

# Lockdowns, Coronavirus, and Banks: Following the Money

By Prof Anthony Hall, American Herald Tribune, 13 August 2020

It usually makes sense to follow the money when seeking understanding of almost any major change. The strategy of following the money in our current convergence of crises in late summer of 2020 leads us directly to the lockdowns. The lockdowns were first imposed on people in the Wuhan area of China. Then other populations throughout the world were told to “shelter in place,” all in the name of combating the COVID-19 virus.

Understanding of the enormous impact of the lockdowns is still developing. The lockdowns are proving to pack a far more devastating punch than any other aspect of the strange sequence of events that is making 2020 a year like no other. Even when the issues are narrowed to those of human health, the lockdowns have had, and will continue to have, far more wide-ranging and devastating impacts than the celebrity virus.

The lockdowns have, for starters, been directly responsible for explosive rates of suicide, domestic violence, overdoses, and depression. In the long run, these maladies from the lockdowns will probably kill and harm many more people than COVID-19.

But this comparison does not tell the full story. The nature and length of the lockdowns are causing millions of people to lose their jobs, businesses and financial viability. It seems that the economic descent is still gathering force. The assault of the lockdowns on our economic wellbeing still has much farther to go.

The lockdowns have proven to be a powerful instrument of social control. This attribute is becoming very attractive especially to some politicians. They have discovered they can derive considerable political traction from hyping and exploiting the largely manufactured pandemic panic.

The lockdowns are still a work-in-progress. There are past lockdowns, revolving lockdowns, partial lockdowns, mandatory lockdowns, voluntary lockdowns, severe lockdowns and probably an array of many lockdown types yet to be invented.

The lockdowns extend to disruptions in supply chains, disruptions in money flows, drops in consumption, breakdowns in transport and travelling, increased bankruptcies, losses of finance leading to losses of housing, as well as the inability to pay taxes and debts.

The lockdowns extend beyond personal habitations to prohibitions on large assemblies of people in stadiums, concert halls, churches, and a myriad of places devoted to public recreation and entertainment. On the basis of this way of looking at what is happening, it becomes clear the economic and health effects of the lockdowns are far more pronounced than the damage wrought directly by the new coronavirus.

This approach to following the money leads to the question of whether the spread of COVID-19 was set in motion as a pretext. Was COVID-19 unleashed as an expedient for bringing about the lockdowns with the goal of crashing the existing economy? What rationale could there possibly be for purposely crashing the existing economy?

One possible reason might have been to put in place new structures to create the framework for a new set of economic relationships. With these changes would come accompanying sets of altered social and political relationships.

Among the economic changes being sought are the robotization of almost everything, cashless financial interactions, and elaborate AI impositions. These AI impositions extend to digital alterations of human consciousness and behaviour. The emphasis being placed on vaccines is very much interwoven with plans to extend AI into an altered matrix of human nanobiotechnology.

There are other possibilities to consider. One is that in the autumn of 2019 the economy was already starting to falter. Fortuitously for some, the new virus came along at a moment when it could be exploited as a scapegoat. By placing responsibility for the economic debacle on pathogens rather than people, Wall Street bankers and federal authorities are let off the hook. They can escape any

accounting for an economic calamity that they had a hand in helping to instigate.

A presentation in August of 2019 by the Wall Street leviathan, BlackRock Financial Management, provides a telling indicator of foreknowledge. It was well understood by many insiders in 2019 that a sharp economic downturn was imminent.

At a meeting of central bankers in Jackson Hole Wyoming, BlackRock representatives delivered a strategy for dealing with the future downturn. Several months later during the spring of 2020 this strategy was adopted by both the US Treasury and the US Federal Reserve. BlackRock's plan from August of 2019 set the basis of the federal response to the much-anticipated economic meltdown.

Much of this essay is devoted to considering the background of the controversial agencies now responding to the economic devastation created by the lockdowns. One of these agencies is empowered to bring into existence large quantities of debt-laden money.

The very public role in 2020 of the Federal Reserve of the United States resuscitates many old grievances. When the Federal Reserve was first created in 1913 it was heavily criticized as a giveaway of federal authority.

The critics lamented the giveaway to private bankers whose firms acquired ownership of all twelve of the regional banks that together constitute the Federal Reserve. Of these twelve regional banks, the Federal Reserve Bank of New York is by far the largest and most dominant especially right now.

The Federal Reserve of the United States combined forces with dozens of other privately-owned central banks throughout the world to form the Bank of International Settlements. Many of the key archetypes for this type of banking were developed in Europe and the City of London where the Rothschild banking family had a large and resilient role, one that persists until this day.

Along with the Federal Reserve Bank of New York, BlackRock was deeply involved in helping to administer the bailout in 2008. This bailout resuscitated many failing Wall Street firms together with their

counterparties in a number of speculative ventures involving various forms of derivatives.

The bailouts resulted in payments of \$29 trillion, much of it going to restore failing financial institutions whose excesses actually caused the giant economic crash. Where the financial sector profited greatly from the bailouts, taxpayers were abused yet again. The burden of an expanded national debt fell ultimately on taxpayers who must pay the interest on the loans for the federal bailout of the “too big to fail” financial institutions.

Unsettling precedents are set by the Wall Street club’s manipulation of the economic crash of 2007-2010 to enrich its own members so extravagantly. This prior experience bodes poorly for the intervention by the same players in this current round of responses to the economic crisis of 2020.

In preparing this essay I have enjoyed the many articles by Pam Martens and Russ Martens in *Wall Street on Parade*. These hundreds of well-researched articles form a significant primary source on the recent history of the Federal Reserve, including over the last few months.

In this essay I draw a contrast between the privately-owned regional banks of the Federal Reserve and the government-owned Bank of Canada that once issued low-interest loans to build infrastructure projects.

With this arrangement in place, Canada went through a major period of national growth between 1938 and 1974. Canada emerged from this period with a national debt of only \$20 billion. Then in 1974 Prime Minister Pierre Trudeau dropped this arrangement to enable Canada to join the Bank of International Settlements. One result is that national debt rose to \$700 billion by 2020.

We need to face the current financial crisis by developing new institutions that avoid the pitfalls of old remedies for old problems that no longer prevail. We need to make special efforts to change our approach to the problem of excessive debts and the overconcentration of wealth in fewer and fewer hands.

Locking Down the Viability of Commerce

Of all the facets of the ongoing fiasco generally associated with the coronavirus crisis, none has been so widely catastrophic as the so-called “lockdowns.” The supposed cure of the lockdowns is itself proving to be much more lethal and debilitating than COVID-19’s flu-like impact on human health.

Many questions arise from the immense economic consequences attributed to the initial effort to “flatten the curve” of the hospital treatments for COVID-19. Did the financial crisis occur as a result of the spread of the new coronavirus crisis? Or was the COVID-19 crisis set in motion to help give cover to a long-building economic meltdown that was already well underway in the autumn of 2019?

The lockdowns were first instituted in Wuhan China with the objective of slowing down the spread of the virus so that hospitals would not be overwhelmed. Were the Chinese lockdowns engineered in part to create a model to be followed in Europe, North America, Indochina and other sites of infection like India and Australia? The Chinese lockdowns in Hubei province and then in other parts of China apparently set an example influencing the decision of governments in many jurisdictions. Was this Chinese example for the rest of the world created by design to influence the nature of international responses?

The lockdowns represented a new form of response to a public health crisis. Quarantines have long been used as a means of safeguarding the public from the spread of contagious maladies. Quarantines, however, involve isolating the sick to protect the well. On the other hand the lockdowns are directed at limiting the movement and circulation of almost everyone whether or not they show symptoms of any infections.

Hence lockdowns, or, more euphemistically “sheltering in place,” led to the cancellation of many activities and to the shutdown of institutions. The results extended, for instance, to the closure of schools, sports events, theatrical presentations and business operations. In this way the lockdowns also led to the crippling of many forms of economic interaction. National economies as well as international trade and commerce were severely impacted.

The concept of lockdowns was not universally embraced and applied. For instance, the governments of Sweden and South Korea did not accept the emerging orthodoxy about enforcing compliance with all

kinds of restrictions on human interactions. Alternatively, the government of Israel was an early and strident enforcer of very severe lockdown policies.

At first it seemed the lockdown succeeded magnificently in saving Israeli lives. According to Israel Shamir, in other European states the Israeli model was often brought up as an example. In due course, however, the full extent of the assault on the viability of the Israeli economy began to come into focus. Then popular resistance was aroused to reject government attempts to enforce a second wave of lockdowns against a second wave of supposed infections. As Shamir sees it, the result is that “Today Israel is a failed state with a ruined economy and unhappy citizens.”

In many countries the lockdowns began with a few crucial decisions made at the highest level of government. Large and proliferating consequences would flow from the initial determination of what activities, businesses, organizations, institutions and workers were to be designated as “essential.”

The consequences would be severe for those individuals and businesses excluded from the designation identifying what is essential. This deep intervention into the realm of free choice in market relations set a major precedent for much more intervention of a similar nature to come.

The arbitrary division of activities into essential and nonessential categories created a template to be frequently replicated and revised in the name of serving public health. Suddenly central planning took a great leap forward. The momentum from a generation of neoliberalism was checked even as the antagonistic polarities between rich and poor continued to grow.

To be defined as “nonessential” would soon be equated with job losses and business failures across many fields of enterprise as the first wave of lockdowns outside China unfolded. Indeed, it becomes clearer every day that revolving lockdowns, restrictions and social distancing are being managed in order to help give false justification to a speciously idealized vaccine fix as the only conclusive solution to a manufactured problem.

What must it have meant for breadwinners who fed themselves and their families through wages or self-employment to be declared by government to be “non-essential”? Surely for real providers their jobs, their businesses and their earnings were essential for themselves and their dependents. All jobs and all businesses that people depend on for livelihoods, sustenance and survival are essential in their own way.

### **Was COVID-19 a Cover for an Anticipated or Planned Financial Crisis?**

A major sign of financial distress in the US economy kicked in in mid-September of 2019 when there was a breakdown in the normal operation of the Repo Market. This *repurchase* market in the United States is important in maintaining liquidity in the financial system.

Those directing entities like large banks, Wall Street traders and hedge funds frequently seek large amounts of cash on a short-term basis. They obtain this cash from, for instance, money market funds by putting up securities, often Treasury Bills, as collateral. Most often the financial instruments go back, say the following night, to their original owners with interest payments attached for the use of the cash.

In mid-September the trust broke down between participants in the Repo Market. The Federal Reserve Bank of New York then entered the picture making trillions of dollars available to keep the system for short-term moving of assets going. This intervention repeated the operation that came in response to the first signs of trouble as Wall Street moved towards the stock market crash of 2008.

One of the major problems on the eve of the bailout of 2008-09, like the problem in the autumn of 2019, had to do with the overwhelming of the real economy by massive speculative activity. The problem then, like a big part of the problem now, involves the disproportionate size of the derivative bets. The making of these bets have become a dangerous addiction that continues to this day to menace the viability of the financial system headquartered on Wall Street.

By March of 2020 it was reported that the Federal Reserve Bank of New York had turned on its money spigot to create \$9 trillion in new money with the goal of keeping the failing Repo Market operational. The precise destinations of that money together with the terms of its

disbursement, however, remain a secret. As Pam Martens and Russ Martens write,

Since the Fed turned on its latest money spigot to Wall Street [in September of 2019], it has refused to provide the public with the dollar amounts going to any specific banks. This has denied the public the ability to know which financial institutions are in trouble. The Fed, exactly as it did in 2008, has drawn a dark curtain around troubled banks and the public's right to know, while aiding and abetting a financial coverup of just how bad things are on Wall Street.

Looking back at the prior bailout from their temporal vantage point in January of 2020, the authors noted “During the 2007 to 2010 financial collapse on Wall Street – the worst financial crisis since the Great Depression, the Fed funnelled a total of \$29 trillion in cumulative loans to Wall Street banks, their trading houses and their foreign derivative counterparties.”

The authors compared the rate of the transfer of funds from the New York Federal Reserve Bank to the Wall Street banking establishment in the 2008 crash and in the early stages of the 2020 financial debacle. The authors observed, “at this rate, [the Fed] is going to top the rate of money it threw at the 2008 crisis in no time at all.”

