authorized payment for Mr. Francis to have the system at home. It costs about \$5,000, Dr. McCullough said.

Mr. Francis was a cook in the navy, and now has a chip wagon near his home in the Kingston area. His wife, Tracy, said they had put off having children, but last year decided he was well enough. Their son, Perry, is now three months old.

"Three years ago, would I have been able to have a baby? No. Neurofeedback has given me hope," Mr. Francis said.



**Editor:** Ours is a deeply traumatized world, and the lack of anything that would be mistaken for the recognition of prepaid human capital leaves our government literally without anything that might be mistaken for accountability.

Obviously we must bring in a system of accountability that will deal with rather than diddle with such issues. *W.K.*



of the under-privileged. For in the society that has emerged after two world wars, the restructuring of national incomes has been so distorted by sheer ravaging financial greed that even the mention of the ancestral

human pattern of allowing even the humble to provide for their offspring has been blotted out. And yet that instinctive trait is what made possible humanity's development from single-cell creatures. The ever

deeper encroachment of humanity's powers of doing so, thus strikes at the very survival of the human race. This mad racial suicide is equally underwritten by the ever more refined technology of atomic warfare. *W.K.*

## Past Haunts Tally of Japan's Nuke Crisis

By Yuka Hayashi, *The Wall Street Journal*, December 23, 2011

Kashiwa, Japan – The struggle to understand the health consequences of the Fukushima Daiichi nuclear meltdown carries an eerie echo of Japan's past: the nation is still debating who is a victim of the atomic bombs that destroyed Hiroshima and Nagasaki in World War II.

On Wednesday, in the latest in a series of high-profile lawsuits, four of five people who were exposed to radiation from the bombings – but weren't present at the actual blasts – won official recognition as victims. Until recent years, Japan held that only people who experienced the actual blasts at close range were victims, because secondary radiation posed negligible danger.

This debate resonates today because many potential victims of the Fukushima disaster will have received only secondary radiation, for instance from eating tainted food or inhaling dust.

Which is one reason why Takashi Asahina, 79 years old, says he recently brought a megaphone to the train station in Kashiwa – a town on high alert because radiation “hot spots” from Fukushima have been found here, 120 miles away.

As commuters hustled by in a winter shower, Mr. Asahina warned passing mothers to keep children sheltered from the rain and advised anyone who would listen to track their radiation exposure. “Radiation effects won't show up immediately,” he said. “Don't take down your guard.”

As a boy, Takashi Asahina went to Hiroshima just days after the attack.

It's a lesson Mr. Asahina says he learned from his own years-long court battle to gain recognition as a Hiroshima victim. He wasn't near the hypocenter, or ground zero, for the blast in August 1945, but went there two days later, putting him in a category known as “early entrants.” A cancer survivor, he was recognized as a victim only in 2008.

“I think the court cases will serve as a great textbook for people in Fukushima,” Mr. Asahina said in an interview. “For so long, the government rejected the notion of

internal exposure,” he said, referring to the ingesting of radioactive material.

There are some emerging indications that the impact of the Fukushima disaster on public health may not be as severe as some have feared. Researchers at Hirosaki University, north of Fukushima City, surveyed 5,000 affected residents at shelters in the area between March 15 and June 20 and found only 10 people with relatively high exposure levels; they weren't high enough to need decontamination.

Still, there is little science on long-term health consequences of low-level radiation. In fact, Fukushima provides the world one of the few opportunities to start filling the scientific gap.

For years after the World War II bombings, Japan kept its criteria for victim status vague, never stating one way or the other whether internal exposure (or other conditions) qualified. But before 2008, virtually all “early entrants” to the bombed areas were denied benefits, according to a health-ministry official.

Vast studies of Japan's *hibakusha*, “the people exposed to bombs,” provide a foundation of the scientific understanding of radiation's human effects. These studies today are the basis for global nuclear-safety standards.

But *hibakusha* studies focused on people exposed most intensively to the blasts. They gave minimal attention to people a few miles from the blast or who visited the hypocenters later, and to people exposed over time from tainted food, rain or snow.

The 1986 nuclear accident at Chernobyl in Ukraine deepened the understanding of internal exposure. When thyroid cancer surged among children there, it was traced to contaminated cows' milk they had consumed. Still, Chernobyl data covers only a quarter-century – not enough time to study radiation's full effects – and the information isn't extensive or consistent enough, Japanese and US experts say.

Critics argue that the lack of research on low-level or internal exposure means today's policies may downplay the health risks,

whether for bomb survivors or for people near power plants.

“The government has always underestimated the impact of radiation exposure,” says Shoji Sawada, a Hiroshima survivor and retired nuclear physicist who advocates for greater attention to the bombs' health effects.

There are big differences, of course, between the bombs and Fukushima. Estimates vary, but 150,000 to nearly 250,000 people died in the blasts. People within 2.5 kilometers (1.5 miles) received an average 200 millisieverts of radiation, according to the Radiation Effects Research Foundation in Hiroshima.

By contrast, exposure for three of the most affected towns in Fukushima were less than 5 millisieverts for 97% of the population, according to Fukushima Prefecture. A spokesman for Fukushima Daiichi's owner, Tokyo Electric Power Co., says the company isn't aware of any local residents or plant workers sickened from exposure. The spokesman says Tepco believes government officials have taken the appropriate steps to protect citizens.

The power plant, however, released more radiation than either bomb because it contained much more radioactive material.

Tatsuhiko Kodama, a physician and head of the Radioisotope Center at Tokyo University, has criticized Japan for not providing children in Fukushima enough protection from internal exposure. “We must strategize on the assumption that the Fukushima Daiichi disaster, like Chernobyl, released radiation equal to several dozen nuclear bombs and created far larger amounts of fallout,” he said at a July parliamentary session.

Key studies of Hiroshima paid less attention to victims not near the blast, complicating modern policy making.

The government has said Fukushima released cesium-137 in an amount 168 times larger than that of the Hiroshima bomb. It released about half the amount of Chernobyl, experts said. The cesium, with a half-life of 30 years, is likely the main long-term health threat from Fukushima, although

prevailing winds during the March accident blew most of it out to sea.

Japanese officials admit that missteps may have exposed people to radiation. “We apologize deeply for the residents in the nearby areas who have been exposed,” Yukio Edano, a minister overseeing the nuclear industry, said at a parliamentary committee meeting last month. He said the government will provide health checkups “continuously for the affected residents.”

The government defends its standards, suggesting that people may have overreacted to the risk of low-level exposure. “We need to look at what exactly the impact on people’s day-to-day life will be from an additional exposure of one or two millisieverts,” says Goshi Hosono, state minister in charge of the Fukushima accident. “We may still need to ask people to continue with their lives after taking into account such impact.”

Two years after the US bombed Hiroshima and Nagasaki, the American occupation in 1947 launched studies of survivors. The studies continue today under the Radiation Effects Research Foundation, or RERF, funded by the US and Japan.

Over decades, some 120,000 survivors were tracked. Exposure was based on people’s distance from the blasts, adjusted for whether they were shielded by a building, for instance.

The research didn’t take into account the effects of fallout over time, and “didn’t encompass the impact of internal exposure,” for the most part, says Takanobu Teramoto, RERF’s permanent director. “We didn’t have data on people’s detailed behaviors that would have allowed us to estimate that.”

For decades, Japan’s official conclusion from the study was that about 1% of the 400,000 hibakusha had radiation-induced problems, and the government compensated them. Among the 99% of hibakusha deemed unaffected were tens of thousands who lived a few miles from the hypocenters,

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*Isotope from page 2*

much good water to the point where we have been induced to consider its existence a sheer waste, rather than a crucial capital asset in our drying-up world. We are already groping in the very bowels of mother earth for both our fuel and our water. A lot of water and fuel are at stake when we leave human capital to rot into uselessness, because those in power have taken humans to be a useless asset to be exploited and even slaughtered to make the world safer for speculative banking. *W.K.*

or those who, like the megaphone-wielding Mr. Asahina, were “early entrants.”

