

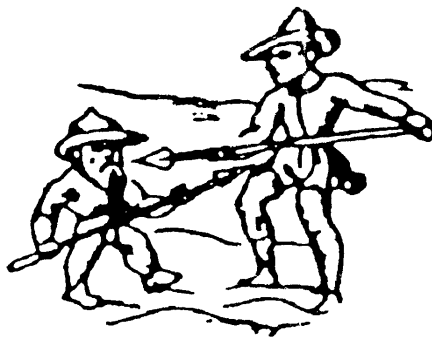
End Notes

for

Public Cash for the Real Economy

by

Peter Etherden



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Roman Numerals refer to endnotes in the text of *Public Cash for the Real Economy* by Sabine K McNeill and Peter Etherden

- i. **My PayPal Story:** *Wikipedia's* entry on *PayPal* is excellent. It is remarkable how many *PayPal* movers 'n shakers have moved out and founded other important internet developments like *YouTube*. There is a section in the *Wikipedia* entry about this...*Entrepreneurship by Former Employees*. My family management company *William Franklin & Sons Limited* has operated a *PayPal* business account since 2000. One of our contracts is looking after project and financial management for the export business side of a Stockholm-based business. Small *PayPal* balances are held in GBP, USD, EUR and SEK currency accounts in support of this business. Money is withdrawn from the *wf&s PayPal* GBP account into the firm's GBP account with *Barclays* in the UK when the balance in all the currency accounts are over £50...withdrawals are free over £50. The withdrawn funds are then distributed in GBPs to UK-based service suppliers who normally spend it in GBPs. *William Franklin* collaborates with *Paen*, a German-based internet interpreter/voiceover/translator business... swapping jobs, translators and voice-overs...balancing work loads, availability etc...and have a reserve pool with a large British internet agency called *proZ.com*. *William Franklin* nets off with *Paen* about once a year in EURs. When the pound (GBP) hit its peak against the EUR a couple of years back, all *William Franklin* billings were shifted to EURs and UK translators and voice-overs also encouraged to switch to quoting and billing in EURs. *Pernille* (Danish), *Ellen-Marie* (Norwegian) and *Leena* (Finnish) are UK based and put all their billings through *William Franklin* while providing Scandinavian languages to *Paen* as well as *William Franklin*. Previously they were billing in pounds. This move effectively increased their earnings by 25% as the GBP has steadily deteriorated against the EUR. The firm's motivation was however to hedge...in the original meaning of the term...against currency movements...it has little interest being in the currency speculation business...by limiting *William Franklin* currency exposure to a few percent of total billings (a few Swedish Kronor invoices). *William Franklin* now bills and receives payment from most of our Swedish clients in EURs. *William Franklin's* and *Paen's* business is almost 100% internet based...pdf and doc. files for the work, *PayPal* for the money and ftp'd to and from web servers for the audio and film tracks. European-based suppliers of translations and voice-overs get paid via *PayPal* in EURs. When billing, *wf&s* takes its exchange rates from *My Yahoo!* on the invoice date. Funds are moved between the two at the *PayPal* exchange rates. These financial arrangements are very convenient for a real business, which has neither the time, interest or profit opportunity in analysing *PayPal's* fee structure or the *PayPal*, *My Yahoo!* or the commercial banking systems' exchange rates. The situation is very different for a financial business; and might also change were rates to become excessive. In fact the impetus behind the shift of European payments to *PayPal* was *Barclay's* imposition of a £20 fixed charge on all European payments which made economic nonsense (and was probably illegal at several levels). This also made it clear that *Barclays* had to be watched carefully. One big Swedish client for instance are billed in EURs and use SWIFT (the interbank payment system) to send the money in EURs via *Barclays* online *ibank* to the firm's UK business account. *Barclays* convert