The view that all was well with the economy until the impact of the health crisis began to be felt in early 2020 leads away from the fact that money markets began to falter dangerously in the autumn of 2019. The problems with the Repo Market were part of a litany of indicators pointing to turbulence ahead in troubled economic waters.

For instance, the resignation in 2019 of about 1,500 prominent corporate CEOs can be seen as a suggestion that news was circulating prior to 2020 about the imminence of serious financial problems ahead. Insiders' awareness of menacing developments threatening the workings of the global economy were probably a factor in the decision of a large number of senior executives to exit the upper echelons of the business world.

Not only did a record number of CEOs resign, but many of them sold off the bulk of their shares in the companies they were leaving.

Pam Marten and Russ Marten who follow Wall Street's machinations on a daily basis have advanced the case that the Federal Reserve is



engaged in fraud by trying to make it seem that “the banking industry came into 2020 in a healthy condition;” that it is only because of “the COVID-19 pandemic” that the financial system is” unravelling,”

The authors argue that this misrepresentation was deployed because the deceivers are apparently “desperate” to prevent Congress from conducting an investigation for the second time in twelve years on why the Fed, “had to engage in trillions of dollars of Wall Street bailouts.” In spite of the Fed’s fear of facing a Congressional investigation after the November 2020 vote, such a timely investigation of the US financial sector would well serve the public interest.

**Table 8: Institutions with Largest Total Transaction Amounts (Not Term-Adjusted) across Broad-Based Emergency Programs (Borrowing Aggregated by Parent Company and Includes Sponsored ABCP Conduits), December 1, 2007 through July 21, 2010**

Dollar in billions								
Borrowing Parent Company	TAF	PDCF	TSLF	CPFF	Subtotal	AMLF	TALF	Total loans
Citigroup Inc.	\$110	\$2,020	\$348	\$33	\$2,511	\$1	-	\$ 2,513
Morgan Stanley	-	1,913	115	4	2,032	-	9	2,041
Merill Lynch & Co.	0	1,775	166	8	1,949	-	-	1,949
Bank of America Corporation	280	947	101	15	1,342	2	-	1,344
Barclays PLC (United Kingdom)	232	410	187	39	868	-	-	868
Bear Stearns Companies, Inc.	-	851	2	-	853	-	-	853
Goldman Sachs Group Inc.	-	589	225	0	814	-	-	814
Royal Bank of Scotland Group PLC (United Kingdom)	212	-	291	39	541	-	-	541
Deutsche Bank AG (Germany)	77	1	277	-	354	-	-	354
UBS AG (Switzerland)	56	35	122	75	287	-	-	287
JP Morgan Chase & Co.	99	112	68	-	279	111	-	391
Credit Suisse Group AG (Switzerland)	0	2	261	-	262	0	-	262
Lehman Brothers Holdings Inc.	-	83	99	-	183	-	-	183
Bank of Scotland PLC (United Kingdom)	181	-	-	-	181	-	-	181
BNP Paribas SA (France)	64	66	41	3	175	-	-	175
Wells Fargo & Co.	150	-	-	-	150	-	-	159
Dexia SA (Belgium)	105	-	-	53	159	-	-	159
Wachovia Corporation	142	-	-	-	142	-	-	142
Dresdner Bank AG (Germany)	123	0	1	10	135	-	-	135
Societe Generale SA (France)	124	-	-	-	124	-	-	124
All other borrowers	1,854	146	14	460	2,475	103	62	2,639
<b>Total</b>	<b>\$3,818</b>	<b>\$8,951</b>	<b>\$2,319</b>	<b>\$738</b>	<b>\$15,826</b>	<b>\$217</b>	<b>\$71</b>	<b>\$16,115</b>

by-Federal-Reserve-During-Financial-Crisis.png

The authors present a number of signs demonstrating that “the Fed knew, or should have known.... that there was a big banking crisis brewing in August of last year. [2019]” The signs of the financial crisis in the making included negative yields on government bonds around the world as well as big drops in the Dow Jones average. The plunge in the price of stocks was led by US banks, but especially Citigroup and JP Morgan Chase.

Another significant indicator that something was deeply wrong in financial markets was a telling inversion in the value of Treasury notes with the two-year rate yielding more than the ten-year rate.

Yet another sign of serious trouble ahead involved repeated contractions in the size of the German economy. Moreover, in September of 2019 news broke that officials of JP Morgan Chase faced criminal charges for RICO-style racketeering. This scandal added to the evidence of converging problems plaguing core economic institutions as more disruptive mayhem gathered on the horizons.

Accordingly, there is ample cause to ask if there are major underlying reasons for the financial crash of 2020 other than the misnamed pandemic and the lockdowns done in its name of “flattening” its spikes of infection. At the same time, there is ample cause to recognize that the lockdowns have been a very significant factor in the depth of the economic debacle that is making 2020 a year like no other.

Some go further. They argue that the financial crash of 2020 was not only anticipated but planned and pushed forward with clear understanding of its instrumental role in the Great Reset sought by self-appointed protagonists of creative destruction. The advocates of this interpretation place significant weight on the importance of the lockdowns as an effective means of obliterating in a single act a host of old economic relationships. For instance Peter Koenig examines the “farce and diabolical agenda of a universal lockdown.”

Koenig writes, “The pandemic was needed as a pretext to halt and collapse the world economy and the underlying social fabric.”

### **Inflating the Numbers and Traumatizing the Public to Energize the Epidemic of Fear**

There have been many pandemics in global history whose effects on human health have been much more pervasive and devastating than the current one said to be generated by a new coronavirus. In spite, however, of its comparatively mild flu-like effects on human health, at least at this point in the summer of 2020, there has never been a contagion whose spread has generated so much global publicity and hype. As in the aftermath of 9/11, this hype extends to audacious levels of media-generated panic. As with the psyop of 9/11, the media-induced panic has been expertly finessed by practitioners skilled in

leveraging the currency of fear to realize a host of radical political objectives.

According to Robert E. Wright in an essay published by the *American Institute for Economic Research*, “closing down the U.S. economy in response to COVID-19 was probably the worst public policy in at least one-hundred years.” As Wright sees it, the decision to lock down the economy was made in ignorant disregard of the deep and devastating impact that such an action would spur. “Economic lockdowns were the fantasies of government officials so out of touch with economic and physical reality that they thought the costs would be fairly low.”

The consequences, Wright predicts, will extend across many domains including the violence done to the rule of law. The lockdowns, he writes, “turned the Constitution into a frail and worthless fabric.” Writing in late April, Wright touched on the comparisons to be made between the economic lockdowns and slavery. He write, “Slaves definitely had it worse than Americans under lockdown do, but already Americans are beginning to protest their confinement and to subtly subvert authorities, just as chattel slaves did.”

The people held captive in confined lockdown settings have had the time and often the inclination to imbibe much of the 24/7 media coverage of the misnamed pandemic. Taken together, all this media sensationalism has come to constitute one of the most concerted psychological operations ever.

The implications have been enormous for the mental health of multitudes of people. This massive alteration of attitudes and behaviours is the outcome of media experiments performed on human subjects without their informed consent. The media’s success in bringing about herd subservience to propagandistic messaging represents a huge incentive for more of the same to come. It turns out that the subject matter of public health offers virtually limitless potential for power-seeking interests and agents to meddle with the privacies, civil liberties and human rights of those they seek to manipulate, control and exploit.

The social, economic and health impacts of the dislocations flowing from the lockdowns are proving to be especially devastating on the poorest, the most deprived and the most vulnerable members of society. This impact will continue to be marked in many ways,

including in increased rates of suicide, domestic violence, mental illness, addictions, homelessness, and incarceration far larger than those caused directly by COVID-19. As rates of deprivation through poverty escalate, so too will crime rates soar.

The over-the-top alarmism of the big media cabals has been well financed by the advertising revenue of the pharmaceutical industry. With some few exceptions, major media outlets pushed the public to accept the lockdowns as well as the attending losses in jobs and business activity. In seeking to push the agenda of their sponsors, the big media cartels have been especially unmindful of their journalistic responsibilities. Their tendency has been to avoid or censor forums where even expert practitioners of public health can publicly question and discuss government dictates about vital issues of public policy.

Whether in Germany or the United States or many other countries, front line workers in this health care crisis have nevertheless gathered together with the goal of trying to correct the one-sided prejudices of of discriminatory media coverage. One of the major themes in the presentations by medical practitioners is to confront the chorus of media misrepresentations on the remedial effects of hydroxychloroquine and zinc.

On July 27 a group of doctors gathered on the grounds of the US Supreme Court to try to address the biases of the media and the blind spots of government.

Another aspect in the collateral damage engendered by COVID-19 alarmism is marked in the fatalities arising from the wholesale postponement of many necessary interventions including surgery. How many have died or will die because of the hold put on medical interventions to remedy cancer, heart conditions and many other potentially lethal ailments?

Did the unprecedented lockdowns come about as part of a preconceived plan to inflate the severity of an anticipated financial meltdown? What is to be made of the suspicious intervention of administrators to produce severely padded numbers of reported deaths in almost every jurisdiction? This kind of manipulation of statistics raised the possibility that we are witnessing a purposeful and systemic inflation of the severity of this health care crisis.

Questions about the number of cases arise because of the means of testing for the presence of a supposedly new coronavirus. The PCR system that is presently being widely used does not test for the virus but tests for the existence of antibodies produced in response to many health challenges including the common cold. This problem creates a good deal of uncertainty of what a positive test really means.

The problems with calculating case numbers extend to widespread reports that have described people who were not tested for COVID-19 but who nevertheless received notices from officials counting them as COVID-19 positive. Broadcaster Armstrong Williams addressed the phenomenon on his network of MSM media outlets in late July.

From the mass of responses he received, Williams estimated that those not tested but counted as a positive probably extends probably to hundreds of thousands of individuals. What would drive the effort to exaggerate the size of the afflicted population?

This same pattern of inflation of case numbers was reinforced by the Tricare branch of the US Defense Department's Military Health System. This branch sent out notices to 600,000 individuals who had not been tested. The notices nevertheless informed the recipients that they had tested positive for COVID 19.

Is the inflation of COVID-19 death rates and cases numbers an expression of the zeal to justify the massive lockdowns? Were the lockdowns in China conceived as part of a scheme to help create the conditions for the public's acceptance of a plan to remake the world's political economy? What is to be made of the fact that those most identified with the World Economic Forum (WEF) have led the way in putting a positive spin on the *reset* arising from the very health crisis the WEF helped introduce and publicize in Oct. of 2019?

### **As Usual, the Poor Get Poorer**

The original Chinese lockdowns in the winter of 2020 caused the breakdowns of import-export supply chains extending across the planet. Lockdowns in the movement of raw materials, parts, finished products, expertise, money and more shut down domestic businesses in China as well as transnational commerce in many countries outside China. The supply chain disruptions were especially severe for businesses that have dispensed with the practice of keeping on hand

large inventories of parts and raw material, depending instead on just-in-time deliveries.

As the supply chains broke down domestically and internationally, many enterprises lacked the revenue to pay their expenses. Bankruptcies began to proliferate at rates that will probably continue to be astronomical for some time. All kinds of loans and liabilities were not paid out in full or at all. Many homes are being re-mortgaged or cast into real estate markets as happened during the prelude and course of the bailouts of 2007-2010.

The brunt of the financial onslaught hit small businesses especially hard. Collectively small businesses have been a big creator of jobs. They have picked up some of the slack from the rush of big businesses to downsize their number of full-time employees. Moreover, small businesses and start-ups are often the site of exceptionally agile innovations across broad spectrums of economic activity. The hard financial slam on the small business sector, therefore, is packing a heavy punch on the economic conditions of everyone.

The devastating impact of the economic meltdown on workers and small businesses in Europe and North America extends in especially lethal ways to the massive population of poor people living all over the world. Many of these poor people reside in countries where much of the paid work is irregular and informal.

At the end of April the International Labor Organization (ILO), an entity created along with the League of Nations at the end of the First World War, estimated that there would be 1.6 billion victims of the meltdown in the worldwide “informal economy.” In the first month of the crisis these workers based largely in Africa and Latin America lost 60% of their subsistence level incomes.