When hibakusha claiming just low-level exposure started seeking compensation in the 1960s, they faced a kind of Catch-22: They were told there was no conclusive evidence to prove health effects, because low-level exposure hadn’t been studied. Many claimed ailments similar to people who had been hit directly by the blast: hair loss, bleeding and, years later, cancer, cataracts and heart problems.

They took to the courts, launching a remarkable decades-long debate – part scientific, part legal – over low-level radiation risks. The cases offer some of the most comprehensive records assembled on a question today at the heart of assessing Fukushima’s potential danger.

The movement built slowly. But in 2000, the Supreme Court sided with a Nagasaki woman who linked her partial paralysis to exposure and proximity to the blast, some 2.5 kilometers away. The court also ruled the government should consider compensating hibakusha who received low-level radiation at greater distances.

That ruling opened the gates. Since 2006, about 300 hibakusha have won in 30 class-action suits nationwide.

In many, judges ruled “early entrants” should also get benefits. In effect, this was the first official acknowledgment that internal exposure could cause health problems, given that these people weren’t exposed to the blasts, but to later fallout.

In 2008 Japan eased its criteria for survivor benefits, granting them to people with certain health problems who were within 3.5 kilometers of the epicenters, compared to 1-to-2 kilometers previously. In addition, “early entrants” who went near hypocenters within 100 hours of the bombings are now included.

Now, just as the court cases are winding down, debate over Fukushima is building. Discovery of radiation in autumn rice crops from Fukushima has put people on alert. The government is expected soon to unveil a timeline for the return of residents evacuated from the 20-kilometer zone around the nuclear plant.

In making key decisions, Tokyo has relied on guidelines from a Canada-based scientific body, the International Commission on Radiological Protection, that used the Hiroshima-Nagasaki studies as a cornerstone.

Many radiation experts say a population will face a measurable cancer increase only if

exposed to doses defined as 100 millisieverts or more in a short period. The commission suggests a policy of limiting people’s exposure after a nuclear accident to the “lower part of the 1-20 millisievert-per-year band.” As the Fukushima disaster unfolded, these guidelines shaped Tokyo’s decision to evacuate areas with estimated annual exposure above 20 millisieverts, the government has said.

The ICRP guidelines don’t come from firsthand studies of exposure at those levels, but are extrapolated from the much higher exposure levels from the bombs. In Japan, 300 out of 1,000 deaths annually are cancer-caused. If the population is exposed to 100 millisieverts of radiation, it would rise to an estimated 305, according to the National Institute of Radiological Sciences of Japan, partly as victims tend to develop cancer earlier than the general public.

But some medical experts argue that’s just guesswork. One theory: Extended low-level exposure might actually be more hazardous than a one-time blast if a brief, high dose just kills cells, whereas internal exposure could damage them even at low levels, ultimately causing cancer. Other experts say it’s simply prudent to use extra caution on low-level exposure, since little data exists.

The ICRP guidelines reflect the “general consensus of scientific experts,” says Michiaki Kai, a professor at Oita University of Nursing and Health Sciences and ICRP committee member. “It is true the risk is uncertain for very low-level radiation. The question is how to respond to that uncertainty. It’s an ethical question, not a scientific one.” Should people stay away “until radiation levels return to zero?” he asks. “Or shall we allow them to go home before that so they can resume their lives?”

Dale Preston, an American researcher of hibakusha at RERF for more than two decades, says the studies demonstrated radiation exposure did increase cancer risk even at low doses, but in proportion to the dose size. “In no analyses was there any evidence of larger-than-expected risks at low doses,” he says.

Several experts and advocates from the fight over Hiroshima and Nagasaki are now joining the Fukushima debate.

Shuntaro Hida, a doctor at a Hiroshima hospital at the time of the bombing who has treated more than 6,000 survivors, was the key expert witness in a class-action suit in Osaka that concluded in 2006. There he described in detail the symptoms of “early entrants” and told the story of a young woman who entered Hiroshima a week after

the bombing, searching for her husband, who quickly died from hemorrhaging.

Now 94 years old, Mr. Hida is again in the spotlight. He says he received calls from more than 50 readers of his recent book on internal radiation exposure – mostly from anxious mothers – after Fukushima. One woman was frantic that cesium was detected in her breast milk, he says. Others worried that their children's nosebleeds or canker sores were tied to radiation.

"I say to them, once radiation enters your body, there is no reversing it, and that there is no medicine," Mr. Hida says. "I tell them, now it's up to them to have a positive attitude."

Mr. Asahina, the Hiroshima survivor, says he brought his megaphone to the train station because he fears people will do what

he did as a young man and simply avoid the issue of radiation exposure. As a 13-year-old middle-school student, he approached the hypocenter two days after the blast, he says, to look for bodies of his classmates. He found only buttons and belts.

Soon Mr. Asahina showed symptoms of acute radiation sickness, including hair loss and bleeding gums. But once the moment passed, he says, he tried to forget those days, despite years of health problems, until his cancer finally struck.

"We Japanese tend to look the other way when something really awful happens," Mr. Asahina says. "We need to learn to face it."



**Editor:** The overpowering truth today is that our public policy to suit our speculat-

ing megabanks is leading us to the certainty of another atomic war, that would make the atomic bombs dropped on Japan mere child's play. It was, of course, the result of the most direct application of the relativity theory of Albert Einstein, a man of peace if ever there was one.

Since then atomic weaponry has taken great steps as a mass-killer when everything that had been learned about economic matters that would allow nations to live in peace and plenty has been rubbed – along with their great promoters – notably President Kennedy, and later his junior brother. These, be it noted, were not killed by a Russian or Persian, but by Americans.

That makes the present developments in atomic weaponry serious threats to the survival of humanity. *W.K.*

## Uganda Losing Grip on AIDS Crisis

*By Geoffrey York, The Globe and Mail, December 10, 2011*

Kampala – Motorcycle taxi driver Richard Okiror has seen the devastating cost of AIDS firsthand. He has watched people wasting away and dying from a virus that infected nearly one-fifth of all adults in his country. His own parents died of AIDS in the 1990s when he was a teenager, leaving him an orphan.

Yet today, in an era of life-saving medicine, he notices that his friends are less worried by the virus. Some of them, he says, are even paying extra money to prostitutes for sex without a condom.

"People don't take it as seriously as before," he said. "It's a disease that doesn't kill you very fast."

Others put it even more bluntly. "People look at HIV as a cough," said Joseph Matovu, a Ugandan health analyst. "You get it and then you are cured."

With the growing availability of antiretroviral drugs, people can live with the virus for decades. And because they see fewer people dying from AIDS, they are less likely to take precautions.

"We have stagnated, and there's evidence of increasing infections," said Asuman Lukwago, the permanent secretary in Uganda's health department. "There's a new generation of young people who are unaware of the dangers of not using condoms."

In the early days of the AIDS crisis, Uganda was hailed as one of the greatest success stories. With a massive education effort,

it reduced its national HIV rate to 6 per cent of adults, compared with 18 per cent at the peak of the pandemic in the early 1990s.

But now its HIV rate is creeping back up again. New infections are increasing, and the sense of urgency has vanished. Uganda is one of the few countries in the world where the decline in HIV infections has stopped and even reversed. It has become an early warning signal to the rest of the world: If the fight against AIDS fades into complacency and neglect, the disease can roar back again.

"It's very worrying," says Denis Kibira, a health researcher in Uganda. "In the next five or 10 years, we're going to face a real crisis."

Over the past decade, the national HIV rate has edged back up to 6.7 per cent. An estimated 129,000 Ugandans became infected with the virus last year – a rise of 11 per cent in the past four years – and experts predict the number of new infections will rise to 140,000 this year.

"Every year it rises by 10,000 or 15,000 and soon it will be 20,000 or 30,000," says Raymond Byaruhanga, director of the AIDS Information Centre, a Uganda non-governmental group.

But while the complacency of ordinary people might be one reason for the rise, government policies are equally important factors. And two key governments – those of Uganda and the United States – have contributed to the rise in HIV infections here, analysts say.