this into GBP on arrival before crediting it to the *William Franklin* account. One long running complaint about the banks here in the UK has been the time the commercial banks hang on to customers' money. A typical example are my *PayPal* transactions, which whiz through *PayPal* in the blink of an eye but seize up when the moment they hit the UK commercial banking system. Take a recent five pound transaction with an American colleague who was exploring the workings of the *PayPal* payments system. This exchanged between our *PayPal* accounts early Monday morning 21st July (01:37:50 PDT). The money finally left my *Barclays William Franklin* business account overnight three days later. Recently the UK government has done some huffing and puffing about this by telling the banks to shape up...but were sent away with the usual fraudulent *Bankers Promise*. No changes have been noticed by the punters. At the current bank interest rates of 6%, this three days delay works out at four pounds worth of interest going into someone's pockets on every £10 000 of exchange transactions. Complexity makes it possible to shield all this from both public and personal gaze...and this is just one of a myriad of micro-profiteering (usury) taking place throughout the system. In this article it is argued that the best way to deal with this absurdity is the old way...with statutes against usury and with rights of citizen arrest...the *Act of 1571* in other words with improved public powers of enforcement. The *Act of 1571* included fines of three times the absurdity. So this particular piece of absurdity would cost *Barclays* £12 plus legal costs...hundreds of times a year...on all the delayed multiples of ten thousand pounds. That would soon add up and make the *Barclays Usurers* think twice and screen all their policies through their *Legal Department - Usury Division* before passing them down the line for implementation. Our ancestors were a lot smarter than we are. It helped that they could invoke the wrath of the church and condemn bank directors to eternal damnation...and then some.
- ii. **Money Miseducation:** The most glaring example is the belief that a bank lend out the money deposited by its customers. *Northern Rock* should have shattered that myth. Nonetheless scarcely one person in a hundred has ever heard of *Capital Adequacy Ratios*, which are themselves just the tip of an iceberg of obfuscation and deliberate deceit. This is *Civics101* and should form part of every school's GCSEs.
- iii. **Banks & Ideology:** Marxism is a classic example. Karl Marx and Adam Smith were 'of their time' and mercantilist in their views about money. From its very inception the USSR had a state bank *Gosbank* working to central banking principles that differed little from the Dutch founders of the banks of Amsterdam and England at the end of the 17th century.
- iv. **BBC Radio:** The best of the *BBC's* radio output is between midnight and dawn (GMT) but you need to be a serious insomniac to catch much of it. So there are good things happening on the *BBC World Service* where they have competition...like *Al Jazeera*, *Times of India* etc. The *BBC* seem to have been shaken by the *Hutton* white wash...the last time that will happen...laws are being proposed to make sure inquiries like that get the *Top Secret* stamp and are held in camera. Coroners are to be muzzled the same way. All these inquests on dead soldiers returning in body bags from Iraq and Afghanistan are a problem because of the way they are showing up the cock-up reality of the *British Armed Forces* which doesn't play too well either at home or abroad against the army of PR boy & girls and spin controllers hired to fire off news missiles for public consumption. The truth about the *BBC* is that it is just one of a host of problems in this