As ILO Director-General, Guy Ryder, has asserted,

This pandemic has laid bare in the cruellest way, the extraordinary precariousness and injustices of our world of work. It is the decimation of livelihoods in the informal economy – where six out of ten workers make a living – which has ignited the warnings from our colleagues in the World Food Programme, of the coming pandemic of hunger. It is the gaping holes in the social protection systems of even the richest countries, which have left millions in situations of

deprivation. It is the failure to guarantee workplace safety that condemns nearly 3 million to die each year because of the work they do. And it is the unchecked dynamic of growing inequality which means that if, in medical terms, the virus does not discriminate between its victims in its social and economic impact, it discriminates brutally against the poorest and the powerless.

Guy Ryder remembered the optimistic rhetoric in officialdom's responses to the economic crash of 2007-2009. He compares the expectations currently being aroused by the vaccination fixation with the many optimistic sentiments previously suggesting the imminence of remedies for grotesque levels of global inequality. Ryder reflected,

We've heard it before. The mantra which provided the mood music of the crash of 2008-2009 was that once the vaccine to the virus of financial excess had been developed and applied, the global economy would be safer, fairer, more sustainable. But that didn't happen. The old normal was restored with a vengeance and those on the lower echelons of labour markets found themselves even further behind.

The internationalization of increased unemployment and poverty brought about in the name of combating the corona crisis is having the effect of further widening the polarization between rich and poor on a global scale. Ryder's metaphor about the false promises concerning a "vaccine" to correct "financial excess" can well be seen as a precautionary comment on the flowery rhetoric currently adorning the calls for a global reset.

## **Wall Street and 9/11**

The world economic crisis of 2020 is creating the context for large-scale repeats of some key aspects of the bailout of 2007-2010. The bailout of 2007-2008 drew, in turn, from many practices developed in the period when the explosive events of 9/11 triggered a worldwide reset of global geopolitics.

While the events of 2008 and 2020 both drew attention to the geopolitical importance of Wall Street, the terrible pummeling of New York's financial district was the event that ushered in a new era of history, an era that has delivered us to the current financial meltdown/lockdown.

It lies well beyond the scope of this essay to go into detail about the dynamics of what really transpired on 9/11. Nevertheless, some explicit reckoning with this topic is crucial to understanding some of the essential themes addressed in this essay.

Indeed, it would be difficult to overstate the relevance of 9/11 to the background and nature of the current debacle. The execution and spinning of 9/11 were instrumental in creating the repertoire of political trickery presently being adapted in the manufacturing and exploiting of the COVID-19 hysteria. A consistent attribute of the journey from 9/11 to COVID-19 has been the amplification of executive authority through the medium of emergency measures enactments, policies and dictates.

Wall Street is a major site where much of this political trickery was concocted in planning exercises extending to many other sites of power and intrigue. In the case of 9/11, a number of prominent Wall Street firms were involved before, during and after the events of September 11. As is extremely well documented, these events have been misrepresented in ways that helped to further harness the military might of the United States to the expansionistic designs of Israel in the Middle East.

The response of the Federal Reserve to the events of 9/11 helped set in motion a basic approach to disaster management that continues to this day. Almost immediately following the pulverization of Manhattan's most gigantic and iconographic landmarks, Federal Reserve officials made it their highest priority to inject liquidity into financial markets. Many different kinds of scenario can be advanced behind the cover of infusing liquidity into markets.

For three days in a row the Federal Reserve Bank of New York turned on its money spigots to inject transfusions of \$100 billion dollars of newly generated funds into the Wall Street home of the financial system. The declared aim was to keep the flow of capital between financial institutions well lubricated. The Federal Reserve's infusions of new money into Wall Street took many forms. New habits and appetites were thereby cultivated in ways that continue to influence the behaviour of Wall Street organizations in the financial debacle of 2020.



The revelations concerning the events of 9/11 contained a number of financial surprises. Questions immediately arose, for instance, about whether the destruction of the three World Trade Center skyscrapers had obliterated software and hardware vital to the continuing operations of computerized banking systems. Whatever problems arose along these lines, it turned out that there was sufficient digital information backed up in other locations to keep banking operations viable.

But while much digital data survived the destruction of core installations in the US financial sector, some strategic information was indeed obliterated. For instance, strategic records entailed in federal investigations into many business scandals were lost. Some of the incinerated data touched on, for instance, the machinations of the energy giant, Enron, along with its Wall Street partners, JP Morgan Chase and Citigroup.

The writings of E. P. Heidner are prominent in the literature posing theories about the elimination of incriminating documentation as a result of the controlled demolitions of 9/11. What information was eliminated and what was retained in the wake of the devastation? Heidner has published a very ambitious account placing the events of 9/11 at the forefront of a deep and elaborate relationship linking George H. W. Bush to Canada's Barrick Gold and the emergence of gold derivatives.

The surprises involving 9/11 and Wall Street included evidence concerning trading on the New York Stock Exchange. A few individuals enriched themselves significantly by purchasing a disproportionately high number of put options on shares about to fall precipitously as a result of the anticipated events of 9/11. Investigators, however, chose to ignore this evidence because it did not conform to the prevailing interpretation of who did what to whom on 9/11.

Another suspicious group of transactions conducted right before 9/11 involved some very large purchases of five-year US Treasury notes. These instruments are well known hedges when one has knowledge that a world crisis is imminent. One of these purchases was a \$5 billion transaction. The US Treasury Department would have been informed about the identity of the purchaser. Nevertheless the

FBI and the Securities Exchange Commission collaborated to point public attention away from these suspect transactions. (p. 199)

On the very day of 9/11 local police arrested Israeli suspects employed in the New York area as Urban Movers. The local investigators were soon pressured to ignore the evidence, however, and go along with the agenda of the White House and the media chorus during the autumn of 2001.

In the hours following the pulverization of the Twin Towers the dominant mantra was raised “Osama bin Laden and al-Qeada did it.” That mantra led in the weeks, months and years that followed to US-led invasions of several Muslim-majority countries. Some have described these military campaigns as wars for Israel.

Soon New York area jails were being filled up with random Muslims picked up for nothing more than visa violations and such. The unrelenting demonization of Muslims collectively can now be seen in retrospect as a dramatic psychological operation meant to poison minds as the pounding of the war drums grew in intensity. In the process a traumatized public were introduced to concepts like “jihad.” At no time has there ever been a credible police investigation into the question of who is responsible for the 9/11 crimes.

Defense Secretary Donald Rumsfeld chose September 10, the day before 9/11, to break the news at a press conference that \$2.3 trillion had gone missing from the Pentagon’s budget. Not surprisingly the story of the missing money got buried the next day as reports of the debacle in Manhattan and Washington DC dominated MSM news coverage.

As reported by *Forbes Magazine*, the size of the amount said to have gone missing in Donald Rumsfeld’s 2001 report of Defense Department spending had mushroomed by 2015 to around \$21 trillion. It was Mark Skidmore, an Economics Professor at the University of Michigan, who became the main sleuth responsible for identifying the gargantuan amount of federal funds that the US government can’t account for.

As the agency that created the missing tens of trillions that apparently has disappeared without a trace, wouldn’t the US Federal Reserve be in a position to render some assistance in tracking down the lost

funds? Or is the Federal Reserve somehow a participant or a complicit party in the disappearance of the tens of trillions without a paper trail?

The inability or unwillingness of officialdom to explain what happened to the lost \$21 trillion, an amount comparable to the size of the entire US national debt prior to the lockdowns, might be viewed in the light of the black budgets of the US Department of Defense (DOD). Black budgets are off-the-books funds devoted to secret research and to secret initiatives in applied research.

In explaining this phenomenon, former Canadian Defense Minister, Paul Hellyer, has observed, “thousands of billions of dollars have been spent on projects about which Congress and the Commander In Chief have deliberately been kept in the dark.” Eric Zuess goes further. As he explains it, the entire Defense Department operates pretty much on the basis of an unusual system well outside the standard rules of accounting applied in other federal agencies.

When news broke about the missing \$21 trillion, federal authorities responded by promising that special audits would be conducted to explain the irregularities. The results of those audits, if they took place at all, were never published. The fact that the Defense of Department has developed in a kind of audit free zone has made it a natural magnet for people and interests engaged in all kinds of criminal activities.

Eric Zuess calls attention to the 1,000 military bases around the world that form a natural network conducive to the cultivation of many forms of criminal trafficking. Zuess includes in his reflections commentary on the secret installations in some American embassies but especially in the giant US Embassy in Baghdad Iraq.

The US complex in Baghdad’s Green Zone is the biggest Embassy in the world. Its monumental form on a 104 acre site expresses the expansionary dynamics of US military intervention in the Middle East and Eurasia following 9/11.

The phenomenon of missing tens of trillions calls attention to larger patterns of kleptocratic activity that forms a major subject addressed here. The shifts into new forms of organized crime in the name of “national security” began to come to light in the late 1980s. An

important source of disclosures was the series of revelations that accompanied the coming apart of the Saudi-backed Bank of Credit and Commerce International, the BCCI.

The nature of this financial institution, where CIA operatives were prominent among its clients, provides a good window into the political economy of drug dealing, money laundering, weapons smuggling, regime change and many much more criminal acts that took place along the road to 9/11.

The BCCI was a key site of financial transactions that contributed to the end of the Cold War and the inception of many new kinds of conflict. These activities often involved the well-financed activities of mercenaries, proxy armies, and a heavy reliance on private contractors of many sorts.

The Enron scandal was seen to embody some of the same lapses facilitated by fraudulent accounting integral to the BCCI scandal. Given the bubble of secrecy surrounding the Federal Reserve, there are thick barriers blocking deep investigation into whether or not the US Central Bank was involved in the relationship of the US national security establishment and the BCCI.

The kind of dark transactions that the BCCI was designed to facilitate must have been channelled after its demise into other banking institutions probably with Wall Street connections. Since 9/11, however, many emergency measures have been imposed that add extra layers of secrecy protecting the perpetrators of many criminal acts from public exposure and criminal prosecutions.

The events of 9/11 have sometimes been described as the basis of a global coup. To this day there is no genuine consensus about what really transpired to create the illusion of justification for repeated US military invasions of Muslim-majority countries in the Middle East and Eurasia.

The 9/11 debacle and the emergency measures that followed presented Wall Street with an array of new opportunities for profit that came with the elaborate refurbishing and retooling of the military-industrial complex.

The response to 9/11 was expanded and generalized upon to create the basis of a war directed not at a particular enemy, but rather at an ill-defined conception identified as “terrorism.” This alteration was part of a complex of changes adding trillions to the flow of money energizing the axis of interaction linking the Pentagon and Wall Street and the abundance of new companies created to advance the geopolitical objectives emerging from the 9/11 coup.

According to Pam Martens and Russ Martens, the excesses of deregulation helped induce an anything-goes-ethos on Wall Street and at its Federal Reserve regulator in the wake of 9/11. As the authors tell it, the response to 9/11 helped set important precedents for the maintaining flows of credit and capital in financial markets.

Often the destination of the funds generated in the name of pumping liquidity into markets was not identified and reported in transactions classified as financial emergency measures. While the priority was on keeping financial pumps primed, there was much less concern for transparency and accountability among those in positions of power at the Federal Reserve.

The financial sector’s capture of the government instruments meant to regulate the behaviour of Wall Street institutions was much like the deregulation of the US pharmaceutical industry. Both episodes highlight a message that has become especially insistent as the twenty-first century unfolds.

The nature of the response to 9/11 emphasized the mercenary ascent of corporate dominance as the primary force directing governments. Throughout this transformation the message to citizens became increasingly clear. Buyer Beware. We cannot depend on governments to represent our will and interests. We cannot even count on our governments to protect citizens from corporatist attacks especially on human health and whatever financial security we have been able to build up.

## **Bailouts, Derivatives, and the Federal Reserve Bank of New York**

The elimination of the Glass-Steagall Act in 1999 was essential to the process of dramatically cutting back the government’s role as a protector of the public interest on the financial services sector. The

Glass-Steagall Act was an essential measure in US President Franklin D. Roosevelt's New Deal. Some view the New Deal as a strategy for saving capitalism by moderating its most sharp-edged features. Instituted in 1933 in response to the onset of the Great Depression, the Glass-Steagall Act separated the operations of deposit-accepting banks from the more speculative activity of investment brokers.