Ugandan President Yoweri Museveni, who played a key role in fighting AIDS in the 1990s, has been noticeably less outspoken on the AIDS issue in recent years. He has even publicly questioned the value of male circumcision – one of the most important tools in reducing HIV transmission, according to all the latest scientific evidence.

His government has failed to make progress toward universal HIV testing, another key weapon against the virus. Only about 40 per cent of Ugandans have been tested for the virus, so most never receive the counselling sessions that help galvanize them into behavioural changes.

Perhaps the biggest factor, however, is the increasing emphasis on abstinence and faithfulness as the official response to the AIDS pandemic.

In the early days of the crisis, Uganda adopted an "ABC" policy: Abstinence, Be faithful, and wear a Condom. But today the policy seems to be "AB" without the "C."

The Ugandan government, which heavily promoted condoms in the 1990s in a successful strategy to reduce the HIV rate, rarely talks about condoms any more. Many religious groups, hugely influential in this predominantly Christian country, oppose the promotion of condoms. So, too, is the president's powerful wife, Janet Museveni, a born-again Christian who gives praise to God on nearly every page of her autobiography. And so the government has backed away from condom advertising.

Official aid agencies in the United States,

one of the biggest donors in the campaign against AIDS, took a similar stance against condoms during the George Bush administration from 2001 to 2009. It was only recently that the United States dropped its restrictions on financial support for condom promotion.

As a result of religious lobbying and government reluctance, condoms are effectively banned from Ugandan billboards these days. And condoms cannot be advertised on Uganda's television channels, except after 9 p.m.

"Everyone in the industry knows that it's a 'no-go' area," says Daudi Ocheing, head of communications at the Uganda Health Marketing Group, a non-profit company that distributes condoms as part of its health activities.

"Everyone's hands are tied," he says. "We should have billboards to promote condoms, but we don't have them. If you don't put condoms in the mix, you're wasting a lot of time."

The idea of promoting abstinence and faithfulness as the sole solution for all Ugandans will never work, Mr. Ocheing said. "It's a lie. Are you going to tell an 18-year-old to be abstinent? It's never going to happen, not in a thousand years."

He also criticized the government's refusal to allow condom advertising on television before 9 p.m. Teens as young as 14 years old are already sexually active, he noted.

Young people are not the only source of HIV transmission. More than 40 per cent of new transmissions are occurring within couples, where one partner has HIV and the other does not. Because of this, condom use should be promoted within couples too. But the Ugandan government is extremely reluctant to do so, since it would imply that one partner might be unfaithful – an implication the government doesn't want to accept.

Stephen Lewis, the former United Nations ambassador on AIDS in Africa, says he is deeply concerned by the rise in HIV infections in Uganda. The "crazy obsession" with abstinence in US aid to Uganda may have led to a rise in infections, he said.

"There has to be much more emphasis on prevention," Mr. Lewis said. "They have to beat the drums again."

## Our Comment

They must get out of cold storage their shovels and their consciences and start digging deeper, so much more deeply that it will make the proposed adjustment, a mere

scratch compared to the full damage inflicted on society by still denying the many – storied moral and financial the full costs in short the importance of human capital.

Compensation to the bilked house-buyers though important, shrinks to unshelled peanut size in comparison with the emasculation of the powers of essential reforms in modern states. By denying the greatest social revolution to have come out of the slaughter of World War II – associated with the names of Theodore Schultz, Gerald McGeer and François Perroux. Until we fully reclaim the heritages of this great cohort, we shall continue heading blindly towards our society's extinction to recapture their full legacy – the importance of the timely full inheritance of the grasp in all its implications.

We must recount the full record of their achievements – for that is what has been suppressed and thus has condemned our society to its ultimate self-destruction. At the end of WWII, Washington sent to Japan and Germany many hundreds of economists to assess the damage and predict how long it would be before those former great trading nations could assume such roles again. Some 15 years later, one of these, Theodore Schultz of the University of Chicago wrote a memo on how wrong he and his colleagues had been in their forecast: they had concentrated on the physical destruction, but ignored the fact that investment in human capital had come out of the war almost intact. From that he concluded that human capital is the most productive investment a government can make. For a few years Schultz was celebrated for his great discovery and then completely forgotten. More significantly, that suppression left governments free to respond to the upward climb of prices as though it was to mere increased interest rates. That, of course put the speculative banks in the drivers' seat more securely than ever before.

A decade earlier I had attacked the same problem from a different angle – recognizing human capital as the most important investment a government can make. I noted that an increasing portion of government investment now comes in human capital.

This must be treated not as an expenditure gotten out of hand but as a crucial investment. I worked for a decade analyzing the significance of this from every conceivable angle, centering on the fact, that mistaking this crucial social investment for a debt has endless consequences. For this is social capital that comes prepaid, and treating it as a debt rather than an asset compounds the

cost to society in a tangle of ways. Thus it deprives society of its invaluable strategy of utilizing its key advantage of being able to respond to advance knowledge it has. If the government makes its advance information of its own plans it will be able to profit in the public interest in putting that information to highly profitable use. It could just buy strategic sites near the stations as soon as the earlier plans for a subway are decided on. For example the moment the very plans for a subway recommended, it could option sites close to the future subway stations, and lease them at a profit to others when the plans become public. Today the public interest lies in such timely responses.

Even where the government has control of such capital programs, the niggling resources accorded it, limits its powers of profiting by advance knowledge of the government's own plans. Special private financial corporations based largely in Spain and Australia profit from long term leases on a highway north of Toronto and international bridges and other facilities.

I spent ten years researching every conceivable aspect of the advantages that would ensue if the government were free to recognize that public investment in human capital is the most profitable investment a government could make, and sent my essay to publications on economic theory throughout the world. It was purchased via return mail by the outstanding publication *Revue économique* in France, and carried as a 41-page publication in its issue of May, 1970. Only later did I understand why. On its editorial board there was not only the leading French sociologist of that day, but two statistical specialists, who had relating supply-and-demand figures with price movements with no success. My analysis was picked up by publications on economic theory, and I spent much of the following two years attending meetings on economic theory on just about every continent. This brought me into very kindred contact with François Perroux, the leading spirit, the group in charge of the publication to address a near-capacity audience in French at the University of Waterloo, where I did the translation.

The collaboration with Perroux continued on a very intimate basis until his death. There I had been invited to Waterloo University by John Hotson, a well respected leading member of the economic faculty, and COMER was founded. Some eight organizations dedicated to rethinking eco-

*Continued on page 19*

# COMER's Court Case Proceeds

*Our court case against our government's trifling with the very serious matters of its once-recognized investment in human capital – as a pre-paid asset a government can make – has come to life again. Threats from southern Italian gangsters against the lives of our solicitor's new-born babes have been handled and Rocco Galati has been able to proceed with our suit with his legendary insights.*

Court File No.: T-2010-11

“Proposed Class Action Proceeding”

FEDERAL COURT

Between:

Committee for Monetary and Economic Reform (“COMER”), William Krehm and Ann Emmett (Plaintiffs)

– and –

Her Majesty the Queen, the Minister of Finance, the Minister of National Revenue, the Bank of Canada, the Attorney General of Canada (Defendants)

## Statement of Claim

(Pursuant to s.17 (1) and (5)(b) *Federal Courts Act*, and s.24(1) and 52 of the *Constitution Act, 1982*)

(Filed this 12th day of December, 2011)

### TO THE DEFENDANT:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Applicant. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or a solicitor acting for you are required to prepare a statement of defence in Form 171B prescribed by the *Federal Courts Rules*, serve it on the applicant's solicitor or, where the applicant does not have a solicitor, serve it on the applicant, and file it, with proof of service, at a local office of this Court, WITHIN 30 DAYS after this statement of claim is served on you, if you are served within Canada.

Copies of the *Federal Courts Rules*, information concerning the local offices of the Court and other necessary information may be obtained on request to the Administrator of this Court at Ottawa (telephone 613-992-4238) or at any local office.

IF YOU FAIL TO DEFEND THIS PROCEEDING, judgment may be given against you in your absence and without further notice to you.