country as it bullshits its way round the world believing its own propaganda about having the best schools, the best military, the best public service broadcasting, the best health service etc. when almost always the exact opposite is the case. The *BBC* is a propaganda organ for the *Establishment* which swaps & matches agendas with the newspapers. It beggars belief the ignorance that is trotted out to explain anything financial nowadays. For a few weeks they had a *Business Editor*, Robert Preston, who spoke some sense, but he seems to have been given extended leave. 'Must build lots of nuclear plants so that we are not embarrassed again by Russia' (that was this morning about Georgia). 'Must have a crash programme of GM trials to expand world food production and bring down food prices!' (also this morning as a balanced counterattack on the front page (anti-GM) *Daily Telegraph* interview with Prince Charles. The reality of the *BBC's* much (self-) acclaimed 'unbiased reporting' has been well captured by *Seize The Day*...a 20-minute song about their experience being their way of getting even after the *BBC* removed them from the *World Music Awards* when they topped the online poll. Both George Orwell and J. B. Priestley had first hand working experience of the *BBC* and they both predicted it would go this way.

- v. **Maldistribution of Credit:** There are a large number of anti-society consequences of distributing spending power through the banking system to firms that meet their arbitrary criteria...collateral and profit maximising objectives. Bank lending is heavily skewed towards property-rich legal entities and results in the banking system creating housing bubbles through its requirement that people's homes should be offered up as collateral, a practice avoided by adoption of *Grameen Banking Principles*. The practice condoned by the banking industry of pyramiding up mortgages and real estate loans also has anti-society consequences such as second homeowners crowding out local dwellers in rural areas and the house builders working in cahoots with the banks to pump up a *Buy to Let* markets in yet another case of mis-selling by financial institutions.
- vi. **Deposit-Loan Ratios:** The slack has been taken up by the fractional commercial banking system. The ratio of deposits to loans should be raised from its current ratio of below 0.10 to the present Chinese level of 0.15. From there as *Public Credit* is increased so the degree of fractionality in the commercial banking system can be reduced until it reaches a parity at 1.00 at which point the country no longer has a fractional banking system. The *Grameen Banks* have found it prudent to go further. Their ratio of deposits to loans is 1.50...12 times that of the UK commercial banks who have been pumping out money and credit as bank loans and overdraft for commercial businesses to pass on as private property (through dividends, pensions and the like) and for fuelling property bubbles and the financing of the shift from *Financial Capitalism* to *Resource Capitalism*.
- vii. **Binding Future Parliaments:** This principle seems to be lost on *New Labour* and on Gordon Brown in particular, who as *Chancellor of the Exchequer* routinely spread his sheets out into some far distant future. The *Public Private Initiative* is one example. Under the dubious guise of keeping Brussels off his back by doing the Labour Party's bidding and investing in public services, he has stripped liabilities from the balance sheet of today's tax payers by loading them onto future Parliaments and future generations.
- viii. **Trade Credit Abuse:** The banking system also distorts the natural working of trade credit by their arbitrary withdrawals of loans and overdrafts from the small businesses that are already being squeezed in turn by the largest corporate entities which are jerking them around on the end of fluctuating payment terms which always extend out from 30 days to 120 days whenever money is in short supply as a result of another strike by the owners of capital. Capital strikes are much more damaging to the real economy than labour strikes. Parliament should put a stop to all this.
- ix. **David Korten:** Dr. David C. Korten is a leader in the global resistance against corporate globalization. He is probably best known as the author of the book *When Corporations Rule the World*. Korten is president of the People-Centred Development Forum and author of *When Corporations Rule the World*, as well as A Post Corporate World-Life after Capitalism. He was a former official of the United States Agency for International Development (USAID) in the Philippines.
- x. **Global Corporations:** Korten argues that even global corporations can be dominated by this system, as they find themselves forced to maintain distortedly high profit margins to stay attractive to financial investors. The losers are the rights of workers and the environment. This will bring us full circle as the subject of judicial persons was hotly debated by the *American Founding Fathers* with both Thomas Jefferson and Tom Paine insisting that only real people should be equal before the law. Their misgivings are turning out to be well-grounded.
- xi. **Lost Science of Money:** Page 525-528 in *The Lost Science of Money* by Stephen Zarlenga (American Monetary Institute, New York, 2002, 725 pages; ISBN: 1-930748-03-5).
- xii. **Secrecy of Central Banks:** In Paterson's description of how the *Bank of England's* legislation was promoted, we read: "All the while the very name of a bank or a corporation was avoided, though the notion of both was intended..."*The Bank of England* legislation was not even framed in its own act, but quietly passed as a rider to a shipping bill. With the *Federal Reserve*, we see the manoeuvres of creating the temporary *Aldrich-Vreeland* system; the secret Jekyll Island meeting; the disguising of the Republican bankers' bill as a Democrats' bill; and the bankers pretending to oppose their own bill.
- xiii. **Central Bank Backers:** Both laws depended heavily on wealthy and more sophisticated foreign supporters and organizers. The *Bank of England* was organized largely by Dutch and Jewish financiers, who provided the formula and the impetus for it. The formula for the *Federal Reserve System* came largely from the *Kuhn Loeb* bankers connected with the European *Rothschild* interests; for Paul Warburg's overriding importance in the formation of the *Federal Reserve System* cannot be denied. The impetus also came from *Morgan* and it could not have been done without the complicity, support and organization of America's financial establishment.