The termination of the regulatory framework put in place by the Glass Steagall Act opened much new space for all kinds of experiments in the manipulation of money in financial markets. The changes began with the merger of different sorts of financial institutions including some in the insurance field. Those overseeing the reconstituted entities headquartered on Wall Street took advantage of their widened latitudes of operation. They developed all sorts of ways of elaborating their financial services and presenting them in new packages.

The word, "derivative" is often associated with many applications of the new possibilities in the reconstituted financial services sector. The word, derivative, can be applied to many kinds of transactions involving speculative bets of various sorts. As the word suggests, a derivative is *derived* from a fixed asset such as currency, bonds, stocks, and commodities. Alterations in the values of fixed assets affect the value of derivatives that often take the form of contracts between two or more parties.

One of the most famous derivatives in the era of the financial crash of 2007-2010 was described as mortgaged-backed securities. On the surface these bundles of debt-burdened properties might seem easy to understand. But that would be a delusion. The value of these products was affected, for instance, by unpredictable shifts in interest rates, liar loans extended to homebuyers who lacked the capacity to make regular mortgage payments, and significant shifts in the value of real estate.

Mortgage-backed securities were just one type of a huge array of derivatives invented on the run in the heady atmosphere of secret and unregulated transactions between counterparties. Derivatives could involve contracts formalizing bets between rivals gambling on the outcome of competitive efforts to shape the future. An array of derivative bets was built around transactions often placed behind the veil of esoteric nomenclature like "collateralized debt obligations" or "credit default swaps."

The variables in derivative bets might include competing national security agendas involving, for instance, pipeline constructions, regime change, weapons development and sales, false flag terror events, or money laundering. Since derivative bets involve confidential transactions with secret outcomes, they can be derived from all sorts of criteria. Derivative bets can, for instance, involve all manner of computerized calculations that in some cases are constructed much like war game scenarios.

The complexity of derivatives became greater when the American Insurance Group, AIG, began selling insurance programs to protect all sides in derivative bets from suffering too drastically from the consequences of being on the losing side of transactions.

The derivative frenzy, sometimes involving bets being made by parties unable to cover potential losses, overwhelmed the scale of the day-to-day economy. The “real economy” embodies exchanges of goods, services, wages and such that supply the basic necessities for human survival with some margin for recreation, travel, cultural engagement and such.

The Swiss-based Bank of International Settlements calculated in 2008 that the size of the all forms of derivative products had a monetary value of \$1.14 quadrillion. A quadrillion is a thousand trillions. By comparison, the estimated value of all the real estate in the world was \$75 trillion in 2008.

[Bank for International Settlements, *Semiannual OTC derivative statistics at end-December*, 2008.]

As the enticements of derivative betting preoccupied the leading directors of Wall Street institutions, their more traditional way of relating to one another began to falter. It was in this atmosphere that the Repo Market became problematic in December of 2007 just as it showed similar signs of breakdown in September of 2019.

In both instances the level of distrust between those in charge of financial institutions began to falter because they all had good reason to believe that their fellow bankers were overextended. All had reason to believe their counterparts were mired by too much speculative activity enabled by all sorts of novel experiments including various forms of derivative dealing.

In December of 2007 as in the autumn of 2019, the Federal Reserve Bank of New York was forced to enter the picture to keep the financial pumps on Wall Street primed. The New York Fed kept the liquidity cycles flowing by invoking its power to create new money with the interest charged to tax payers.

As the financial crisis unfolded in 2008 and 2009 the Federal Reserve, but especially the privately-owned New York Federal Reserve bank, stepped forward to bail out many financial institutions that had become insolvent or near insolvent. In the process precedents and patterns were established that are being re-enacted with some modifications in 2020.

One of the innovations that took place in 2008 was the decision by the Federal Reserve Bank of New York to hire a large Wall Street financial institution, BlackRock, to administer the bailouts. These transfers of money went through three specially created companies now being replicated as Special Purpose Vehicles in the course of the payouts of 2020.

In 2008-09 BlackRock administered the three companies named after the address of the New York Federal Reserve Bank on Maiden Lane. BlackRock emerged from an older Wall Street firm called Blackstone. Its former chair, Peter C. Peterson, was a former Chair of the Federal Reserve Bank of New York.

The original Maiden Lane company paid Bear Stearns Corp \$30 billion. This amount from the New York Fed covered the debt of Bear Stearns, a condition negotiated to clear the way for the purchase of the old Wall Street institution by JP Morgan Chase. Maiden Lane II was a vehicle for payouts to companies that had purchased “mortgage-backed securities” before these derivative products turned soar.

Maiden Lane III was to pay off “multi-sector collateralized debt obligations.” Among these bailouts were payoffs to the counterparties of the insurance giant, AIG. As noted, AIG had developed an insurance product to be sold to those engaged in derivative bets. When the bottom fell out of markets, AIG lacked the means to pay off the large number of insurance claims made against it. The Federal Reserve Bank of New York stepped in to bail out the counterparties of AIG, many of them deemed to be “too big to fail.”



Among the counterparties of AIG was Goldman Sachs. It received of \$13 billion from the Federal Reserve. Other bailouts to AIG's counterparties were \$12 billion to Deutsche Bank, \$6.8 billion to Merrill Lynch, \$5 billion to Switzerland's UBS, \$7.9 billion to Barclays, and \$5.2 billion to Bank of America. Some of these banks received additional funds from other parts of the overall bailout transaction. Many dozens of other counterparties to AIG also received payouts in 2008-2009. Among them were the Bank of Montreal and Bank of Scotland.

The entire amount of the bailouts was subsequently calculated to be a whopping \$29 trillion with a "t." The lion's share of these funds went to prop up US financial institutions and the many foreign banks with which they conducted business.

Much of this money went to the firms that were shareholders in the Federal Reserve Bank of New York or partners of the big Wall Street firms. Citigroup, the recipient of the largest amount, received about \$2.5 trillion in the federal bailouts. Merrill Lynch received \$2 trillion,

The Federal Reserve Bank was established by Congressional statute in 1913. The Federal Reserve headquarters is situated in Washington DC. The Central Bank was composed of twelve constituent regional banks. Each one of these regional banks is owned by private banks.

The private ownership of the banks that are the proprietors of the Federal Reserve system has been highly contentious from its inception. The creation of the Federal Reserve continues to be perceived by many of its critics as an unjustifiable giveaway whereby the US government ceded to private interests its vital capacity to issue its own currency and to direct monetary policy like the setting of interest rates.

Pam Martens and Russ Martens at *Wall Street on Parade* explain the controversial Federal Reserve structure as follows

While the Federal Reserve Board of Governors in Washington, D.C. is deemed an "independent federal agency," with its Chair and Governors appointed by the President and confirmed by the Senate, the 12 regional Fed banks are private corporations owned by the member banks in their region. The settled law under **John L. Lewis**

**v. the United States** confirms: “Each Federal Reserve Bank is a separate corporation owned by commercial banks in its region.”

In the case of the New York Fed, which is located in the Wall Street area of Manhattan, its largest shareowners are behemoth multinational banks, including JPMorgan Chase, Citigroup, Goldman Sachs and Morgan Stanley.

There was no genuine effort after the financial debacle of 2007-2010 to correct the main structural problems and weaknesses of the Wall Street-based US financial sector. The Dodd-Frank Bill signed into law by US President Barack Obama in 2010 did make some cosmetic changes. But the main features of the regulatory capture that has taken place with the elimination of the Glass-Steagall Act remained with only minor alterations. In particular the framework was held in place for speculative excess in derivative bets.

In the summer edition of *The Atlantic*, Frank Partnoy outlined a gloomy assessment of the continuity leading from the events of 2007-2010 to the current situation. This current situation draws a strange contrast between the lockdown-shattered quality of the economy and the propped-up value of the stock market whose future value will in all probability prove unsustainable. Partnoy writes,

It is a distasteful fact that the present situation is so dire in part because the banks fell right back into bad behavior after the last crash—taking too many risks, hiding debt in complex instruments and off-balance-sheet entities, and generally exploiting loopholes in laws intended to rein in their greed. Sparing them for a second time this century will be that much harder.

### **Wall Street Criminality on Display**

The frauds and felonies of the Wall Street banks have continued after the future earnings of US taxpayers returned them to solvency after 2010. The record of infamy is comparable to that of the pharmaceutical industry.

The criminal behaviour in both sectors is very relevant to the overlapping crises that are underway in both the public health and financial sectors. In 2012 the crime spree in the financial sector began with astounding revelations about the role of many major banks in the LIBOR, the London Interbank Offered Rate. The LIBOR rates create

the basis of interest rates involved in the borrowing and lending of money in the international arena.

When the scandal broke there were 35 different LIBOR rates involving various types of currency and various time frames for loans between banks. The rates were calculated every day based on information forwarded from 16 different banks to a panel on London. The reporting banks included Citigroup, JP Morgan Chase, Bank of America, UBS, and Deutsche Bank. The influence of the LIBOR rate extended beyond banks to affect the price of credit in many types of transactions.

The emergence of information that the banks were working together to rig the interest rate created the basis for a huge economic scandal. Fines extending from hundreds of millions into more than a billion dollars were placed on each of the offending banks. But in this instance and many others to follow, criminality was attached to the financial entities but not to top officials responsible for the decisions that put their corporations on the wrong side of the law.

One of the factors in the banking frauds comprising the LIBOR scandal was the temptation to improve the chance for financial gains in derivative bets. The biggest failure of the federal response to the financial meltdown of 2007-2010 was that little was done to curb the excesses of transactions in the realm of derivatives.

Derivatives involved a form of gambling that exists in a kind of twilight zone. This twilight zone fills a space somewhere between the realm of the real economy and the realm of notional value. Notional values find expression in unrealized speculation about what might or might not come to fruition; what might or might not happen; who might win and who might lose in derivative speculations.

The addiction of Wall Street firms to derivative betting remains unchecked to this day. The bankers' continuing fixation with unregulated gambling, often with other people's money, is deeply menacing for the future of the global economy.... indeed for the future of everyone on earth. According to the Office of the Controller of Currency, in 2019 JP Morgan Chase had \$59 trillion in derivative bets. In July of 2020 it emerged that Citigroup held \$62 trillion in derivative contracts, about \$30 trillion more than it held before it was

bailed out in 2008. In 2019 Goldman Sachs held \$47 trillion and Bank of America held \$20.4 trillion in derivative bets.

A big part of the scandal embodied in these figures is embedded in the reality that all of these banks carry their most risky derivative bets in units of their corporate networks that are protected by the Federal Deposit Insurance Corporation. This peril played a significant part in deepening the crisis engendered by financial meltdown that began in 2007.

One of the most redeeming features of the Dodd-Frank Act as originally drafted was a provision preventing financial institutions from keeping their derivative portfolios in banks whose deposits and depositors were backed up by federal insurance.

Citigroup led the push in Congress in 2014 to allow Wall Street institutions to revert back to a more deregulated and danger-prone economic environment. The notoriously inept decisions and actions of Citigroup had played a significant role in the lead up to the financial debacle of 2007 to 2010. Since 2016 Citigroup has become once again the biggest risk taker by loading itself up with more derivative speculations than any other financial institution in the world.

By returning derivative speculations to the protections of federal financial backstops, taxpayers are once again forced to assume responsibility for the most outlandish risks of Wall Street's high rollers. It is taxpayers who are the backers of the federal government when it comes to their commitment to compensate banks for losses, even when these losses come about from derivative bets.

How much more Wall Street risk and public debt can be loaded onto taxpayers and even onto generations of taxpayers yet unborn? How is national debt to be understood when it plunders working people to guarantee and augment the wealth of the most privileged branches of society? Why should those most responsible for creating the most excessive risks to the financial wellbeing of our societies be protected from bearing the consequences of the very risks they themselves created?

Along with Citigroup, JP Morgan Chase stands out among a group of financial sector reprobates most deeply involved in sketchy activities that extend deep into the realm of criminality. In a simmering scandal

six of JP Morgan Chase's traders have been accused of breaking laws in conducting the bank's futures trading in the value of precious metals. They have been accused of violating the RICO statute, a law meant for people suspected of being part of organized crime.

In the charges pressed by the Justice Department on JP Morgan Chase's traders it is alleged that they “conducted the affairs of the [minerals] desk through a pattern of racketeering activity, specifically, wire fraud affecting a financial institution and bank fraud.”

