

## Free Trade, War and Debt: branches of the same tree

Free trade, debt and war are all part of the same package, each feeding off the other. They are - each of them - rackets in their own right and they are all symptoms of the same problem. That problem has to do with the fact that our government - along with the rest of the world - has entirely forgotten the basic concept of how a national economy actually “earns” its way to prosperity. (*downward chart*)

The American colonists understood this in a very visceral way. (*franklin slide*) For example, Benjamin Franklin once remarked that there are only three ways a nation can become wealthy. #1) It can engage in war and war profiteering. #2) It can reap unearned profits through exploitation of wage and price differentials, under cover of “free” trade. OR #3) It can create new, earned wealth through a balanced domestic exchange economy.

Franklin, like the other colonists, knew whereof he spoke, having witnessed firsthand the shenanigans of the British East India Company, which not only began using slave labor for its operations by the 1620's but which required England to continually bail it out, heaping extra debt on the English people and forcing England to look for tax revenue from her increasingly disgruntled American colonies.

But bailing out the East India Company was not the **real** reason why England was in debt. *That* state of affairs must be attributed to the fact that England had, in 1666, relinquished her prerogative to issue the nation's money – a prerogative sanctified by the world famous *Mixt Moneys* case of 1604. Instead of maintaining that prerogative for the benefit of her people, England was persuaded, through bribery, intrigue and various forms of subterfuge to surrender that prerogative over to private hands – those hands being those of the British East India company, through the Mint Act of 1666. (*mixed moneys*)

The East India Company thus was given the right to coin - or issue - its own money, allowing it to reap handsome profits for the privilege. Still not satisfied, the merchants of the Company, together with London bankers, then instigated the creation of the Bank of England and a permanent national debt along with a method for expanding the private debt of England's citizens, all to the financial advantage of these private interests. . . . The “money question” which the East India Company had seized for the benefit of itself and not the public was the actual source of England's growing debt, and the reason behind her endless wars waged on behalf of commerce.

The British East India company was created in 1600 by charter from Queen Elizabeth, for the purpose of plundering the planet. To carry out this deed, England also provided the British East India Company with military and financial support, forcing the government to bail the Company out a number of times before 1800, thereby helping it to eventually build its very own empire in India. British colonialism carried out by the East India Company was brutal, and included the forceful seizure of land and deposing of rulers. It also included taxes and loyalty tributes that were extracted from average citizens through methods that included torture. *(Lessons plus 2 East India images slides)*

The deeper in debt England became the harder she looked for revenues - with her own people being among those most imposed upon. Jefferson comments in an 1816 letter to Wm. H. Crawford, and in so doing he almost eerily predicted today's multiple crises: *(slide with Jefferson quote)*

*“No earthly consideration could induce my consent to contract such a debt as England has by her wars for commerce, to reduce our citizens by taxes to such wretchedness, as that laboring sixteen of the twenty-four hours, they are still unable to afford themselves bread, or barely to earn as much oatmeal or potatoes as will keep soul and body together. And all this to feed the avidity of a few millionary merchants and to keep up one thousand ships of war for the protection of their commercial speculations.”*

The problem, as Jefferson and company could see, is that England had chosen to elevate herself above all other nations based on John Locke's philosophy called “the rights of conquest” and so was dependent upon the plundering and pillaging of the British East India Company. With England's cooperation, the Company was, by 1800, supporting its very own army of 200,000 – more than most European states at the time. It also had begun financing its tea trade with illegal opium exports to China, eventually igniting the infamous Opium Wars. *(Free trade trajectory chart)*

The company also established its own feeder college in 1806, known as Haileybury College or East India College, for the express purpose of staffing the Empire. It trained the soldiers, businessmen, and missionaries - and by these means it came to inventory the planet and its resources. The man in charge was the head of the Department of Economics, one Thomas Robert Malthus, philosopher and a minister of Christian Doctrine. *(Image of East India College)*

Malthus had a population theory based on the idea that the planet would be overtaxed with population. New life, he held, expanded geometrically, whereas the food supply acquired new efficiency only on an arithmetic basis. Therefore some life was superfluous. Malthus was soon joined by followers of Charles Darwin, who argued for survival of the fittest. The fittest had divine right to survive.