- xiv. **Central Banking Complexity:** Both institutions were very complex and not understood. This resulted partly from the need to cloak their effect - to obscure that the nation's sovereignty over its money was being transferred to private persons. Paterson wrote that few persons could understand the Bank proposal. And few could understand the *Federal Reserve*. Even among the American press: 'The *Nation* magazine was the only public organ, so far as I can find out, which pointed out that the issue of the money of the U.S. was being turned over to a body of men who were neither elected nor answerable to elections,' wrote Mullins. 'This lack of understanding was further compounded by the vagueness of the act itself. Milton Friedman and Anna Schwartz [*A Monetary History of the U.S. 1867-1960. National Bureau of Economic Research, Princeton University Press, 1971*] pointed out that: 'The *Federal Reserve System* therefore began operations with no effective legislative criterion for determining the total stock of money...the discretionary judgement of a group of men was inevitably substituted for the quasi-automatic discipline of the gold standard. Those men were not even guided by a legislative mandate of intent (except the title of the act). Even within the *Federal Reserve* itself, almost no one besides Paul Warburg and Benjamin Strong had a clue as to what would happen: 'In 1914 when these 12 banks were organized, a large staff of officers were gathered from all parts of the country and to them was delivered...just exactly what is contained in the *Federal Reserve Act* - and no more. With the exception of Paul Warburg and the writer, there was not one man in the entire organization who ever had the slightest experience in foreign banking, nor the opportunity to study the methods and policies of the banks of issue of Europe,' wrote Benjamin Strong, the first *President of the New York Federal Reserve Bank*. [In a letter from Strong to J. Hollander dated January 3rd, 1924, quoted by Lester V. Chandler in *Benjamin Strong, Central Banker*, Washington: Brookings, 1958) p. 17]. 'This lack of understanding continued for decades as evidenced in Thomas E. Dewey's questions to Marriner Eccles (then *Chairman of the Federal Reserve System*) in a June 17, 1942 appearance before a congressional committee...Dewey was no slouch; he was to become *Governor of New York*, and nearly defeated Truman for the presidency in 1948; yet he had trouble grasping how the *Federal Reserve* created money out of thin air. He probably had believed the normal misinformation that banks mainly re-lend money that their depositors place with them.
- xv. **Private Nature of Central Banking:** Both institutions were privately owned but made to appear as government bodies.
- xvi. **Disillusioned Backers of Central Banks:** Some important early supporters would later condemn both institutions. In the case of the *Bank of England*, William Paterson became so disaffected that he published a book condemning the Bank's build-up of the national debt. [see Bannister, Saxe: *William Paterson*; Edinburgh; Nimmo; 1859 and also *The Writings of William Paterson*, 1859, reproduced 1968, New York, A.M. Kelley]. And with the fed, several important early supporters regretted it later. William Jennings Bryan would write: 'In my long career, the one thing I genuinely regret is my part in getting the banking and currency legislation enacted into law.' Woodrow Wilson also regretted his role and later wrote a scathing statement against the Money Power.
- xvii. **Gold & Central Banks:** Both institutions gave the impression that their notes were backed by gold. In fact the *Federal Reserve's* notes (not its created deposits) started out as gold backed, but would soon be changed.
- xviii. **Bank of International Settlements:** On 9th June 2008, Gill Montia in *Banking Times*, reported that the latest Quarterly Report from *BIS* noted that the Great Depression of the 1930s was not foreseen and that commentators on the financial turmoil, instigated by the US sub-prime mortgage crisis, may not have grasped the level of exposure that lay at its heart. She reported the *BIS* as writing that 'complex credit instruments, a strong appetite for risk, rising levels of household debt and long-term imbalances in the world currency system, all form part of the loose monetarist policy that could result in another Great Depression'. The report also pointed out that between March and May interbank lending continued to show signs of extreme stress and that this could be set to continue well into the future. Concerns were also raised about the Chinese economy and whether China might be repeating the mistakes made by Japan, with its so called bubble economy of the late 1980s. Ominous talk that sends out a signal to get deglobalising fast. No doubt the announcement came after the insiders had finished doing so.
- xix. **Law & Morality:** There is a wealth of good scholarship linking sound moral principles to legislative action. E.F. Schumacher, for instance, in *This I Believe* has an essay entitled *How to Abolish Speculation* in the section on *Cities and Land* where he reminds his readers of the good sense in Henry George's proposal of removing to the commonwealth the windfall gains associated with public decisions (e.g. planning permission). Halford Mackinder believed another fundamental issue was the conflict between *Locality* and *Interests*, implying that there should be a legal hierarchy of equality before the law based on a slogan like *Judicial Persons Good, Local Places Better, Real People Best*. This could be worked up into legislative language. Montesquieu thought highly of the traditional English habit of primogeniture whereby large estates pass intact to the eldest son and Alexis de Tocqueville homed in on this device when making his assessment of *Democracy in America*. Tom Paine in *Agrarian Justice* calculated that a 3% inheritance tax would suffice to provide generous pensions and social security for all.
- xx. **Grameen II:** *Grameen* went back to the drawing board in 1999 and came back with a major upgrade in 2001 which they refer to as *Grameen II*. 'The differences between *Grameen I* and *Grameen II* are many and interesting' (to quote the *Nobel Prize Winner* Muhammad Yunus who founded the *Grameen Movement*...see the full story in *The Poor Always Pay Back: The Grameen II Story*. Predictably attempts have been made to discredit the *Grameen Microcredit* idea by hijacking the meaning of *Social Business*. There were 3000 delegates at a *Microcredit Summit* in Washington in 1997 prompting Yunus to classify microcredit programmes as Poverty-focused (Type 1) and Profit Maximizing (Type 2). Type 2 was just as fine as long as they were targeted at the Middle Classes. They should be kept away from *The Poor*.
- xxi. **Usury Act of 1571:** There are two aspects to the *Parliament of 1571's* deliberations on the *Act of 1571*. Firstly they took the Francis Bacon line (see his *Essay on Usury*...a masterpiece of concise erudition) and in effect did an ABC analysis of the problem of usury by saying there is outrageous behaviour (A), sensible socially acceptable behaviour (C) and then a