Date: December 12th, 2011

Address of local office:

Federal Court of Canada  
180 Queen Street West, Suite 200  
Toronto, Ontario M5V 3L6

### TO:

Department of Justice, Ontario Regional Office  
First Canadian Place, The Exchange Tower  
130 King Street West, Suite 3400, Box 36  
Toronto, Ontario M5X 1K6

### AND TO:

Bank of Canada  
234 Wellington Street  
Ottawa, Ontario K1A 0G9

## Claim

1. The Plaintiffs claim:

(a) declarations that:

- i) the Minister of Finance, and Government of Canada is required to request, and that the Bank of Canada is statutorily required, when necessary, to make interest-free loans, on the terms set out under s.18 (i) and (j) of the *Bank of Canada Act, RSC, 1985, c. B-2* (the “*Act*”) for the purposes of “human capital” expenditures and/or municipal/provincial/federal “human capital” and/or infrastructure expenditures;
- ii) that the “Government of Canada,” the Minister of Finance, and Her Majesty the Queen in Right of Canada, with the Bank of Canada,

A/ have abdicated their statutory and constitutional duties with respect to ss. 18(i) and (j) of the *Bank of Canada Act* which subsections read:

18. The Bank may

...

- (i) make loans or advances for periods not exceeding six months to the Government of Canada or the government of a province on taking security in readily marketable securities issued or guaranteed by Canada or any province;
- (j) make loans to the Government of Canada or the government of any province, but such loans outstanding at any one time shall not, in the case of the Government of Canada, exceed one-third of the estimated revenue of the Government of Canada for its fiscal year, and shall not, in the case of a provincial government, exceed one-fourth of that government's estimated revenue for its fiscal year, and such loans shall be repaid before the end of the first quarter after the end of the fiscal year of the government that has contracted the loan;

B/ and further that the refusal to request and make (interest free) loans under s. 18(i) and (j) of the *Bank of Canada Act* has resulted in negative and destructive impact on Canadians by the disintegration of Canada's economy, its financial institutions, increase in public debt, decrease in social services, as well as a widening gap between rich and poor with an continuing disappearance of the middle class;

- iii) that s. 18(m) of the *Bank of Canada Act*, and its administration and operation, is unconstitutional and of no force and effect, in Parliament and the government, including the Defendant Minister of Finance, abdicating their duty to govern, and insofar, as monetary, currency and financial policies, *per se*, are concerned, and in turn as they effect socio-economic governance, have abdicated their constitutional duty(ies) and handed them over to those international, private entities, whose interests, and directives, are placed above the interests of Canadians, and the primacy of the Constitution of Canada, not only with respect to its specific provisions, but also with respect to the underlying constitutional imperatives, and which provision reads:

- (m) open accounts in a central bank in any other country or in the Bank for International Settlements, accept deposits from central banks in other countries, the Bank for International Settlements, the International Monetary Fund, the International Bank for Reconstruction and Development and any other official international financial organization, act as agent or mandatary, or depository or correspondent for any of those banks or organizations, and pay interest on any of those deposits;
- iv) that the maintaining of minutes of meetings by the Governor of the Bank of Canada, with other central bank “governors” from other states and federation(s), as secret and not open to parliamentary and public view and scrutiny, constitutes:  
 A/ *ultra vires* action by the Governor of the *Bank of Canada* contrary to *inter alia*, s. 24 of the *Act*;  
 B/ unconstitutional conduct by the Governor of the Bank of Canada;
- v) that the Parliament of Canada, in:  
 A/ allowing the Governor of the Bank of Canada to hold secret the nature and content of his meetings with other central bank(ers); and  
 B/ in not exercising the authority and duty contained in 18(i) and (j) of the *Act*; and  
 C/ enacting s. 18(m) of the *Bank of Canada Act*, has unconstitutionally abdicated its duty and function as mandated by ss. 91 (1a), (3), (14), (15), (16), (18), (19) and (20) of the *Constitution Act, 1867*, as well as s. 36 of the *Constitution Act, 1982*;
- vi) that the Minister of Finance is required to list expenditures(s) on “human capital,” including infrastructural capital expenditures relating to “human capital,” as an “asset” and not a “liability” with respect to budgetary accounting;
- vii) that the Minister of Finance is required to list, in his budgetary accounting, *all* revenues collected *prior* to the return of “tax credits” to individuals, and moreover, corporate taxpayers, with tax credits subtracted from the total revenue due, before subtracting total expenditures from total revenue, and arriving at either a budgetary “surplus” or “deficit” as required, *inter alia*, by s. 91(5) of the *Constitution Act, 1867*;
- viii) that the defendants’ (officials) are wittingly and/or unwittingly, in varying degrees, knowledge, and intent, engaged in a conspiracy, along with the BIS, FSB, an IMF, to render impotent the *Bank of Canada Act*, as well as Canadian sovereignty over financial, monetary, and socio-economic policy, and in fact by-pass the sovereign rule of Canada, through its Parliament, by means of banking and financial systems, which conspiracy and elements of such tortious conduct are set out, in *inter alia*, *Hunt v. Carey Canada Inc. [1990] 2 S.C.R. 959* namely:  
 A/ that the Defendants’ (officials), including and together with the BIS, engage(d) in an agreement for the use of lawful and unlawful means, and conduct, the predominant purpose of which is to cause injury to the Plaintiffs, and all other Canadians;  
 B/ that the Defendants’ (officials), including and together with the BIS, engage(d), in an agreement, to use unlawful means and conduct, whose predominant purpose and conduct directed at the Plaintiffs, and all other Ca-

nadians, is to cause injury to the Plaintiffs and all other Canadians, or the Defendants’ officials should know, in the circumstances, that injury to the Plaintiffs, and all other Canadians, is likely to, and does result;

- ix) that the privative clause in s. 30.1 of the *Bank of Canada Act*,

A/ does not apply to the seeking of “judicial review,” by way of action or otherwise, of declaratory relief with respect to any statutory or constitutional *ultra vires* action and/or section of the *Act*, by way of declaratory relief, or any other prerogative remedy, available to hear and determine the statutory and/or constitutional limits or actions under the *Act*, in accordance with, *inter alia*, in Supreme Court of Canada’s pronouncement in *Dunsmuir v. New Brunswick [2008] 1 SCR 190*, nor does it apply to seeking damages for *ultra vires* or unconstitutional damages; and

B/ if s.30.1 of the *Bank of Canada Act* is interpreted to so apply as a privative clause, then it is unconstitutional and of no force and effect for breaching the Plaintiffs’ constitutional right to judicial review, as well as breaching the underlying constitutional imperatives of Rule of Law, Constitutionalism, and Federalism;

- (b) damages in the amount of:  
 i) \$10, 000.00 per plaintiff; and  
 ii) should the within action be certified as a class action proceeding, \$1.00 (one dollar) for every Canadian citizen/resident, to be calculated based on the last population figure published in the last census, in accordance with s. 91(5) of the *Constitution Act, 1867*;  
 which damages are on account of:  
 iii) the constitutional breaches pleaded in the statement of claim herein; and  
 iv) the conspiracy pleaded in the statement of claim herein;
- (c) such further declaratory and/or consequential injunctive and/or prerogative order and/or relief as counsel may advise and this Honourable Court grant;
- (d) costs of this action and such further or other relief this Court deems just.