This was the philosophy that set the Dutch, French, Spanish, Portuguese, and finally the English on a course of conquest until each coveted acre, each sandbar, each spit of land on earth was accounted for. One might say that our modern day CIA fact book has taken over this task, but I digress.

It was at the juncture during which the slave trade was just expanding, around the mid-1700s, that the talent scouts of what was to become Haileybury College availed themselves of the services of a Scottish gentleman by the name of Adam Smith, who fit into the mental prototype for the East India company's enslavement pursuits. Smith was in effect made an intellectual prostitute. In his well-known *Wealth of Nations*, Smith posits a deceptively appealing argument in favor of "free" trade by warning against the necessity of domestic producers seeking protectionism. Smith might just as well have been called the father of "Free" trade as the father of modern economics.

In due course the English pronounced expendable any population they could bully. Except for Continental wars, the British rarely fought an enemy that wore shoes, the American colonies excepted. . . . A certain mindset thus developed among the world's leading countries which held that it was the role of a few traders to control manufacturing for the entire world and to monopolize its reproductive power; and – as one historian put it – to keep all other countries in a state of industrial vassalage.

*(Jefferson quote slide)*

Given all this is it any wonder that Thomas Jefferson, expressing the views of his allies and compatriots, would write that he hoped that *we shall crush in its birth the aristocracy of our moneyed corporations, which dare already to challenge our government to a trial of strength, and bid defiance to the laws of our country.* The banks, for Jefferson, were the corporations of utmost concern.

You might say that all of this proves that history may rhyme, as Mark Twain famously said, but history also repeats.

It's no secret that war is very good for business, but war is also good for "free" trade advocates - who always include the multinational corporations and by extension the investment class and most importantly the banks - who in point of fact make it all happen. Smedley Butler may have said it best in his 1935 book appropriately titled *War Is a Racket*:

*“I helped make Mexico safe for American oil interests in 1914. I helped make Haiti and Cuba a decent place for the National City Bank boys to collect revenues in. I helped in the raping of half a dozen Central American republics for the benefit of Wall Street. . . . For a great many years as a soldier I had a suspicion that war was a racket; not until I retired to civil life did I fully realize it. Now that I see the international war clouds gathering, as they are today, I must face it and speak out. Again [the nations of the world] are choosing sides. . . . All of them are looking ahead to war. Not the people, not those who fight and pay and die – only those who foment wars and remain safely at home to profit.”* Recall that this was written in 1935, but I digress.

The untold truth is that America consigned herself to endless and ever-escalating “wars of commerce” the moment she followed in the steps of England by handing over her prerogative to issue the nation’s money to the private banking and financial interests in 1913. Those private interests then moved to further coalesce their profits and consolidate their power through an integrated world system of finance under the structures created by the Bretton Woods Agreement of 1945 – *all* built on the fact that, by that time, most nations of the world had relinquished their right - -and responsibility as sanctified by the *Mixt Moneys* case of 1604- to coin their own money for the benefit of the people and not private interests. *(IMF cartoon image)*

Today, the world economic system actively and aggressively promotes military economies over civilian economies, relentlessly and increasingly pushing national economic policies toward military spending. Globalization, through a long parade of so-called “free” trade agreements, has seriously weakened the powers of even the most powerful nations on earth while at the same time freeing corporations to move profits and operations across national boundaries. As Jefferson foresaw, and as the East India company foreshadowed, corporate interests now dominate those of the state.

Popular New York columnist Thomas Friedman somewhat inadvertently characterized the strategic relationship that has developed between corporations and militaries when he famously remarked that “the hidden hand of the [“free”] market cannot flourish without a hidden fist.” Predictably, the reach along with the strategies and techniques employed by that hidden fist have been greatly refined and extended since the days of the East India Company. *(money for war not peace slide)*

For example, corporations no longer have their own private armies. Instead they employ the services of multinational corporations such as Dyncorp, KBR, the British Erinsy International, Asia International and Blackwater, currently known as “Academi.”