grey area in between (B). As a first approximation civil society was given the OK to adopt 10% as the discerning factor (Bacon put it at 5%) and the *Doctrine of Discernment* is a key concept in *Catholic Christian Ethics*. So we get Class A Usury as anything over 10%, Class B Usury as 0-10% and Class C Usury at 0% and under...at which point the Lender pays the Borrower a *Stewardship Fee* for looking after his money. Secondly Parliament adopted distinctly different approaches to the three classes of usury in the administrative procedures of the *Doctrine of Usury*. Class C cases are dismissed out of hand. 'No case to answer! Don't waste the Court's time! Credit makes the world go round! Of course the Merchants are right and the Theologians are splitting hairs! Go dance on pins! However *The Poor* should pay lower and not higher rates of interest for their credit. Why? Because they are poor so they don't have any money. Christian Charity, common courtesy and run-of-the-mill justice. Class A cases are also dismissed...but done so by the *Courts* so that the dismissal is backed up by the full force of the Law, its Prisons, and its *Law Enforcers* and the *Property Confiscators*. The Penalty imposed on the *Usurer* is three times the amount stolen...although previously as Swabe demonstrates it was much worse than this for the *Usurers*...eternal damnation, no Christian burial and then some. One of the real subtleties in the *Act of 1571* is the manner in which Civil Society is commanded to deal with *Class B Usury*. Here the *Parliament of 1571* takes what constitutes in effect a *Citizen's Arrest* approach. Tawney's understanding of this is spot on in his *Compromise of 1571* essay where he quotes from the author of *The Death of Usurie* (1595)...Page 82 in the full text version.

- xxii. **Grameen Principles:** The *Grameen* ceiling is twice the sum borrowed...a *Repayment to Principal Ratio* of 2.0. In my 1998 *Canterbury Papers* I suggested a ceiling of 1.3 as a way to compel the financial system to incorporate the period of the loan, the interest and the fees into a single measure. Grameen's thinking is along similar lines. Discussion of public policy should be refocused away from interest rates which are bedevilled by the (minor usury induced) problem of inflation, to concentrate instead on the Judaic seven year rule...and mortgages in this country are now stretching out to 50 years and beyond...by combining principal and interest into a single acceptable/unacceptable usury index based on the money received by the *Borrower* and the money returned to the *Lender*. In this country the *Office of Fair Trading* has a *de facto* definition of unacceptable monopoly as in excess of 30% market share. So let's use the same number so that the break point between *Class A* and *Class B Usury* is not ten percent (or 8 or 6 or 5) but the point at which *Repayment to Principal Ratio* exceeds 1.30.
- xxiii. **Grameen Home Loans:** The *Grameen Home Loan Programme* should be the model for the first *Public Credit* issue in the UK. Instead of turning building societies into unsuccessful bankers which was the effect of the act of vandalism by the *Thatcher Government*, they should have been confederated into a *Freddie Mac* and *Fannie Mae* at the county level and outsourced to Grameen for the introduction of *Grameen* principles for one-home owners in the UK.
- xxiv. **Grameen Loans for Beggars:** The *Grameen Struggling Members Programme* currently lends microcredit to 100 000 beggars. To date the *Beggars Loan Programme* has lent out 95 million taka and had 63 million of it repaid. Meanwhile 10 000 beggars have managed to take themselves off begging.
- xxv. **Simple Interest:** Here is how simple interest works. If a peasant farmer borrows £10 for half a year to buy seed from *Monsanto* at 1% per month and then has a bad harvest and pays back after the next harvest instead, his repayment ratio is $£10 + £0.60 + £1.20 = £11.80$ divided by £10 or 1.18 after two years as opposed to 1.06 if he had paid back as he originally expected after six months at the first harvest.
- xxvi. **Empowerment:** Twenty five years ago I briefly held a position as an *Assistant Professor of Early Childhood Education* at *Wheelock College* in Boston...one of the top teaching training colleges in the USA. Together with Professor Edgar Klugman, who bravely took upon himself the task of steering our courses through the *Curriculum Committee*, we designed and taught courses on empowerment. Teachers learned how to empower themselves so that they knew how to empower the children they taught.
- xxvii. **Constitutional Redundancy:** Both the *Archbishop of Canterbury* and *Prince Charles* have floated the idea of a new *English Church* that would be a church of all the faiths. What fun they would have, this colourful kaleidoscope of bishops, immans and rabbis, disputing amongst themselves over hundreds of urban and rural parishes. It is possible to empower the *Lords Spiritual*. God will surely be on their side. And what use are the *Nobility*? Not a lot, you might say, and you might be right. But does it need to be so? The *Lords Temporal* too have a vital role to play. The aristocracy can rediscover its *noblesse oblige* and find something more useful to do than adorning the letter heading of charities and corporations. Perhaps their *Sovereign* should command them to abandon the *Great Wen* and return to their *Country Estates*. The *Privy Council* and the *Lord Lieutenants of the Counties* can be reinvigorated and empowered. Given the manner in which the *House of Windsor-Battenberg* ascended the *English Throne* in preference to any of a couple of dozen other European royal houses like the *Stuarts* or the *Tudors* or the *House of Orange* etc., it is unlikely that their bloodline is anything out of the ordinary. But in practice it really does not matter because they have ancestral links to King Arthur. Just as the *Sovereign* is more than the *King*... 'The King is dead! Long live the King!'...so the *Monarchy* is more than any one particular *Royal House*. One of the problems with *Monarchy*, as Tony Benn correctly points out, is not the Queen or the Duke of Edinburgh, or even the Royal Family but the hordes of hangers-on and the way the social structure of the country is distorted by *Monarchy*. Tawney applied much the same argument to the *English Public Schools*...and, were he alive still, he would be disappointed at the *Labour Party's* failure to abolish them. However this is not a problem of *Monarchy* because *Republican States* have similar problems. Ask the French and the Americans about the reality of their imperial presidencies. Montesquieu argued that a decentralised aristocracy with primogeniture was a good thing and that *Aristocratic Populism* with their roots in their landed estates and guided by a *noblesse oblige* guaranteed a benevolence system of governance. He was not the first or the last to notice that a decentralised landed gentry constrained by good laws...like *Magna Carta* and the *Common Law*...with an honest judiciary and a high-