In 2012 JP Morgan Chase faced a \$1 billion fine for its role in the “London Whale” series of derivative bets described as follows by the Chair of the US Senate's Permanent Subcommittee on Investigation. Senator Carl Levin explained, “Our findings open a window into the hidden world of high stakes derivatives trading by big banks. It exposes a derivatives trading culture at JPMorgan that piled on risk, hid losses, disregarded risk limits, manipulated risk models, dodged oversight, and misinformed the public.”

Traders at Goldman Sachs appear to have been part of the Wall Street crime spree. The tentacles of corruption in the Goldman Sachs case apparently extend deep into the US Justice Department. The case involves allegations of embezzlement, money laundering and missing billions. These manifestations of malfeasance all spin out of a scandal-prone Malaysian sovereign wealth fund administered by Goldman Sachs.

A big part of the scandal reported in *Wall Street on Parade* in July of 2020 involves the fact that the Justice Department's prosecutors seem to be dragging their feet in this possible criminal felony case against Goldman Sachs. The prosecutors, including the US Attorney-General, William Barr, worked previously for the law firm, Kirkland and Ellis. Kirkland and Ellis was retained to defend Goldman Sachs in this matter.

Pam Martens and Russ Martens express dismay at the failure of US officialdom to hold Wall Street institutions accountable for the crime spree of some of its biggest firms. They write, “Congress and the executive branch of the government seem determined to protect Wall Street criminals, which simply assures their proliferation.”

Even racketeering charges against officials at JP Morgan Chase, where Jamie Dimon presides as CEO, failed to receive any attention from the professional deceivers that these days dominate MSM. The star reporters of *Wall Street on Parade* write, “Crime and fraud are so *de rigueur* at the bank led by Dimon that not one major newspaper ran the headline [of the racketeering charge] on the front page or anywhere else in the paper.

While federal charges that JP Morgan Chase’s Wall Street operation engaged in criminal racketeering was not of interest to the press, Jamie Dimon’s surprise visit in early June to a Chase branch in Mt. Kisco New York aroused considerable media attention. Dimon was photographed with staff wearing a mask and taking the knee. By participating in this ritual Dimon signaled that his Wall Street operation is in league with the sometimes violent cancel culture pushed into prominence by the Democratic Party in partnership with Black Lives Matter and Antifa.



*\*(JPMorgan CEO Jamie Dimon takes a knee with employees in front of a bank vault. Credit: JPMorgan)*

In an article on 21 July marking ten years since the Dodd-Frank Act of 2010, the Martens duo conclude, “So here we are today, watching the Fed conduct another secret multi-trillion dollar bailout of Wall Street

while the voices of Congress and mainstream media are nowhere to be heard.”

## **Enter BlackRock**

In March it was announced that representatives of the US Treasury Department, the Federal Reserve Board and the BlackRock financial management were joining forces to make adjustments in the US economy. The aim was to address the financial dislocations resulting from the decision to lock down businesses, citizens, schools, entertainment, and social mingling outside the home, all in response to the health care hysteria promoted by governments and their media extensions.

The format of this process suggested some relaxation in the strict distinctions historically drawn between the US Treasury and the Federal Reserve. What would be the role of the third member of the group? In reflecting on this topic Joyce Nelson observed, “the new bailout bill not only further erases the line between the Federal Reserve and the U.S. Treasury, it places BlackRock effectively in an overseer position for both.”

Some saw as symbolically instructive the delegation to BlackRock of a larger role than that assigned it during the first bailout of 2007-2008. It would be hard to overestimate the significance of this prominent Wall Street firm’s return to a strategic role near the very heart of this major exercise of federal power. This invitation to take part in such crucial negotiations at such a consequential juncture in history caused some to characterize BlackRock as a “fourth branch of government.”

As Victoria Guida commented in *Politico*, “This is a transformational moment for the Fed, and BlackRock’s now going to be in an even stronger position to serve the Fed in the future.”

BlackRock officials had been instrumental in helping to manoeuvre their company into such a strategic role by responding proactively to the understanding in some elite circles that another financial debacle was imminent. Only months before the financial meltdown actually occurred a group of former central bankers all commissioned by BlackRock delivered a recovery plan in August of 2019.

Presented at a G 7 summit of central bankers in Jackson Hole Wyoming, the plan for the government responses to the looming financial collapse was entitled *Dealing with the Next Downturn*. Its authors are Stanley Fischer, former Governor of the Central Bank of Israel, Philipp Hildebrande, former Chairman of the Governing Board of the Swiss National Bank, Jean Boivin, former Deputy Governor of the Bank of Canada, and Elga Bartsch, Economist at Morgan Stanley.

The BlackRock Team at Jackson Hole put forward the case that a more aggressive and coordinated combination of monetary and fiscal policy must be brought to the job of stimulating a financial recovery. Monetary policy includes the setting of interest rates. Where monetary policy has historically been the domain of the central banks, fiscal policy, involving issues of taxation as well as the content and size of government budgets, lies within the jurisdiction of elected legislatures.

The nub of the proposal to unite fiscal and monetary policy put the US Treasury and the US Federal Reserve on the same political platform. As the author of this merger of monetary and fiscal policy, BlackRock became third member of the triumvirate charged to address the broad array of economic maladies that arrived in the wake of the lockdowns.

In the spring of 2020 BlackRock has been hired by the Bank of Canada and by Sweden's Central Bank, the Riksbank, to deliver on the approaches to crisis management its representatives had laid out at Jackson Hole. BlackRock's most high-profile and strategic engagement, however, began with its involvement in the negotiation of the \$2 trillion CARES stimulus package that passed through the US Congress in March of 2020.

The CARES Act included \$367 billion for loans and grants to small business, \$130 billion for health care systems, \$150 billion for state and local government, \$500 billion for loans to corporate America, and \$25 billion for airlines (in addition to loans).

The heart of the plan involved a payout of \$1,200 per adult and \$500 per child for households making up to \$75,000. This payment to citizens approaches the concept of disseminating "helicopter money" as referred to in BlackRock's initial outline for dealing with the "downturn." Helicopter money distributed by the federal government



to its citizens was also related to the concept of “going direct” in strategies for stimulating the economy.

BlackRock seems to be moving into the space recently held by Goldman Sachs as Wall Street’s best embodiment of ostentatious success including in the preparation of its corporate leaders for high-ranking positions in the federal government. Laurence Fink, BlackRock’s founder and CEO, might well have replicated this career path to become Treasury Secretary if Hillary Clinton had succeeded in becoming US President in 2016.

BlackRock’s leadership went to great lengths to avoid being tagged with the title in the United States of a “systematically important financial institution” (sifi). To be subject to this “sifi” label entails added federal scrutiny and regulation as well as heightened requirements to keep high amounts of capital on hand. BlackRock’s status as a private company not subject to sifi regulations makes the financial management firm more attractive to its federal partners in the federal payout operation presently underway.

One of the reasons for including a private company in the trio of partners involved in the payouts is to sneak around limitations on the legal powers of the Federal Reserve. As explained by Ellen Brown in her essay, *Meet BlackRock: The New Great Vampire Squid*, the Federal Reserve can only purchase “safe federally-guaranteed assets.” As a private company, BlackRock apparently faces no such restrictions. It can purchase more risky assets not backstopped by federal insurance.

The regional banks of the Federal Reserve Board are owned by private companies whose directors seem to have been part of the decision to include BlackRock in the implementation of the CARES process. There can be no doubt that the format of the CARES negotiations pulled the supposedly independent Federal Reserve more deeply into the political orbit of the US Treasury branch. The presence of a major Wall Street firm in the process, however, apparently gave the advocates of the Fed’s supposed independence from politics a sense that they retained some leverage in the process.

The inclusion of private companies in the conduct of government business has become in recent decades a very common expression of neoliberalism. One of the reasons for this embrace of public-private

partnerships in the conduct of government business is to take advantage of the legal nature of private companies. The apportionment to private companies of significant roles in deciding and implementing public policies helps put veils of secrecy over the true nature of government decisions and actions.

Private companies can more easily assert claims to “proprietary information” than can public institutions when they act on behalf of citizens. This feature of privatization in the performance of public responsibilities by elected government runs counter to the imperatives of democratic transparency. It puts obstacles in the way of genuine accountability because the public is more likely to be kept in the dark about key aspects of what is being decided and done on their behalf.

### **Suck Up Economics and State Monopoly Capitalism**

BlackRock owns, controls, or manages about \$30 trillion in total in securities. It directly controls or owns somewhat less than a third of this amount. The remainder of the assets BlackRock manages are to service clients responsible for taking care of pension funds, philanthropies, foundations, endowments, family offices, superannuation funds and such.

A big part of BlackRock’s business model involves attracting customers by allowing them access to great masses of timely information of significant utility to those responsible for making investment decisions. This technological wizardry happens on a very advanced computational platform known as Aladdin.

Aladdin remains a work-in-progress, one that is widely recognized as the most sophisticated medium of its kind for assessing all manner of financial risks and potentials for profit. Its future as an investment platform is to become more and more integrated into the complex mix of hardware and software animating Artificial Intelligence.

BlackRock’s job is to dispense funds ushered into existence through the money-creating powers of the Federal Reserve. These transactions are to take place through eleven so-called “special purpose vehicles” similar to the Maiden Lane companies that BlackRock administered during the prior bailouts.

The funds it distributes in this round starting in 2020 are meant, at least at this early stage of the crisis, as payments for various sorts of assets. These assets might include an array of corporate bonds spanning a range from so-called investment grade to garbage grade junk bonds. The losses incurred in this exchange, involving supposed assets that might turn out to be worthless, or loans that might not be paid back, are to be charged to the US Treasury. Ultimately the liability lies on US taxpayers who are the holders of the national debt.

Bonds of varying levels of worth lie beneath another asset eligible for transformation into cash. This instrument of value is referred to as Exchange Traded Funds, ETFs. ETFs happen to be a specialty of BlackRock ever since the company launched a range of commercial ETFs into Stock Market circulation through its iShares division. BlackRock's role on both sides of buying and selling ETFs comes up repeatedly as one of the many conflicts of interest of which the Wall Street firm stands accused.

Given that BlackRock is involved in one way or another in the proprietorship of pretty much every major company in the world, there is plenty to back up the allegation that Black Rock is an interested party in most of the transactions in which it engages as part of its partnership with the US Fed and Treasury Branch.

Pam Matens and Russ Martens have been very critical of the role of the Federal Reserve and BlackRock in the current economic crisis. They have anticipated that, if the current drift of events continues, American taxpayers will once again be gobsmacked with a huge growth in the national debt. This development would amount to another major transfer of wealth away from working people to the beneficiaries of Wall Street firms and the same commercial institutions that received the lion's share of funds during the last bailout.

The co-authors picture BlackRock is part of a scheme to use "Special Purpose Vehicles" like "Enron used to hide the true state of its finances and blow itself up." They entitle their article published on 31 March, 2020 as "The Dark Secrets in the Fed's Wall Street Bailout Are Getting a Devious Makeover in Today's Bailout."

The authors observe. "What makes the New York Fed's bailout of Wall Street so much more dangerous this time around is that it has decided

to use a different structure for its loans to Wall Street – one that will force losses on taxpayers and, it hopes, will provide an ironclad secrecy curtain around how much it spends and where the money goes.”

I find this account of an effort by the Federal Reserve to create an “ironclad secrecy curtain” shocking under these circumstances. It suggests an intention to exceed the deceptiveness of the last bailout. This warning renews longstanding suspicions that the failures of transparency and accountability have not subsided since the beginning of the era when deregulation and the 9/11 deceptions converged in the domestic and international operations of Wall Street.

The structural problems already identified in the process initiated to implement the CARES Act could have enormous consequences if the current economic crisis continues to deteriorate. This deterioration is not likely to stop anytime soon given the depth of the crash and its probable domino effects. It was reported in late July that during the second quarter of 2020 the US Gross Domestic Product collapsed at an annualized rate of 33%, the deepest decline in output ever recorded since the US government began measuring GDP in 1947.

The CARES Act helped set in motion a program with the potential to repeat elements of the earlier bailout. The amount of \$454 billion was to be set aside to assist the banking sector. The Fed can leverage this amount by ten times according to the principles of fractional reserve banking.