These and similar companies offer their services on the world market, services that include risk advisory, training of local forces, armed site security, cash transport, intelligence services, workplace and building security, war zone security needs, weapons procurement, personnel and budget vetting, armed support, air support, logistical support, maritime security, cyber security, weapons destruction, prisons, surveillance, psychological warfare, propaganda tactics, covert operations, close protection and investigations.

**How**, it may be asked, do we talk ourselves into financing - i.e. going into debt - for all this stuff? (*Discretionary spending slide*)

Surprisingly the services of these companies are used not only by governments around the world but also by corporations, humanitarian groups and NGOs, media personnel, and the UN. Moreover, the conflict in Iraq led to an unprecedented proliferation of private military companies and nonmilitary contractors.

Today, contractors make up a second, private army that's larger than the entire U.S. military force. Some estimates suggest that more than 180,000 individual contractors of many nationalities work for the U.S. government in Iraq, doing an assortment of jobs for which the U.S. has paid more than \$100 billion. While private military companies represent a worldwide phenomena, the United States and Great Britain – predictably - account for over 70% of the world's market for the services of these private military services companies. (*Biggest defense budget slide*)

Then we have the international arms trade, which is considered to be one of the three most corrupt businesses in the world. And reminiscent of the British East India Company, open slave markets have begun to appear in Lybia, this at the same time that women in Bangladesh are selling their organs to pay off their internationally financed micro-loans and farmers in India routinely commit suicide because they cannot pay their debt to Monsanto and company. Examples go on and on.

All of this and more is the direct result of overwhelming debt among nations that have relinquished their prerogative to coin money for the public advantage and instead have handed it over to private hands. Most of the resulting debt is financed by the international investment banks, including those of the World Bank Group created out of the Bretton Woods agreement of 1945. (*Governments feed banks cartoon*)

Meanwhile, as our own local police get “weaponed up” with things like Blackhawk helicopters, machine guns, battering rams, armored vehicles and much more, more and more state and local governments are being forced into bankruptcy. Other governmental entities manage to escape at least temporarily by simply finding ways to pay higher interest and insurance rates as they float more bond debt to remain in operation.

Still others look for ways to “privatize” public assets - an arrangement that allows government and business to co-own a former public asset which had been built by you and me – with associated fee structures locking out the disadvantaged and squeezing the middle class. These arrangements, known as PPP or public/private partnership projects, are made by investment bankers around the globe, who themselves are rushing to benefit from the tidy fees they know will be realized through the privatization of all manner of public infrastructure including highways, water departments, schools, prisons and more.

As the British East India company showed, control over money creation and credit is an integral part of economic conquest; it is the basis upon which countries are colonized. A recent article in Zerohedge showed that about 80% of the population are net payers of interest, due to the fact that the cost of interest is always embedded within the cost of the products we buy. The other 20% of the population are net receivers of interest, and of that 20% only 4% receive most of the interest on our cumulative debt. All of which means that the wealthy **own** interest-yielding assets, while the rest of us **owe** interest on the debt. This fact alone explains how and why the system as it stands produces the widening gulf between the haves and have nots. It also is the reason why our national debt hovers around \$20 trillion, give or take a trillion or two, and our private debt hovers around \$57 trillion, give or take a trillion or two.

Obviously more debt will not resolve debt. The assets created by our labor cannot simultaneously be a liability we owe to ourselves at interest. At the core of it all is that we have entirely forgotten the basic concept of how a national economy actually “earns” its way to prosperity - and have instead been persuaded by the best prostituted intellectuals and academics that money can buy to believe that the best way to prosperity is to become an interest receiver.

Nearly buried in the trash heap of history, a team of like-minded and highly credentialed raw materials economists uncovered a natural law of physics and arithmetic that helped them prove beyond all doubt that raw materials income, particularly that of agriculture, governed national income unless the latter was expanded by debt. Their data also made it clear that when trade is expanded beyond what the nation itself can consume, the internal domestic U.S. economy is destabilized. This is the process by which, as Charles Walters said, the nation that degrades either the production *or* the income of its agriculture through “free” trade thereby condemns itself to war. *(Charles Walters slide)*

Please come to our third panel track to learn about the only proper solution to our multiple modern crises.