minded priesthood looking out for justice and charity had its advantages. But in England the *Monarchy* comes with a 1000 years of *Monarchical Tradition*. Much of this is imperial theatre but not all of it. The guilds and the ancient orders may turn out to have important roles to play in the future. They deserve to be treated with reverence.

- xxviii. Engineering Attitude:** It was a philosopher C. H. Waddington who wrote a book entitled the *Scientific Attitude*. It was, he claimed, the attitude of *Twentieth Century Man*. The philosophers of today have not yet seen that one among them needs now to write a book entitled *The Engineering Attitude*. When he does so he will be writing in the second decade of the twenty first century and by then he will be able to see that this was to be the attitude of *Twenty First Century Man*. The *Engineering Attitude* just like the *Scientific Attitude* of which Waddington wrote is not synonymous with either the *Business of Science* or the attitude of the individual scientist. It is more in the way of a metaphysics with which to approach the everyday world. It is important that the idea of the *Engineering Attitude* is understood in this manner. I do not mean that *Tomorrow's Car Company* will be run by engineers or that *Finance and Marketing* or *Profits or Balance Sheets* will be discarded. Instead I mean that a *Car Company* that is permeated with the *Engineering Attitude* will approach the world with the collective mindset of the *Good Engineer*. This in turn means that he will deal with the world as it is presented to him not by means of some theory of it and he will use the principles of good engineering design to develop a solution to specific changes that he believes to be needed. If I were to contrast the *Engineering Attitude* with the *Scientific Attitude* then in a phrase I would say that the *Engineering Attitude* concerns itself with *Feasibility* and *Desirability* - the *Scientific Attitude* only with *Feasibility*. The *Engineering Attitude* is interested in how a particular system, be it a physical system, a social system, a myth system or a metaphysical system will be used in the real world. It is interested in its impact. It builds in safety factors and concerns itself with making sure the system works all the time. The *Scientific Attitude*, particularly since the recent introduction of the *Quantum Heresy*, is interested in making general statements about how a particular domain of reality works most of the time. It has created enormous devastation during this century as this attitude has been applied to the *Science of Matter*. The *Scientific Attitude* is now penetrating into the *Science of Life* and in the next century, if it is not restrained, it will force its microscopes and telescopes into the *Science of the Human Spirit* itself. The *Scientific Attitude* is fundamentally inhuman. The *Engineering Attitude* in contrast is humane. It seeks flow and form and balance. Unlike the *Scientific Attitude* it does not merely seek to produce effects but it seeks to be useful. This is a profound difference. The *Scientific Attitude* destroys life. The *Engineering Attitude* enhances life.
- xxix. King's Party:** One of G. B. Shaw's little known plays is *The Apple Cart*. It is time this was performed at the *National Theatre*. The play begins with the king refusing to sign a bill that the leader of the ruling *Labour Party* had forced through *Parliament* on a three-line whip. A constitutional crisis is avoided when the king announces that he would stand for *Parliament*. Unfortunately this never happens because the Prime Minister backs off once he realises that he is heading for certain defeat. But how could Shaw miss this golden opportunity that *Gilbert and Sullivan* took in their stride in *Iolanthe*? What fun it would have been if the *King's Party* had been elected to govern the country. Why not carry on where Shaw left off by inventing a *King's Party*, complete with a party leader by the name of *King Charles III* and a party manifesto with a 20-point national programme and an 8-point local one. After that arrangements could be made for William of Salisbury to write a letter to the Prince of Wales offering him the job. The Dear Charles letter from his loyal and obedient subject might go something like this: 'In the first years of your reign, perhaps earlier, perhaps coincident with your coronation, the financial edifice upon which the prosperity of your realm now resides will collapse thrusting your country and your subjects into chaos. From this chaos will arise either a greater chaos allied with catastrophe, famine, plague and war or a revolution, from which some tyrant or military junta will emerge. I wish you to have available a fourth option in addition to chaos, tyranny or military rule. The *King's Party* represents this fourth way; the truly radical way for a free people...the way of *Aristocratic Populism*. Your first task will be to dissolve parliament and call a general election. The *Royalists* will have ready a candidate to declare for you in each constituency. It is my hope that lords, bishops, mayors and those most respected in their local communities will join the king's cause and volunteer for their country. This will not be the time for politics as usual. Exceptional wisdom will be called for. Upon the election of a majority of *Royalist* candidates to your lower house, you will make two announcements. First you will call upon a first lord of the treasury and a foreign secretary to serve with you in a cabinet. Secondly you will announce the date of a second and final election to *Parliament* and issue a press release containing details of the manifesto of the *Royalists* at that election. This will consist of just five words: 'We propose to abolish parliament'. The *King's Party's Declaration*, as it will be known, will be designed for a five-year parliamentary term of transition. The programme could be carried out over a shorter period were you to deem this expedient. The task of your first lord will be to implement the election manifesto and establish a culture of political independence throughout your realm ready to take upon itself the power returned to it from central government during the transition years. The task of your foreign minister will be to dispatch the wisest elders from your realm as ambassadors to foreign capitals to explain the royalist intentions and to appoint delegates to the various *Hanseatic Royalist Confederations*. For part of your royalist programme will be to establish our elected supporters among all the parliaments of the great lakes region of Europe. That power of 'action' and 'being' which is devolved must needs be balanced by other power of 'mind' and 'becoming' that is dispersed about a wider perimeter. Your own task will be to carry out the duties required of you by your British constitution and in your royalist manifesto; to secure the loyalty of your men of arms; to exhort the highest virtues in your lords temporal in their administration of the king's justice throughout your realm; to direct your lords spiritual to works of charity and to the affairs of the human spirit; and to make ready your privy council for government upon the abolition of parliament. You will also carry upon your shoulders the heavy burden for engendering a sense of continuity and a mood of optimism among your subjects and an aura of competence and invincibility among those outside of your realm who might seek to exploit the turbulence of these troubled times. Finally I would suggest that it is not necessary to await financial collapse or administrative chaos before implementing these proposals, except in so far as your subjects may not feel ready to