## The Parties

- 2 (a) the Plaintiff, Committee for Monetary and Economic Reform (hereinafter “COMER”) historically to date is an international economic “think-tank,” based in Toronto, and was established in 1970, dedicating itself to the monetary and economic reform policies of Canada and conducts research, analysis, and publication(s) on these issues. For the past 23 years it has published a monthly publication entitled COMER with articles and analysis from various authors including some of its own committee members. Its committee members have consisted of economists, academics, and published authors expert in their respective fields;
- (b) the Plaintiff, William Krehm, is and has been a member of COMER, since its inception, and has devoted much of his life to the study, research, analysis and writing on economic, monetary, and social reform, and is a published author on economic and monetary reform, included various articles, papers, as well as books as recent as 2010;
- (c) the Plaintiff, Ann Emmett, is a member of COMER, and has devoted much of her life to the study, research, analysis and writing on economic, monetary, and social reform, and is a published

author on economic and monetary reform, included various articles, and papers, as recent as 2010;

- (d) the Defendant, Her Majesty the Queen, is statutorily and constitutionally liable for the acts and omissions of her officials pursuant to s. 17 of the *Federal Courts Act* as well as s. 24(1) and 52 of the *Constitution Act, 1982*;
- (e) the Defendant, the Minister of Finance, is statutorily and ultimately, with the consent of Governor-in-Council, responsible for overseeing both the Bank of Canada, as well as the Governor of the Bank of Canada, pursuant s.14 of the *Bank of Canada Act*, and the Minister of Finance is also, constitutionally, responsible for setting out the budgetary process, and expenditures for each session of Parliament, upon the appropriation request, through the taxing power, of Her Majesty the Queen, as set out in Her Parliamentary throne speech delivered by the Governor General for that purpose;
- (f) the Defendant, the Minister of National Revenue, is statutorily responsible for administering the *Income Tax Act*, and other Federal taxing statutes related to the collection of revenue through, *inter alia*, the taxing power, under s. 91(3) of the *Constitution Act, 1867*;
- (g) the Defendant, the Attorney General of Canada, is, constitutionally, the Chief Legal Officer, responsible for and defending the integrity of all legislation, as well as responding to declaratory relief with respect to legislation, including with respect to its constitutionality and required to be named as a Defendant in any action for declaratory relief.

## The Facts

- 3. The Plaintiffs state, and the fact is, that the Bank of Canada was established as Canada's central bank, in 1934, and nationalized in 1938, with the intended purpose of:
    - (a) Asserting domestic and public control of monetary and economic control and public policy pursuant to its constitutional sources of jurisdiction contained in s. 91 and 91 A of the *Constitution Act, 1867*, namely:
      - i) 1A. The Public Debt and Property;
      - ...
      - ii) 3. The raising of Money by any Mode or System of Taxation;
      - iii) 4. The borrowing of Money on the Public Credit;
      - ...
      - iv) 14. Currency and Coinage;
      - ...
      - v) 16. Savings Banks;
      - ...
      - vi) 18. Bills of Exchange and Promissory Notes;
      - vii) 19. Interest;
      - viii) 20. Legal Tender.and as set out in s. 18 of the *Act* and its predecessor provisions;
  - (b) to be a vehicle to provide the Federal and Provincial governments interest-free loans for physical infrastructure as well as "human capital" expenditures (education, health, other social services); and
  - (c) maintain sovereign control over credit and currency with the aim to promote the economic interests of Canada in all its aspects.
- 4. The preamble to the *Bank of Canada Act*, upon its enactment in 1934, as a private corporation, and as re-enacted as a Crown corporation in 1938, read as follows:

WHEREAS it is desirable to establish a central bank in Canada to regulate credit and currency in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit and to mitigate by its influence fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of the Dominion: Therefore, His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

- 5. The Plaintiffs state, and the fact is, that the current *Bank of Canada Act*, continues to reflect a public statutory duty and responsibility, as borne out by the preamble to the *Act*, which reads:

WHEREAS it is desirable to establish a central bank in Canada to regulate credit and currency in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit and to mitigate by its influence fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of Canada
- 6. The Plaintiffs state, and the fact is, that the Bank of Canada is the only "public" central bank created by statute, and accountable to the legislative and executive branches, to be found in any of the G-8 nations. All other central banks are "private" banks and are not directly created nor governed by legislation nor directly accountable nor reportable to the legislative or executive branches of the governments in the nations in which they operate.
- 7. The Plaintiffs state, and the fact is, that Policies such as interest rates, and other policies set by the Bank of Canada are set in consultation, and at times, but mostly at the direction of the "Financial Stability Board" ("FSB"), established after the 2009 "G-20" London Summit in April, 2009. The FSB is a successor of the "Financial Stability Forum" ("FSF"). The current FSB, like its predecessor, is an international body of central bankers that monitors and makes recommendations about the global financial system. The Board includes all major G-20 major economies, FSF members, and the European Commission. The FSB is based in Basel, Switzerland.
- 8. The Plaintiffs state, and the fact is, that the current FSB, like its predecessor FSF, continues to serve the same function. It consists of the major national financial authorities such as Finance Ministers, central bankers, and international financial bodies.
- 9. The Plaintiffs state, and the fact is, that the FSF was and is managed by a small secretariat, which secretariat was housed at the "Bank of International Settlements" ("BIS") in Basel, Switzerland. It was established by the Hague Agreements, in 1930, *prior* to the creation of the Bank of Canada.
- 10. The Plaintiffs state, and the fact is, that the BIS is a so-called inter-governmental organization of central banks which purports to execute financial co-operation and purports to serve as a "bank for central banks." The Plaintiffs state, and the fact is, that the BIS in fact formulates policies and dictates to central banks, including the Bank of Canada.
- 11. The Plaintiffs state, and the fact is, that Canada, through its Bank of Canada, became a member of an expanded BIS in 1974. The Plaintiffs further state, and the fact is, that between 1934 to 1974 the Bank of Canada, and Canada, was completely independent, from international private interests, with respect to its statutory

- duties under the *Bank of Canada Act*, as well as its monetary and financial policies reflected in the preamble to the *Act*, and as it flowed through to its economic and social policies. The Plaintiffs further state, and fact is, that since 1974, there has been a gradual, but sure, slide into the reality that the Bank of Canada and Canada's monetary and financial policy are in fact, by and large, dictated by private foreign bank and financial interests, contrary to the *Act*.
12. The Plaintiffs state, and the fact is, that the BIS is *not* accountable to any government. It holds annual meetings, which are secret, and provides banking services to central banks, including the Bank of Canada.
  13. The Plaintiffs state, and the fact is, that the BIS is effectively in control of the FSB when it comes to credit, currency, monetary and financial policies for G-20 countries, including Canada, with far-reaching economic and social impact not in the interests of either the Bank, government, nor people of Canada.
  14. The Plaintiffs state, and the fact is, that the meetings of the BIS and FSB, their minutes, their discussions, and deliberations are secret and not available to Parliament, the executive, nor the Canadian public, notwithstanding that the Bank of Canada policies directly emanate, and are directed by these meetings.
  15. The Plaintiffs state, and the fact is, that in its early and middle existence the Bank of Canada issued (interest-free) loans, pursuant to s. 18 (i) and (j) of the *Act*, and predecessor statutes, not only to the federal and provincial governments, but also directly to municipal councils. (It also printed money and bought government debt in financing the war efforts in World War II). It stopped doing so in the early 1974 in favour of loans from foreign private banks with interest, with the resulting and detrimental negative effects:
    - (a) loss of the control of domestic monetary policy, including interest rate policy;
    - (b) loss of control of domestic economic policy insofar as bond raters, from foreign private banks lending to Canada, would insist on the direction of Canada's domestic economic policy under threat of downgrading Canada's borrowing/lending worthiness;
    - (c) loss of control over social policies, from foreign private banks lending to Canada would insist on the direction of Canada's domestic social policies, under threat of downgrading Canada's borrowing/lending worthiness;
    - (d) loss of investment in human capital and infrastructure expenditures, from foreign private banks lending to Canada who would insist on direction of Canada's domestic human capital and infrastructure expenditures under threat of downgrading Canada's borrowing/lending worthiness;
    - (e) a corresponding loss of sovereignty over decision related to banking, monetary policy, economic policy, as well as social policy;
    - (f) as a result, spiralling schism between the rich and the poor in Canada with a continuing removal of the middle class and a corresponding rise in socio-economic crime related to poverty;
    - (g) the bizarre, and absurd result that, while private banks can borrow money from the Bank of Canada, currently, next-to-zero interest (0.25%), Canadian citizens, through the government's debt to private banks, and foreign private banks holding Canadian bonds and currency, relend at a higher interest rate than they borrow.
  16. The Plaintiffs state, and the fact is, that this loss of control coincides with the Bank of Canada being a member of the BIS, FSF and FSB, without public scrutiny nor accountability with respect to the actions of the Bank of Canada, at the direction and decisions of foreign, private bodies and interests.
  17. The Plaintiffs state, and the fact is, that in or about 1974, after Canada's entry into the expanded BIS, an agreement or directive was reached, at which BIS, where Canada's (central) Bank of Canada was the only publicly-created and accountable to its Parliament or Legislative body, that the central banks would not be used to create or lend-interest free money, contrary to ss. 18(i) and (j) of the *Act*, and its original purpose for its creation, but that governments obtain borrowed money from and through the BIS (FSF, FSB, and International Monetary Fund ("IMF")).
  18. The Plaintiffs state, and the fact is, that no sovereign government such as Canada, under any circumstances, should borrow money from commercial banks, at interest, when it can, instead, borrow from its own central bank interest-free, particularly when that central bank, unlike any other G-8 nation, is publicly established, mandated, owned, and accountable to Parliament, and the Minister of Finance, and was created with that purpose as one of its main functions.
  19. The Plaintiffs state, and the fact is, that over the years, Ministers of Finance have had requests to have the Minister make interest free loan requests from the Bank of Canada, which have been refused, examples of which are:
    - (a) on June 11th, 2004 the Town of Lakeshore, Ontario wrote the Minister of Finance, the Right Honourable Ralph Goodale, on Municipal Council Resolution, requesting such loans be made, which request is a document referred to in the pleadings herein;
    - (b) the Minister of Finance on August 18th, 2004 refused the request and in doing so did not have regard to either the nature of the request, nor the pertinent provisions of the *Bank of Canada Act*, which response is a document referred to in the pleadings herein.
  20. In his response, the Minister of Finance gave the following reasons for refusing to do so:
    - (a) that "...relying on the printing press to finance government expenditures results in inflation...";
    - (b) "...If the Bank had to borrow the funds that it loaned to the government it would have to pay whatever interest rate prevailed in the market..."
    - (c) "Other nations that have relied extensively on, low-interest credit extended by central banks...have experienced very high inflation..."
    - (d) "It is also inadvisable for the Bank of Canada to issue low-interest loans to provincial or municipal governments. To understand why, let us consider the two approaches that the Bank of Canada could follow if it chose to issue such loans. Suppose that the Bank of Canada did not want to change the total amount of loans it had outstanding. In this case, the Bank of Canada could rearrange its portfolio of assets to provide some loans to provinces at relatively low interest rates. However, this would reduce the Bank of Canada's profits. Since the Bank is owned by the Government of Canada, this policy would result in federal taxpayers subsidizing provincial governments."