The news of this development caused Mike Whitney to imagine “the Fed turning itself into a hedge fund in order to buy the sludge that has accumulated on the balance sheets of corporations and financial institutions for the last decade,” Whitney pictured an onslaught of “scheming sharpies who will figure out how to game the system and turn the whole fiasco into another Wall Street looting operation.”

Meanwhile the Martens Team at *Wall Street on Parade* called attention to the \$9 trillion already injected by the New York Fed to flood liquidity into the still-troubled Repo Markets that began to falter in September of 2019. Add to this revelation the news that the Fed “has not announced one scintilla of information on what specific Wall Street firms have received this money or how much they individually received.”

There is no doubt that the nature of economic relations will be substantially altered in the process of dealing with the financial meltdown induced by the lockdowns and by the overreliance on high debt rates combined with artificially low interest rates prior to 2020. The altered political economy that is beginning to emerge following the lockdowns is sometimes described as state monopoly capitalism.

In deciding what companies get bailed out and what companies don't, the financial authorities that are intervening in this crisis are pretty much deciding what enterprises get the advantage of federal financial backstops and what enterprises will not enjoy government sanction. Increasingly, therefore, it is the state that determines winners and losers in the organizing of financial relations. This development further undermines any notion that some idealized vision of competition and market forces will determine winners and losers in the economy of the future.

As Peter Ewarts has observed, it seems that BlackRock is being delegated by federal authorities to exercise "discretionary powers to pick winners and losers," a choice that is "where the real bonanza and clout lies." Will the winners be chosen from the companies run by executives that used the money gained from the prior bailouts to engage in stock buy backs? This process of buying back stock tends to be reflected in CEO bonuses and higher share prices. Alternatively this way of allocating funds tends to short change workers as well as innovation and efficiency in industrial production?

Will companies be rewarded whose executives have moved production facilities overseas or issued billions in junk bonds? Will companies be rewarded whose directors have participated in the effort to censor the Internet, bring about lockdowns or foment mask hysteria? Why is it that the coddled elites serving the financial imperatives of most wealthy branches of society are being put in the best position to decide who gets a life preserver from the state and who must sink and drown?

Might this bias be a factor in the current process that led Forbes Magazine to conclude in a headline that "*Billionaries Are Getting Richer During the Covid-19 Pandemic While Most Americans Suffer.*"

There can be no doubt that the financial transactions beginning with the CARES Act represent a crucial initial stage in what the promoters

of the World Economic Forum have been labeling as the Great Reset. Laurence Fink and the BlackRock firm are significant participants in the World Economic Forum. The WEF helped introduce the pandemic in Event 201 in October of 2019 even as it is now trying to put a positive face on the fiasco.

Why should the people most harshly affected by the lockdowns tolerate that the very Wall Street interests dispossessing them, are tasked once again to lead and exploit *the reset* of the financial system? As presently structured by the likes of BlackRock and its beneficiaries, this process is once again transferring new wealth to the most wealthy branches of society. Simultaneously it is burdening the rest of the population with yet another massive increase in both personal and national indebtedness.

There is no more discussion of “trickle down” economics, a frequent metaphor invoked in the Reagan-Thatcher era. Instead we are in the midst of an increasingly intense phase of suck up economics. The rich are being further enriched and further empowered through the dispossession of the poor and the middle classes. This procedure, initiated when locked down citizens were sidelined from the political process, has the potential to result in the largest upward transfer of wealth so far in history.

## **BlackRock Versus the Debt-Lite Legacy of the Bank of Canada**

At the end of March Laurence Fink, CEO and founder of BlackRock, announced in a letter to his company’s shareholder, “We are honored to have been selected to assist the Federal Reserve Bank of New York and the Bank of Canada on programs designed to facilitate capital to businesses and support the economy.”

This announcement might leave the impression that the Bank of Canada and the Federal Reserve Bank of New York are similar institutions. This impression is unfounded. The two banks have very different structures and histories. A spotlight on these differences helps illuminate the nature of a number of core financial issues.

These financial issues should command avid attention during this time of reckoning with a serious economic crisis that may well be still in its early stages. Such issues inevitably draw attention to the current

manifestations of very old questions about the character of money and its relationship to the concepts of usury and debt. Questions about debt, debt enslavement as well as the possibility of debt renunciation or debt forgiveness are becoming especially pressing.

These controversial queries arise in an era when a tiny minority is aggressively asserting sweeping claims to ownership of vast concentrations of the world's available assets. The other side of this picture reveals that the largest mass of humanity is sinking into a swamp of rising debt on a scale that is concurrently unsustainable and unconscionable. How did this level of inequity reach such audacious extremes? Are there any remedies in sight?

There is nothing to suggest structural remediation in the current approach to the economic crisis. In fact so far there is every indication that the current approach of bringing about an enormous expansion in the availability of debt-laden money will only compound the further dispossession of the already dispossessed in order to expand the wealth of the already wealthy.

As already noted, the Federal Reserve Bank of New York is one of twelve regional banks that together constitute the US Federal Reserve. Every regional Federal Reserve Bank is owned by a group of private banks. Each of the private banks at the base of a Federal Reserve regional bank marks its proprietorship through the ownership of shares. These shares cannot be freely traded in stock markets. The ownership of these shares expresses the private ownership of the US banking system.

The Fed's New York regional bank has a special role in money creation given its location at the heart of the US financial sector on and around Wall Street. In this crisis, the Federal Reserve Bank of New York is creating new money in the name of holding back onslaughts of destitution and penury in a traumatized society. Ever since 1913 every new dollar brought into existence by the Federal Reserve, which is the central bank of the United States, creates added debt that collects compound interest as long as it is left unpaid.

The Bank of Canada was created to counter the delegation of money-creating authority to privately-owned banks. The Bank of Canada was founded during the Great Depression, a time when the failure of many

existing institutions created the conditions to try out alternative entities in the attempt to improve economic relationships.

One of the driving forces in the creation of Canada's new banking system was Gerald Gratten McGeer. McGeer was an elected official in British Columbia dedicated to changing the system so that the people of Canada could generate their own currency through the sovereign authority of Canada's Parliament. McGeer helped to push the national government of Prime Minister R.B. Bennett in this direction. The wheels were set in motion in 1933 through the work on the Royal Commission on Banking and Currency.

McGeer drew much of his inspiration from former US President, Abraham Lincoln. Lincoln led the US federal government throughout the US Civil War. To finance the Armed Forces of the Union, Lincoln used the authority of the federal government to create "Greenbacks" as a means of paying the troops. By employing the sovereign authority of the US government to create its own currency, Lincoln avoided the intrigues that often accompanied the process of borrowing money from foreign lenders.

McGeer had obtained what he viewed as credible evidence that Lincoln had been assassinated because of his antagonism to the designs of private bankers seeking to widen their base of power in the United States. The Canadian politician had taken to heart a comment attributed often to Lincoln: "The privilege of creating and issuing money is not only the supreme prerogative of Government, but it is the Government's greatest creative opportunity."

The Bank of Canada was created in 1934 and nationalized as a Crown Corporation in 1938. To this day it retains its founding charter that affirms,

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.

The Bank of Canada formed an essential basis of a very creative period of Canadian growth, development, and diversification throughout the



middle decades of the twentieth century. The Bank of Canada created the capital that financed the Canadian war effort from 1939 until 1945. After the war the Bank of Canada lent money at very low rates of interest to the municipal, provincial and national governments. The monies were used for infrastructure projects and for investments to increase the wellbeing and creative potential of Canada's most important resource, its people.

This type of low interest or no interest financing formed the economic basis for projects like the creation of a national pension plan, national health care insurance, the Trans-Canada Highway, the St. Lawrence Seaway, the Avro-Arrow initiative as well as a formidable system of colleges and universities.

One could say that the Bank of Canada provided an indigenous money supply that was spent into the operations of a fast growing economy greased with lots of federal liquidity. The new money derived its value from the efforts of Canadian workers. Together they brought about significant increases in the country's net worth through practical improvements that bettered the lives of all citizens.

Consider the contrast between this type of national development and the kind of larceny facilitated by the Federal Reserve's infusions of the money it creates into Wall Street's operations in the twenty-first century. In, for instance, the financial bailouts of 2007 to 2010 the largest part of the newly-created money ended up in the coffers of the wealthy whereas the new debt created ended up as part of a US national debt.

The burden of carrying this debt falls inter-generationally on average working people who form the lion's share of taxpayers. They have long been saddled with an "inextinguishable debt" that unrelentingly grows, hardly ever shrinks, and remains basically unpayable forever. The very concept of "compound interest" conveys the image of an overall debt spread out over many venues. This debt must grow in perpetuity. There is a constant need for additional debtors while existing debtors must face constantly growing personal debt.

There is reason to suspect that the financial debacle of 2020 will re-enact some the worst excesses of the 2008 bailout. Might the payouts this time around to derivative-addicted Wall Street firms like Citigroup, Goldman Sachs and JP Morgan Chase exceed the scale of

the prior bailout? Would there be any way of even knowing whether the current round of payouts outdoes the former round of bailouts? The current process of federal disbursements is not transparent. In fact the process has been described as one designed to “provide an ironclad secrecy curtain around how much [the Fed} spends and where the money goes.”

Why is the Canadian government turning to the very firm that emerged as Wall Street’s main fixer and winner in the 2008 bailouts? Why is Justin Trudeau looking to BlackRock to respond to the Canadian aspects of the 2020 economic crash?

Justin Trudeau seems unwilling or unable to provide a coherent answer to this question and others requiring thoughtful replies rather than barrages of platitudes. Why is Justin Trudeau instituting what Joyce Nelson has characterized as a “new feudalism” in Canada’s economic policies?

Any decent effort of response on Trudeau’s part would have to make some reference to the background of the current debacle. There would have to be some acknowledgment that between 1934 and 1974 the Canada government did not build up any significant national debt. Then, between 1974 and 2020, the national debt of Canada skyrocketed from \$22 billion to \$700 billion.

Why was such a good and sustainable use of the Bank of Canada put aside, one that contributed magnificently to the health and wellbeing of the Canadian people as well as the Canadian federation? Who lost out? Who gained besides the international bankers?

The incomprehensible abandonment of a winning formula for Canadian development by Prime Minister Pierre Trudeau puts a special onus on his son, Canada’s current PM, to explain the incredibly costly mistake of his father. Why won’t Justin Trudeau fix the mistake of his father and restore the Bank of Canada to its former role in Canadian nation building?

There has never been a full and satisfactory explanation of what really happened in 1974 to persuade Pierre Trudeau to throw aside the means of developing infrastructure with resources generated internally within Canada. Trudeau Senior’s decision to stop building up Canada through the operation of the Canadian people’s own

national bank was not debated in Parliament. The option was never part of an election platform let alone the subject of a national referendum.

Apparently the Swiss-based Bank of International Settlements, which is often referred to as the central bank for central bankers, had some role in Pierre Trudeau's decision to cease using the Bank of Canada's powers to generate near-debt-free Canadian currency.

### **Government as a Means of Escaping Debt Entrapment**

That powers of debt-lite money creation invested by Parliament in the Bank of Canada have never been formally withdrawn. The Bank of Canada could still revert back to the direct creation of Canadian currency to be spent into an economy of national recovery; to be spent in investments in infrastructure as well as in cultivating and applying the creative skills of the Canadian people.

Between 2011 and 2017 a court case was brought against the government of Canada with the aim of restoring the Bank of Canada to its former role. As Rocco Galati, the lawyer for the Committee on Monetary and Economic Reform (COMER) explained "Not only has the government abandoned its constitutional duty to govern, but it has transferred it to international private banks which corresponds to an abandonment of its sovereignty."

After some significant rulings and contentious appeals, the COMER case came to an end without delivering results that its plaintiffs sought. But the court case helped to put a spotlight on the potential of the Bank of Canada. If properly utilized, this institution could provide a model corrective to the subordination of governance to the international Lords of Debt Exploitation and their minions.

This process of politicizing the role of the Bank of Canada should extend to a process of calling out Justin Trudeau's current approach to selling off key components of Canada's infrastructure.