admit of the four alternatives here presented. The matter of timing is of the essence. This only you should decide. We stand ready to do our duty and your bidding.

Here is the *King's Party* 20-point national programme...dated 12th May 1988 so inflation to be added:

- Guaranteed Income of £ 100 per person per week of public issue effective immediately. Programme for issuing authority to be at village and urban parish level by Year Five.
- Establishment of Common Property Commission immediately
- Establish of Debt and Usury Commission immediately
- Establishment of Trusts and Corporations Commission immediately
- Establishment of Farm and Food Commission immediately
- Repeal of every legislative act of all parliaments immediately
- Repeal of all rights other than personal property rights and common law rights immediately
- Registration of all private property as personal property within 12 months (but note legal distinctions of *societas, universitas* etc.)
- Programme for the election of Common Property, Debt & Usury and Equity Commissioners in each constituency after 12 months
- Programme for the reconstruction or abolition of all corporations, trusts and other joint private enterprises by Year Five
- Increase bank deposit ratio to 20% immediately. Issue public money to replace private bank deposit money at 20% per year until 100% money economy by Year Five
- Abolish central government taxation after 12 months
- Remove central government control of military regiments after 12 months
- Common Property Commission to dispose of one fifth of common property to competent receivers each year and to be operating on a county basis by Year Five
- Establish Home & Rent Commission in each village and urban parish and transfer all un-dwelled residential dwellings to them as competent receivers from the Common Property, Debt & Usury and Equity Commissions after 12 months
- Issue gold and silver coinage to replace the National Debt and introduce a wealth tax levied in a way that exempts nine out of ten households from taxation at all times.
- Debt & Usury Commissioners to treat as 'fully paid up' all loans for which repayment has exceeded 'principal plus thirty percent' issuing public money to clear surplus indebtedness
- On reaching their eighteenth birthday each woman to be given a home without encumbrance from existing housing stock
- On reaching their eighteenth birthday each man to be given five acres and a cow and freedom to build upon their land
- Establish a *Royal Order of Master Gardeners*

Here is the *King's Party* 8-point local programme ...dated 12th May 1988 so inflation to be added:

- Right to the Seven Securities of Old Age.
- Right to celebrate at solstices & equinoxes
- Master Cowmen, Master Shepherds and Master Woodmen to be responsible to their guilds for the welfare of cows and sheep and the management of woodlands in rural parishes
- Utilities Board to deliver village and urban parish self-sufficiency in water, sewage, rubbish, heating and electricity by Year Five
- Bailiwick bonds as the mechanism for local savings
- Agrarian Justice as the mechanism for social security
- Tithing (days per household per year) to meet community, harvest and militia duties
- Un-dwelled farmland to be allotted to foreigners subject to agreed terms & conditions

xxx. **Letter from Caracas:** 'Great to meet with you in London and get up to speed on English affairs. You asked me what you could do to help us here in Caracas. I've been watching Malcolm X movies so my initial reaction was to reply 'Not a lot!' But well-targeted trade boycotts are always helpful. They helped bring down apartheid although our brothers in the *African National Congress (ANC)* are not so sure. 'Hey, brother, we've got the state; where's the power?' is the latest one doing the rounds. So let's turn the question around. I have a nice little swap going with Havana. They send me doctors and nurses and I pay them with a hundred thousand barrels of oil a day. But our problem is that your British economy is the same old imperial system it has been for the past three hundred years...ever since the *Bank of England Company* beat the shit out of the *South Sea Company*...so you go scouring sub-Saharan Africa for your doctors and go people-trafficking for nurses. But what if I send some diesel fuel for those big six-wheeler scarlet-painted omnibuses of yours? When we chatted about this you liked the idea and took the line that London is one of the richest cities in the world so there must be lots of ways you could pay for it. Well, forgive my scepticism, but 'Like what?' I put some people on this and they came back with a 100-page report that says much the same thing. What to do? In London we talked about cities and city economies. Any city with a catchment area of 25 million people should really have its own currency. Typically four out of five economic transactions are between a city's own citizens and companies. Of course it's true that London has know-how in finance and education. 'You name it, we've got it,' you said. 'There's nothing we can't do if we put our minds to it...and the price is right. If not we'll get it cheap from China. They make it, ship it and use the empty ships to take away London's rubbish.' There you go again. Frankly we can talk to

China ourselves or through our Peruvian friends. But there is something. One of the things we're trying to do here in Latin America is to build shock absorbers into our societies. You know the sort of things...less centralization, no foreign troops, no military bases, dispersed power and outsourcing, not to Iraq-style sub-sub-sub-sub-sub-contractors, but to users. That's what the Polish were doing before the Chicago steamroller flattened them...cooperatives we call them. The sort of things the Americans did to you Brits a couple of hundred years ago. Unlike the free-market crusaders we're pretty quick learners. Before you arrived the backroom boys set up a barter system we call the *Bolivarian Alternative for the Americas (ALBA)*. Customers decide for themselves what something is worth instead of letting New York, London or Chicago set the prices. The young Turks think this'll lead to zones of economic calm and predictability. They tell me that this *Fair Trade* makes more sense than the *Free Trade* peddled by *The Chicago Boys*. Each country gives what it is best at delivering and gets back what it most needs...independent of global prices. As you know one of the unstated aims of disaster capitalism...its most recent phase...is to make capitalism democracy-proof by a programme of Machiavellian economics, pre-emptive shocks and rolling coups. The side effects are the main effects and have shown us that central banking and corporate capitalism are incompatible with liberty and the pursuit of happiness except...and then arguably...for a tiny elite. Crisis opportunism and planned misery are integral to the idea of a *One World State* of serfs and castles. A good lesson for us. You mentioned education and financial skills. My problem here is that we had a whole generation of our best and brightest destroyed by bundling them off to Milton Friedman indoctrination centres. Anyone who didn't get the message got disappeared. So I must ask you to stop enticing away our young people. You see we don't like people trafficking. And we want to improve our ability to block coups not foment them. We also graciously decline your offer of places in your torture training camps for our police and our military. You talked about banks and financial institutions. You have a lot of them in London. Please keep them there. If you allow them to peddle their wares in our backyard then you'll find yourself even deeper in the *Kidnap & Ransom* business. Our Colombian friends tell us this is a growth business for *The City of London*. There is some good news. The *IMF* is not the power it was. Its eighty billion dollar portfolio is down to ten billion. Only Turkey still borrows. Help us shut it down. Why not take the *IBRD* and the *WTO* with it. We don't need them in Latin America. Nobody needs them. But can you let go? South-east England is a financial disaster area causing economic mayhem around the world by poking its nose into places where it has no business to be. Why not stop it? Clean up your act by 2034. Have London designated a *World Transition Region*. Get out of the gun-running, money laundering and bullshit business and into something more rewarding. Find something useful to do. Then perhaps you'll stop fucking us up. Take issue with idiots like Donald 'I see a boom market in plagues' Rumsfeld and Dick 'the real profits are in a future of war' Cheney. Stop them running amok. You'll find plenty of Americans...north and south of the Panama Canal...ready to help you. Fraternally Yours. Hugo Chávez.