This has been a consistent response from the government of Canada.



21. The Plaintiffs state, and the fact is, that the Minister's reasons for refusing what was requested from the Town of Lakeshore's Council, is both financially and economically fallacious and not in accordance with his statutory duties under the *Bank of Canada Act*, nor his constitutional duties as Finance Minister. For example:
- (a) any (interest-free) loans granted under s. 18 (i) and (j) would have to be repaid within a very short period and therefore would not be "inflationary";
  - (b) the Bank of Canada does not have to acquire its money from commercial banks to pay back any (interest-free) loans under s. 18 (i) and (j) in that it is statutorily mandated to do so, has done so in that past, and in fact lends money to the commercial banks currently, at almost zero percent (0.25%);
  - (c) that inflation would ensue is simply negated by the fact that currently, the US Federal Reserve has a 0% interest rate while the Bank of Canada has a 0.25% rate with no inflating consequences, above and beyond the fact that, historically, such short-term (interest-free loans) have not, in and by themselves, caused inflation because they have to be repaid the next fiscal year; and
  - (d) on the fact the some Provinces may get more (interest-free) loans than others, this is neither contrary to the underlying constitutional principle of Federalism, nor the explicit terms of s. 36 of the *Constitution Act, 1982*.
22. The Plaintiffs state, and the fact is, that the Minister's response is financially and economically fallacious, as witnessed by the current state of affairs, such as the US Federal Reserve Bank (a private central bank) printing currency and "lending" it, to the commercial banks at 0% (interest-free), while the Bank of Canada's current lending rate is 0.25% (one quarter of one percent), above and beyond the "giving" or "bail-out" of hundreds of billions of dollars by the US and Canadian governments, as well as by the Bank of Canada, to purportedly avert a collapse of the international banking and financial systems.
23. The Plaintiffs further state, and the fact is, that this leads to the absurd and *ultra vires* result that while commercial banks obtain their money, from the Bank of Canada, at the Bank of Canada's prime leading rate, today at 0.25%, the citizens of Canada, through the government of Canada, *pay back* the commercial banks, commercial lending rates which are higher than the Bank of Canada's prime rate, on the "national debt" owed to private commercial banks, accumulated on the annual "deficit" as calculated and set down by the Minister of Finance in the annual budget, and budgetary process.
24. The Plaintiffs state, and the fact is, that the Minister of Finance's refusal is purportedly based on the reasoning that such loans would increase the annual deficits and public "debt."
25. The Plaintiffs state, and the fact is, that the Minister's calculation of the public deficit and debt, as calculated and not amortised, is based on fallacious accounting methods, namely with respect to how expenditures directly relating to "human capital" are set out and amortised as "liabilities" as opposed to "assets." The Plaintiffs state, and the fact is, that expenditures and the capital obtained through those expenditures and the capital obtained through those expenditures with respect to human capital are "assets" and not "liabilities." The Plaintiffs further state that the Minister of Finance's budgetary accounting is also misleading and fallacious in the calculation of "revenues" as excluding tax credits given back on collected/collectable taxes.
26. The Plaintiffs state, and the fact is, that it has been long recognized that investment and expenditure in human capital is the most productive investment and expenditure a government can make. This was amplified and borne out by the phenomenal success and results of the reconstruction of Germany and Japan following World War II, which was realized by a subsequent study by Theodore Shultz, a Nobel Prize Winner, from the University of Chicago, and other noted economists.
27. The Plaintiffs state, and the fact is, that the notion and reality of "human capital" with its origins going back to Adam Smith, boil down to:
- (a) acquired competency and knowledge of individuals, through education and experience, which in turn leads to the ability to perform labour producing economic output;
  - (b) along with this "human capital" attributable to individuals are the capital expenditures to make it possible such as schools, universities, and hospitals, etc;
  - (c) human capital is tied to the qualitative and quantitative progress of any nation;
  - (d) human capital is developed through health, education, and quality of standard of living which in turn translates to government expenditures and investments in schools, universities, hospitals, and other public infrastructures;
  - (e) human capital is always central to any analysis about the welfare, education, healthcare, and retirement of individuals, which in turn is central to a person's life, liberty, security of the person, as well as their equality within the Canadian state.
28. The Plaintiffs state, and the fact is, that while "human capital" expenditure, on human beings, and human capital expenditures (such as schools, universities, hospitals), while, in Canada, may not have a "marketable" or "sellable" value on the "free," "private" market, this does not mean, as interpreted and calculated by the Defendant Minister of Finance, that it has zero value when calculating assets and liabilities for deficit/debt purposes, nor in the manner in which these capital human expenditures assets are amortised for accounting purposes in that budgetary process.
29. The Plaintiffs state, and the fact is, that human capital has been viewed as a means of production through which additional investment yields additional output to the economy of any nation. This investment applies both to government and the private sector investments and expenditures.
30. The Plaintiffs state, and the fact is, that so long as the notion of expenditures on human capital are discarded, a critical intent and purpose of the *Bank of Canada Act* is rendered impotent, and equally discarded, with the results of statutory and constitutional breach(es) by the Minister of Finance and the Bank of Canada.
31. The Plaintiffs state, and the fact is, that BIS, FSF, FSB, and IMF were all created with the cognizant intent of keeping poorer nations "in their place," which has now expanded to all nations in that, these financial institutions attempt, and largely succeed, to over-ride governments and constitutional orders in countries, such as Canada, over which they exert financial control.
32. The Plaintiffs further state, and fact is, that, so long as human capital expenditures are treated strictly as "liability" and "debt," with no corresponding asset value, the government will not be investing in human capital infrastructure, or its *own* infrastructure for that matter, which is manifested for example, in government paying exorbitant rents on space for such things as Ministerial Departments, such as the Justice Department, as well as the Court themselves, where building or purchasing such assets would, in the long run, reduce those costs to a negligible fraction of the

actual rental expenditures which increases the “deficit” and “debt” as (mis)calculated by the current budgetary process. The Plaintiffs state, and the fact is, that such is the case with all sales, rentals, or disposition (“privatization”) of human capital infrastructure, including government infrastructure serving Canadians.