This topic came up in private discussions between Larry Fink and Justin Trudeau at the World Economic Forum in Davos in January of 2016. Fink apparently got Trudeau interested in attracting private investors to the project of improving or building Canadian infrastructure projects like roads, high-speed trains, airports and

such. This kind of approach to developing infrastructure projects runs counter to the role once played by the Bank of Canada in incorporating self-sufficiency into the process of national building.

The dangers and opportunities in this time of manufactured crises are indeed unprecedented. Instead of rejecting the Davos crowd's preoccupation with a giant reset, why not embrace the concept? Why not treat this moment as an opening to reset the global economy in a way that would restore the Bank of Canada to some of its former functions. Why not highlight this return to the sovereign embrace of benevolent nation building as an example for the rest of the world?

Why not reconstitute the worldwide structures of the international system of economic relations to restore elected governments to the functions that have been pre-empted by unaccountable institutions like the US Federal Reserve or the Bank for International Settlements? Why not renew the model of banking as an exercise and expression of national sovereignty and the self-determination of peoples in a dynamic global arena of rules-based economic interaction?

Why not withdraw the power from private bankers to create national currencies? Why not follow the advice of the deceased Abraham Lincoln by restoring "the greatest of all creative possibilities available to governments," namely their power to issue money and set interest rates. The restoration of economic power to governments and the people and peoples they represent would involve the infusion of life into conceptions of globalization very different than those used to justify the industrialization of China and the deindustrialization of North America.

By delegating to international organizations much of their capacity to influence the economic conditions affecting their own people, national legislatures have lost much of their capacity to provide responsible government. Governments thus weakened are not realistically in a position to derive their authority from the consent of the governed. When representative bodies cannot effectively express the right of their constituents to collective self-determination in economic realm, what legitimacy is left to the institution of representative government?

This strange moment puts humanity face to face with much that is novel and unprecedented and much that is old and integral to the history of human interaction. The economic dimensions of this crisis

constitute its most devastating and far-reaching attribute. The supposed remedy being rushed into operation is to flood large quantities of debt-laden loans into existence and for governments to distribute the borrowed funds to individuals, businesses, and organizations as they see fit.

Once again, vast quantities of debt-laden money are being created without the informed consent of those on whose shoulders the vastly increased loads of debt are falling. Once again governments are rewarding political friends and punishing political enemies by means of the way the new funds are being apportioned.

Decisions are pushed forward that emanate not from citizen constituents but from cabals of supranational connivers actively engaged in wrecking what little remains of responsible government. As governments lose legitimacy by engaging in collusion with corrupt cronies and international crime syndicates they must depend more and more on police state thuggery to enforce some semblance of order.

This process is going forward in spite of the fact that alternative means exist to create as much new money as is required without having to pay large amounts of compound interest to private bankers. Every sovereign government has the capacity to generate new money by following the model of the Bank of Canada between 1938 and 1974.

There is an especially urgent need at this time for some serious reckoning with the economic dimensions of the crisis before us. This reckoning will inevitably meet the resistance of extremely powerful interests who are deriving great benefits from the existing system. The process of privatizing the creation of money has enriched and empowered a clique whose institutionalized, deep-rooted and continuing kleptocracy was exposed in part by the bailout of 2008.

Why should we take for granted in 2020 that the best way to deal with the economic debacle put before us is to create new money by agreeing to go much deeper into a quagmire of debt entrapment. This debt trap, whose cumulative amount will soon be more than \$300 trillion globally, creates gross liabilities in a trajectory of disadvantage that severely limits the life chances even of many generations still unborn.

The other side of debt is embodied in assets. Who gets the assets and who gets the liabilities that coalesce to form indebtedness? What is to be made of the role of birth or inheritance or race or natural ability or social connections in apportioning assets or imposing the enslavements of accumulated debt?

John Perkins addressed some of these issues in his *Confessions of an Economic Hit Man* and in a subsequent follow-up volume. Perkins chronicled how an inter-related complex of US institutions aligned themselves with his own greedy and unscrupulous interventions. The goal of their coordinated aggressions was aimed at imposing the enslavements of massive debt with compound interest. Their version of loan sharking is one of many manifestations expressing a very old and common phenomenon. It often happens that powerful interests parasitically exploit the weak to further enrich themselves.

This partnership between John Perkins and the kleptocratic agencies directed by the US government has long been drawing wealth from struggling countries by pushing them more deeply into national indebtedness. Once the governments of target countries succumbed to greater dependence on debt-based financing, the conditions were ripe to force officials into adopting policies of austerity that harmed local citizens in order to augment the assets of international investors.

Significantly the World Bank demonstrated how this coercion works in the context of the current economic crisis. The World Bank attempted to impose conditions on a loan of \$940 million to Belarus because the WB wanted Belarus to conform to the lockdowns that are a primary cause of the current manufactured crisis.

As revealed by the Belarus's President, Alexander Lukashenko, the World Bank wanted his country to adopt the full set of COVID-19 measures that had been implemented by the Italian government. Lukashenko said no to the loan. He refused to accept the conditions and carried on the established policies of Belarus, a country that has “not implemented strict coronavirus containment measures.”

Lukashenko is far from alone in his contempt for the manipulative tactics of the apparatus promoting the manufactured crisis. For instance Tanzanian President, John Magufuli, tested the accuracy of the testing procedures being forced on his country by the World Health Organization. President and Medical Doctor Mugufi included

in the samples submitted to the testing agency some tissue of a goat and a papaya. Both the goat and the papaya tested positive for COVID-19, an outcome he publicized before ordering the WHO group to leave his country.

## **The Political Economy of Usury From the Middle Ages to the Era of Social Credit and Ezra Pound**

We cannot assess the division of humanity between a massive group of debtors and a much smaller group of creditors without touching on the issue of usury. The subject of usury, the lending of money with the addition of interest payments, has been an extremely contentious issue throughout much of human history.

There were prohibitions against usury in ancient Greece, ancient India and the Roman Empire. Throughout much of the last thousand years usury has been regarded as a sin outlawed in the Bible, the Torah and the Koran. At different times in history the Roman Catholic Church has been an especially zealous opponent of some forms of usury.

Considering the nature of our current predicaments including obscene levels of economic inequality, usury might yet again arouse contentions. Some of the core ethical issues raised by the resort to usury remain unresolved. How is it ethical, for instance, to subject disinherited children in poor countries to the indignities of deepened poverty so that rich folks in rich parts of the world can reap larger dividends?

Beginning in the Middle Ages, forms of usury began to show up first in the Italian city states and in the towns of the Franco-Flemish realm. The act of loaning money with interest gradually spread throughout Europe. In some predominately-Muslim jurisdictions, the concept conveyed in the Arabic term, “riba,” approximated the idea of usury or interest. Over time various versions of riba have affected Muslim banking practices.

Often there were prohibitions preventing Jews from demanding interest on loans made to other Jews. There were many Talmudic teachings, however, permitting interest to be collected from gentiles when they borrowed money from Jews. Many accounts of Jewish efforts to break down prohibitions on usury highlight obstacles preventing Jews from pursuing other lines of work. The case is made

that the pull of some Jews into banking came about in part because of their exclusion from other occupations.

Whatever the case, the obstacles to usury continued to be lessened including through the changes to Biblical interpretation that came with the Protestant Reformation. Even in the twentieth century, however, usury continued to arouse criticism and distrust. Ezra Pound was one of those who became very outspoken when it came to problems with usury.

The modernist poet and scholar, Ezra Pound, was one of the most influential literary figures of the twentieth century. The importance of his work was expressed not only in his own literary efforts but also in his contributions to other authors in his circle of friends and colleagues.

Pound's outspoken criticism of usury formed part of the discourse that was integral to the political movements seeking economic reform. The creation and successful nationalization of the Bank of Canada was one of the outgrowths of the concerted quest to give substance to economic institutions that would more effectively serve human needs.

The creation of the Bank of Canada drew on the ideas of Abraham Lincoln and also on those of many other theorists including Major C.H. Douglas. While Major Douglas and John Maynard Keynes each denounced one another's work, both sought to stimulate economic activity by expanding the supply and distribution of money. Major Douglas' vision of Social Credit, one that Pound enthusiastically embraced, sought to bring about greater harmony and equilibrium between the forces of production and consumption.

A biographer of Pound has explained that this formidable literary figure believed "there was the prospect of building a Social Credit society where money served the consumer and served the producer." As Pound pictured it, "the middle men" seeking usurious, interest bearing profit" to be collected "without work or prior motivation, could be cut out." During the Depression the hope of prosperity through the application of Social Credit principles was seized upon by many. One of them was an evangelical preacher in the Canadian province of Alberta.



Largely as a result of the popularity he gained by incorporating Major Douglas' analysis of Social Credit into his Sunday afternoon Christian radio broadcast, "Bible Bill" Aberhart became the Premier of Alberta. His Social Credit Party gained 56 of 63 seats in the Alberta Legislature. The Social Credit Party continued in power until 1971.

The Social Credit preoccupation with bringing about changes in the relationship of citizens to financial institutions helped add to the discourse from which the Bank of Canada emerged as a dynamic instrument of nation building.

The enthusiasm was well placed of those who threw their lot in with the movement to create and enlivened the Bank of Canada. The generations that put their trust in this federal financial institution had the satisfaction of knowing that their taxes were not devoured to pay big amounts of interest to private bankers in the style that presently prevails almost everywhere.

Like his good friend and colleague, Ernest Hemingway, Pound was a devotee of clear, terse and succinct prose.

This characteristic of his writing comes through strongly in his harsh condemnations of usury. "Usury is the cancer of the world," Pound wrote. He explained, "Until you know who has lent to whom, you know nothing of politics, you know nothing whatever of history, you know nothing of international wrangles."

Ezra Pound was born in Idaho but was attracted to Italy throughout long periods of his life. In Italy he lionized its fascist leader, Benito Mussolini. He embraced the Axis side in World War II developing close relations with the British fascist leader, Oswald Mosley. Pound threw himself into the contest producing a torrent of radio broadcasts seeking to win over English-speaking converts to the Axis side. These broadcasts are today widely described as war propaganda.

Pound was indicted in the United States in 1943 and arrested at the war's end by the US Armed Forces in Italy. After being jailed in Pisa, Pound was charged with treason. Then Pound was diagnosed as being mentally unfit to face charges.

The finding that he was mentally ill caused Pound to be locked up as a patient in St. Elizabeth's Hospital in the Washington DC area for the

next 13 years. In spite of his severe prejudices against Jewish bankers and his active embrace of fascism during the war years, Pound continued to carry on very lively interactions with his formidable circle of poets, essayists and novelists.

Pound's circle included James Joyce, Ernest Hemingway, and T.S. Eliot. All these writers wrote works that won a Nobel Prize for Literature. These and many other authors benefited from Pound's encouragement and mentorship. In 1948 Eustace Mullins joined Pound's circle. Mullins was introduced to the famous poet and scholar through Pound's wife, Dorothy Shakespeare,

When he first met Pound, Mullins was an art school student and a veteran of the US Air Force. He had already published some short pieces in the British journal, *Social Creditor*. Mullins remembered Pound's place of forced residence as "a hideous, urine-soaked madhouse in Washington D.C." As their visits became increasingly regular, Pound encouraged Mullins to conduct research into the history and activities of the Federal Reserve.

When Pound proposed the idea Mullins was unaware of the existence of the Federal Reserve. Nevertheless, Mullins threw himself into the project that he supported by combining his research with work as a book stacker at the Library of Congress. At the Library he befriended George Stimpson who was well known among Washington journalists and government officials for his wealth of knowledge and his ability to locate relevant research materials.

Stimpson happily worked with Mullins. He helped the aspiring author by guiding him into the primary and secondary literature illuminating many facets of the Federal Reserve's history

### **Eustace Mullins Explores the Secrets of the Federal Reserve**

An initial edition of the volume appeared in 1952 as *Mullins on the Federal Reserve*. Another edition with added information was published in 1954. The text has been republished many times, sometimes in different editions under the title *Secrets of the Federal Reserve*. The text is organized around both thematic and chronological facets.

Mullins lays out the history of the Federal Reserve with considerable attention to the institution's roots and origins. The author emphasizes several strands of continuity showing the links of the Federal Reserve to the banking establishments of Europe but especially those of Great Britain and Germany.

Mullins characterizes the Federal Reserve as the most powerful institution in the United States whose influence grew so that "it gradually superseded the popular elected government of the United States." The power of the Fed and its core facet, the Federal Reserve Bank of New York, is said to have become so formidable because the agency operates in secrecy without any genuine form of accountability to any public institution. The NY Fed combines the power of secrecy with the enormous power to create new currency and to set interest rates becoming in the process "the most gigantic trust on earth."

Mullins makes the case that the financial district known as the City of London exercised enormous influence over the activities of the Federal Reserve and many of the large Wall Street banks. Mullins wrote, "London is the world's financial centre, because it commands enormous sums of capital created at its command by the Federal Reserve Board of the United States."

Mullins is conscientious in presenting many citations to back up his observations and interpretations. He cites, for instance the *New York Times* on January of 1920 where it states, "The Federal Reserve is a fount of credit not capital." The manipulation of credit, however, can greatly affect the industrial economy by affecting the ability of manufacturers and farmers to produce.

Mullins emphasizes throughout the text how events are often engineered to strengthen the hand of the Lords of Credit in the matrix of society's operations. In referring, for instance, to a secret banker's plan to crash the stock market in 1929, Mullins expressed a view that could as easily describe the growing suspicion in 2020. Could it be that the lockdowns of businesses and workers were purposely engineered to strengthen the hands of the Lords of Credit whose main platform is the Federal Reserve Bank of New York?

Mullins explains that sometimes "bankers paralyse the industrial energies of the country" in order to highlight and strengthen "their tremendous powers" over the financial and business organization of

the American economy. Mullins' observation that "panic is an instrument of [financial] power" is another statement with obvious relevance to the current crisis.

As have many authors since, Mullins emphasizes the importance of a top-secret meeting on Jekyll Island in the state of Georgia in 1910. At this meeting Paul Warburg essentially took the intellectual lead in creating a plan for a Central Bank in the United States. Such an institution was long contemplated and promoted but it had been stopped repeatedly, most famously by Andrew Jackson. Jackson's political career culminated in his winning the US presidency between 1829 and 1837.

Warburg left his family banking business in Hamburg Germany in 1902. He joined the Wall Street Office of Kuhn Loeb, a Wall Street House that helped finance the Bolshevik Revolution in Russia. Mullins devotes much effort to describing the complex of alliances and rivalries that characterized banking before and after the founding of the Fed.

Weaving throughout these networks of financial activity were the banking operations of the Rothschild family. Mullins leaves no doubt that the operations of the Rothschild family of bankers were extensive, elaborate and very influential.

In the nineteenth century the Rothschild banking establishment gradually wove its operations into those of large segments of Europe's royal and aristocratic establishments. Mullins emphasizes the genesis of the close business relationship between the Rothschild banking clan and a London-based US company, George Peabody and Company.

Peabody's bank was passed on to a father and son team, Junius Spencer Morgan and John Pierpont Morgan. In the days of the Fed's founding and even today, the name of J.P. Morgan is synonymous with New York banking. Mullins explains how the Rothschild bankers kept a fairly low profile in New York by conducting much of their American business largely through the financial organizations associated with the name and reputation of J.P. Morgan.

Mullins outlines the role of the Federal Reserve in the funding of two world wars. Many of the topics covered in *Secrets of the Federal*

*Reserve* were later pursued in much more detail in the prolific writings of Antony C. Sutton.

Most of Sutton's volumes describe the role of Wall Street in helping to bring about many of world history's major turning points during the twentieth century. These turning points include Wall Street's funding of the rise of the National Socialist government in Germany in the 1930s and the role of Wall Street in financing the Bolshevik Revolution and the business activities of the Soviet Union.

The capacity of the New York Bank of the Federal Reserve to create vast quantities of credit to finance wars, often with the same bankers funding competing sides in conflicts, provided the key to the creation of huge fortunes. The funding of both sides in war can be seen as an early form of hedging one's bets. This kind of high impact intervention through banking sometimes created huge leverage for a very small number of people to steer history towards preconceived destinations.

As Mullins explains it, the Federal Reserve was founded in extreme secrecy and often employs deceptive tactics to misrepresent its true nature. As Mullins sees it, for instance, the creation of the twelve regional banks was a ploy to gain political acceptance for the Central Bank's core entity, the Federal Reserve Bank of New York. Mullins explains, "the other eleven banks were so many expensive mausoleums erected to salve local pride and quell the Jacksonian fears of the hinterland."

The ability of Wall Street bankers to invoke the credit creating powers of the New York Fed forms a key aspect of the frequent military adventurism of the US government. This military adventurism continued full force even after the United States became the world's largest debtor nation after 1990. How large has been the role of the US Fed in building up the US national debt together with the tens of trillions missing from the books of the US Defense Department?

### **The Israel Lobby and the Federal Reserve**

Much of the military adventurism of the United States especially after 9/11 was directed into invasions of Muslim-majority countries that threaten a particular view of Israel as a dominant power in its region and in the world. Why would it be that the Federal Reserve is any less involved in creating the available credit for the waging of wars in the

twenty-first century than it was in creating the wars of the twentieth century?

In his authorship of *The Secrets of the Federal Reserve*, Mullins seems largely oblivious to the role in world history of Zionism and the genesis of Israel. His main attention lay elsewhere. As I read his text, he accurately conveyed how the large Jewish influence in the banking institution of Europe, including the influence of the Rothschild consortium, was extended into Wall Street including the Federal Reserve.

While Mullins does not shy away from dealing with the Jewish component of the story he set out to tell, I don't think he belabours this subject or becomes aggressively polemical about it. Certainly the same cannot be said of some of his critics whose condemnations of Mullins can sometimes be extremely polemical.

Mullins might have made more of the identity politics prevailing throughout the twentieth century. The sensibilities of the dominant Christian constituency in the United States probably influenced the decisions of many customers shopping for banking services. Quite likely some of them would have been more comfortable dealing with firms identified with names like J.P. Morgan, Rockefeller and Mellon rather than Warburg, Greenspan or Fink. Times, however, have changed.

Some of the more severe prejudices seem to have subsided around the time that Sandy Weill combined his Travellers Insurance Company with Citicorp to create Citigroup. This merger helped create the political momentum leading to the elimination of the Glass-Steagall Act in 1999. With Glass-Steagall's elimination, Citigroup tried to become a giant department store of varied financial services. In its inner sanctums, however, Citigroup developed a preoccupation with derivatives that continues yet.

In the twenty-first century it happened that some of the cosmetic overlays were removed that had previously been imposed to disguise the large representation of Jews in Wall Street banking, including in the Federal Reserve Bank of New York. For good or bad, usury has become a core features of how the contemporary world is organized. Some reckoning with the ethnic inheritances attending usury are

therefore inescapable, especially when dealing with the some of the most dramatic displays of usury on steroids in Wall Street institutions.

Where I see the need to draw a line in the sand is not on the question of the ethnicity of Wall Street personnel. Rather this line in the sand involves the question of how power is used or abused at the domineering heights of our financial institutions. Generally speaking it is not a justifiable use of the Federal Reserve to produce credit that enables the waging of wars that are offensive rather than defensive in character.

The waging of war has long been one of the big bonanzas producing major windfalls for international bankers. In the twenty-first century so many of the wars involve the flexing of military might by the United States to advance the expansionary designs of the Israeli state. The US Federal Reserve has been part of the process of creating what some would consider wars for Israel in Iraq, Syria, Yemen and Iran.

Why are the money-generating powers of the secretive Federal Reserve being invoked to help fund wars for Israel and also to help shape public opinion to accept the US role in these wars of aggression. Especially sensitive is the further indebting of the American people to subsidize the production of propaganda aimed at persuading them to back wars for Israel. This propaganda is deemed necessary to deflate opposition to Israel's actions including the ruthless dehumanizing treatment of Palestinian Arabs.

We have seen that the Federal Reserve Bank of New York was deeply engaged in 2008 in transferring tens of trillions into the coffers of its own member institutions and counterparties. What uses were made of this bailout produced through a dubious process of legalized financial larceny?

One way or another the Israel Lobby must be a prime beneficiary of the machinations of Wall Street and its money spigot, the Federal Reserve Bank of New York. This pattern of priority can easily be related to US federal funding of the Israel project as a higher priority in federal budgeting than even the basic needs of the domestic population of the United States. Black Lives Do Matter but why is it that the lives of Israel First Partisans seem to matter more than any other group?

This Israel Lobby has the power to prevent any critic of Israeli policies from gaining the nomination of a major US party to run for US president. The result is that, in election after election, Americans are offered a very limited choice between competitors who are equally supportive of Israel.

The Israel Lobby can intervene to prevent the leadership of opposition parties from adopting policies that emphasize equity in Israel-Palestinian relations. Through its campaign contributions, the Israel Lobby dominates the process of choosing and electing representatives in Congress. How much does it cost to buy the political obedience of most federal politicians? How much does it cost to replicate this feat in the state legislatures and even municipal governments?

Through the ownership and/or control of major media outlets, the Israel Lobby exerts major influence in determining the main outlines of much public discourse when it comes to US-Israeli relations and many related subjects. How could one calculate the amount of money it took to achieve this feat? How much of this money is directed into payments for compliance, in other words, bribery? In the post-Epstein era what is the role of bribery's criminal cousin, namely blackmail?

The Israel Lobby is deeply engaged with other lobbies in transforming the Internet from an open forum of public interaction and debate into a centrally controlled propaganda instrument. Prominent among the Internet's most aggressive censors and thought police are Google, YouTube, Facebook, Twitter and the Anti-Defamation League of B'nai B'rith.

Through all kinds of interventions the Israel Lobby asserts significant forms of control over a broad array of institutions and operations including those of the judiciary, the universities, book publishing, magazine publishing, municipal governments, trade unions and cultural groups. The biggest and most influential cultural group of all is the Hollywood film industry. Not surprisingly there is little in its cinematic output that provides critical perspectives on Zionism and its emanations.

The injection of huge amounts of money are essential to the exercise of so much concerted influence over such a broad sweep of political, intellectual and cultural organizations. Where do the large quantities of money supporting the activities the Israel project come from? Why



is it that so many of agencies of the Israel Lobby have the status of charitable organizations with the capacity to extend tax write-offs to donors? What is the relationship of the Israel Lobby to Wall Street and the Federal Reserve Bank of New York?

Even the act of asking such questions will be seen by some as heretical. There is, however, nothing wrong with looking into issues that have so much impact on the quality of our political discourse... so much impact on our capacity to live together with the civility and security we have been losing so quickly with the imposition of the economically crippling lockdowns.

It is no less legitimate to ask questions about the ethnic identity of those who benefit most from the US economy than it is to ask questions about what groups suffer the most from the deprivations of poverty. Wouldn't it make sense to try to moderate the disparities beginning with processes of research and discussion?

In a book of the same name, former ADL Executive Director, Abe Foxman, has opened the discussion of *Jews and Money*. Foxman effectively counters the view that all Jews are rich. Foxman, of course, is correct in this assertion. All Jews are not rich. Some are outright poor. A fairly large number of Jews, however, are somewhat rich and a small minority of Jews are disproportionately invested with wealth and power. Jews are especially well represented in the billionaires club both within the United States and internationally.

Some of the wealthiest Jews are part of the Wall Street establishment including the Federal Reserve Bank of New York. Perhaps the time has come to begin retiring this, "the most gigantic trust on earth." Perhaps it is time to retire some of the debt created over more than a century of putting private bankers in charge of dictating interest rates as well as creating debt-laden dollars. Perhaps the time has come to lessen the debt burden that is narrowing the life chances of so many people who have been funding the wars for Israel mounted in the wake of the 9/11 deception.

The severity of the crisis before us compel all thoughtful people of conscience to look beyond the redeployment of old institutions and old remedies for old problems that are different from the challenges facing us now. One of the most obvious ways to avert further calamity is to move away altogether from the empowerment of private bankers

to massively expand national debts with compound interest charged to tax payers.

The alternative to this approach is to change the present means of creating new money. The creation of many banking systems similar to that of the Bank of Canada should be considered in the quest for the main ingredients of a global reset. The Bank of Canada brought about an almost-debt-free run of prodigious nation building before Pierre Trudeau bent the policies of his government to meet the impositions of the Bank of International Settlements.

### Coronavirus



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