33. The Plaintiffs state, and the fact is, that with respect to the private corporate context, a company’s value is routinely calculated as an aggregate of its capital assets and its “goodwill” for accounting, valuation, and income tax purposes. The “goodwill” of the company essentially boils down its “human capital.”

34. The Plaintiffs state, and the fact is, that the Minister of Finance’s calculation of revenue, expenditures, and surplus/deficit, on an annual basis, is also fallacious and inaccurate by the statutory slight of hand and *ultra vires* accounting which is effected by means of the *Income Tax Act*, through “tax credits.” Thus, the annual budget is presented, in simple terms, as follows:

- (a) total revenue collected (without setting out total tax credits given back to taxpayers before final payable tax is calculated);
- (b) minus government expenditures (which includes misamortization of human capital expenditures);
- (c) equals total surplus/deficit.

35. The Plaintiffs state, and the fact is, that on the Minister’s presentation of a budget, the calculation is, for example, set out as follows:

- (a) total revenue equals \$240 billion;
- (b) minus total expenditure of \$280 billion;
- (c) equals a \$40 billion deficit.

When in fact, the real calculation and accounting should read, for example as follows:

- (a) total revenue collected/collectable:
  - i) \$340 billion,
  - ii) minus \$100 billion returned to taxpayers by way of tax credits, for a total of \$240 billion in revenues;
- (b) minus total expenditures of:
  - i) \$280 billion,
  - ii) while not counting nor properly amortizing human capital expenditures and assets;
- (c) equals a deficit of \$40 billion.

36. The Plaintiffs state, and the fact is, that the “deficit” amount of \$40 billion, which is added to the annual debt every year, more often than not equals or constitutes the bulk of the “carrying charges” (interest/paid on the debt, to commercial banks, at market rate interest rates), while the Bank of Canada gives that money to commercial banks at the Bank of Canada’s lower lending rate, an amount depravingly lower than what the government pays them back on its annual “debt.”

37. The Plaintiffs state, and the fact is, that tax credits do not show up as government revenue, on the one hand, but are simply off-set against tax revenue and then a net figure reported as tax revenue, as out in paragraphs 34 and 35 above.

38. The Plaintiffs state, and the fact is, that on the other hand “refundable” tax credits, which are credits whereby monies are remitted to the taxpayer, as opposed to non-refundable tax credits which simply reduce the amount of a taxpayers’ taxable income, on the other hand, show up as “expenditures” or government spending in the budgetary process.

39. The Plaintiffs state, and the fact is, that the above “accounting method” used in the budgetary process are not in accordance with accepted accounting practices, are conceptually and logically wrong, and have the effect of perpetually making the real

and actual picture of what total “revenues,” “total expenditures,” and what the annual deficits/surplus” actually is, what the annual “deficit/surplus” actually is, in any given year, and what, as a result the standing national “debt” actually is. Moreover, and more importantly, the Plaintiffs state, and fact is, that such “accounting” methods foreclose any actual or real debate, or consideration, by elected MPs, in Parliament, as the actual financial picture is not available nor disclosed to either Parliamentarians nor the Canadian public. The Plaintiffs state, and the fact is, that such accounting method breaches s. 91(5) of the *Constitution Act, 1867* and the duty of the Defendant(s) to maintain accurate “statistics.”

40. The Plaintiffs further state, and the fact is, that this “accounting” has, in the past, been heavily criticized by the Auditor General.

41. The Plaintiffs state, and the fact is, that the defendants’ (officials) are wittingly and/or unwittingly, in varying degrees, knowledge, and intent, engaged in a conspiracy, along with the BIS, FSB, an IMF, to render impotent the *Bank of Canada Act*, as well as Canadian sovereignty over financial, monetary, and socio-economic policy, and in fact by-pass the sovereign rule of Canada, through its Parliament, by means of banking and financial systems, which conspiracy and elements of such tortious conduct are set out, *inter alia*, *Hunt v. Carey Canada Inc. [1990] 2 S.C.R. 959* namely:

A/ that the Defendants’ (officials), including and together with the BIS, engage(d) in an agreement for the use of lawful and unlawful means, and conduct, the predominant purpose of which is to cause injury to the Plaintiffs, and all other Canadians;

B/ that the Defendants’ (officials), including and together with the BIS, engage(d), in an agreement, to use unlawful means and conduct, whose predominant purpose and conduct directed at the Plaintiffs, and all other Canadians, is to cause injury to the Plaintiffs and all other Canadians, or the Defendants’ officials should know, in the circumstances, that injury to the Plaintiffs, and all other Canadians, is likely to, and does result;

42. The Plaintiffs state, and the fact is, that the proper accounting and setting out of the budgetary process, including the aggregate amount of taxes collected/collectable which is “given back” to taxpayers, and notably corporate tax payers, through tax credits, would result in the proper accountability and consequential political debate, through the elected MPs in Parliament, on the actual state of Revenues, Expenditures, Surplus/Deficit account, announced, and tabled in Parliament by the Minister of Finance, in his constitutional duty over the budgetary process.

43. The Plaintiffs state, and the fact is, that the “accounting” employed in the budgetary process, and an inaccurate and unavailable “statistic” of the aggregate of tax credits transferred back before calculations of net revenue, as well as the absence of the “asset” value of human capital and expenditures and infrastructure, violates s.91(5) of the *Constitution Act, 1867*.

44. The Plaintiffs state, and the fact is, that the Minister’s statutory and Parliamentary duty over the budgetary process, goes hand in hand with his statutory duty as ultimate authority, with the consent of Governor-in-Council, over the Bank Canada, under s.14 of the *Bank of Canada Act*, and the authority and duty imposed by s. 18 (i) and (j), and other duties, which includes the exercise of the statutory duty to ensure interest-free loans to the government of Canada and the Provinces to execute and implement human capital expenditures which expenditures ought to be properly amortized and accounted, along with the proper accounting of tax

credits, in the budgetary process, which process is *constitutionally* mandated, going back to the *Magna Carta* in the constitutional guarantee that the Crown can only impose taxes, for the declared proposed expenditures, as set out in the throne speech, upon the consent (over the taxing power) of the House of Commons.

45. The Plaintiffs state, and the fact is, that s. 18(m) of the *Bank of Canada Act*, and its administration and operation, is unconstitutional and of no force and effect, in Parliament and the government, including the Defendant Minister of Finance, abdicating their duty to govern, and insofar, as monetary, currency and financial policies, *per se*, are concerned, and in turn as they affect socio-economic governance, have abdicated their constitutional duty(ies) and handed them over to those international, private entities, whose interests, and directives, are placed above the interests of Canadians, and the primacy of the Constitution of Canada, not only with respect to its specific provisions, but also with respect to the underlying constitutional imperatives.
46. The Plaintiffs state, and the fact is, that *ultimate* control and decision(s) under the *Bank of Canada Act*, are made by the Minister of Finance, with the approval of the Governor in Council, by “government directive” under s. 14 of the *Act*.
47. The Plaintiffs state, and the fact is, that the *ultra vires* (in)actions of both the Minister of Finance, and the Bank of Canada, as set out in the within statement of claim, have the result of breaching the rights of the Plaintiffs and all other Canadians, not only statutorily, but also their constitutional rights as follows:
- (a) their right to life, liberty, and security of the person under s. 7 of the *Charter* by a reduction, elimination, and/or fatal delay of health care services, education and other human capital expenditures and services;
  - (b) their right to equality both under ss. 7 and 15 of the *Charter*,

but also the underlying constitutional right to equality, as identified in, *inter alia*, the Supreme Court of Canada’s decision in *Winner v. S.M.T. (Eastern) Ltd.*, [1951] S.C.R. 887;

- (c) the underlying constitutional principle of Federalism;
  - (d) the expressed provision(s) giving effect to the underlying principles of Federalism, contained in s. 36 of the *Constitution Act, 1982*.
  - (e) the constitutional right that statutes do not be rendered impotent in Parliament *de facto* abdicating its duty to govern.
48. The Plaintiffs state, and the fact is that as a result of the Defendants (‘) officials tortious, *ultra vires*, and unconstitutional conduct, they have suffered damages as set out above, and in reduced services in human capital expenditures and infrastructure, as has every other Canadian citizen/resident.
49. The Plaintiffs state, and the fact is that as a result of the Defendants (‘) officials tortious, *ultra vires*, and unconstitutional conduct they have also suffered damage to their normative constitutional order by irreparable harm to the constitutional supremacy required and dictated not only by s.52 *Constitution Act, 1982*, but also by the supremacy required and dictated by its underlying principles.
50. The Plaintiffs propose that this action be tried at Toronto.

Dated at Toronto this 12th day of December, 2011.

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Uganda from page 12

economic theory reprinted the *Revue économique* piece and invited me to come to discuss it. It was reviewed not once, but as I remember, twice by the economic journal of Cambridge University in Britain that was particularly impressed by my use of the term “social lien” to explain the growing portion of the national product that is not marketed but covers what is directly acquired by governments from its producers. This collaboration continued on a very close basis until Hotson’s death. But new winds were blowing, suddenly changed its orientation and gave John Hotson early retirement on tempting terms that broke his heart as hastened his demise.

In Latin America where years of work I had helped produce democratic revolutions where Washington’s dictators reigned seemingly securely. Washington was working hard to sell Canada and Latin America the idea of a US dollar-based currency. But takers were scarce. At the American Embassy in Mexico, the person in charge of Latin America, asked me rhetorically, pointing to a picture of President Kennedy, still the live and breathing president of his country, “Who are we to criticize Latin American dictators if we have this man in our White House.” Nevertheless, when my Mexican visa came up for renewal, I was picked up in the middle of the night, held in confinement overnight and put on the first south-bound plane headed for Guatemala, at Tapachula the last stop before entering Guatemala the order came that I was not allowed to step off the plane. It turned out, a serious flaw in the strategy of Washington’s foreign policy. For I was able to contact the rebellious groups unhappy with the US’s favorite Guatemalan dictator and by the time I was able to get back to Mexico, I was intimately connected with the

opponents of the rebel groups of Guatemala. And when I received a telephone call from one of these descendant of a revolutionary who led the movement that produced independence from Spain. The message was succinct. Come down here at once.

And come down I did. The fortress of Guatemala City was ringed with pill-boxes at each corner. The revolutionaries had kidnapped the artillery-man in what was the pill-box loyal to the dictator in power and with a pistol to his head threatened to pull the trigger if he refused to bombard another pill-box loyal to the dictator. In tears the artillery officer fired. We hid in my host’s cellar until the artillery was over – in fifteen minutes. The loyalist pill-box had fallen, and I was able to leave the safety of that cellar and pick my way through the darkness to the central square, where I found a single dead soldier – the liberation plan had been a total success. I was left with a problem, however, I had worked for *Time* as a stringer, but had been dropped on the initiative of the State Department. However, I had nowhere else to send it and *Time* – in its glory-period – had a near monopoly of informing the English-speaking denizens of Latin America, with the way the world is going the fates would have it, however, that at the time Henry Luce, the man in control of *Time*, was getting work with the war. When my reportage arrived he had me hired full time at once, and gave me the choice of where I would prefer to be their burochief – Europe or the Americas. I chose the Americas and my American immigration difficulties was resolved at once. And I was brought to New York for a month to learn company routines from within. I found the staff most sympathetic. A year later, I was released, a change of the winds out of Washington, on very generous financial terms and my US visa problems were cleared. *W.K.*

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# A Banker Speaks, With Regret

By Nicholas D. Kristof, *The New York Times*, November 30, 2011

If you want to understand why the Occupy movement has found such traction, it helps to listen to a former banker like James Theckston. He fully acknowledges that he and other bankers are mostly responsible for the country's housing mess.

As a regional vice president for Chase Home Finance in southern Florida, Theckston shoveled money at home borrowers. In 2007, his team wrote \$2 billion in mortgages, he says. Sometimes those were "no documentation" mortgages.

"On the application, you don't put down a job; you don't show income; you don't show assets," he said. "But you still got a nod."

"If you had some old bag lady walking down the street and she had a decent credit score, she got a loan," he added.

Theckston says that borrowers made harebrained decisions and exaggerated their resources but that bankers were far more culpable – and that all this was driven by pressure from the top.

"You've got somebody making \$20,000 buying a \$500,000 home, thinking that she'd flip it," he said. "That was crazy, but the banks put programs together to make those kinds of loans."

Especially when mortgages were securitized and sold off to investors, he said, senior bankers turned a blind eye to shortcuts.

"The bigwigs of the corporations knew this, but they figured we're going to make billions out of it, so who cares? The government is going to bail us out. And the problem loans will be out of here, maybe even overseas."

One memory particularly troubles Th-

eckston. He says that some account executives earned a commission seven times higher from subprime loans, rather than prime mortgages. So they looked for less savvy borrowers – those with less education, without previous mortgage experience, or without fluent English – and nudged them toward subprime loans.

These less savvy borrowers were disproportionately blacks and Latinos, he said, and they ended up paying a higher rate so that they were more likely to lose their homes. Senior executives seemed aware of this racial mismatch, he recalled, and frantically tried to cover it up.

Theckston, who has a shelf full of awards that he won from Chase, such as "sales manager of the year," showed me his 2006 performance review. It indicates that 60 percent of his evaluation depended on him increasing high-risk loans.

In late 2008, when the mortgage market collapsed, Theckston and most of his colleagues were laid off. He says he bears no animus toward Chase, but he does think it is profoundly unfair that troubled banks have been rescued while troubled homeowners have been evicted.

When I called JPMorgan Chase for its side of the story, it didn't deny the accounts of manic mortgage-writing. Its spokesmen acknowledge that banks had made huge mistakes and noted that Chase no longer writes subprime or no-document mortgages. It also said that it has offered homeowners four times as many mortgage modifications as homes it has foreclosed on.

Still, 28 percent of all American mortgages are "underwater," according to Zillow, a real estate Web site. That means that more is owed than the home is worth, and

the figure is up from 23 percent a year ago. That overhang stifles the economy, for it's difficult to nurture a broad recovery unless real estate and construction revive.

All this came into sharper focus this week as Bloomberg Markets magazine published a terrific exposé based on lending records it pried out of the Federal Reserve in a lawsuit. It turns out that the Fed provided an astonishing sum to keep banks afloat – \$7.8 trillion, equivalent to more than \$25,000 per American.

The article estimated that banks earned up to \$13 billion in profits by relending that money to businesses and consumers at higher rates.

The Federal Reserve action isn't a scandal, and arguably it's a triumph. The Fed did everything imaginable to avert a financial catastrophe – and succeeded. The money was repaid.

Yet what is scandalous is the basic unfairness of what has transpired. The federal government rescued highly paid bankers from their reckless decisions. It protected bank shareholders and creditors. But it mostly turned a cold shoulder to some of the most vulnerable and least sophisticated people in America. Last year alone, banks seized more than one million homes.

Sure, some programs exist to help borrowers in trouble, but not nearly enough. We still haven't taken such basic steps as allowing bankruptcy judges to modify the terms of a mortgage on a primary home. Legislation to address that has gotten nowhere.

My daughter and I are reading Steinbeck's *Grapes of Wrath* aloud to each other, and those Depression-era injustices seem so familiar today. That's why the Occupy movement resonates so deeply: when the federal government goes all-out to rescue errant bankers, and stifles homeowners, that's not just bad economics. It's also wrong.



**Editor:** Our governments must get out of cold storage their consciences and shovels and dig deeper to retrieve the human capital that is being destroyed on an ever mounting scale. *W.K.*

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