

Appendix 3 - Finance-based super imperialism

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The ideological foundations of capitalism and liberalism

- The universe is an eternal physical material that does not require the existence of a God, and life has emerged through spontaneous random development.
- The goal of existence is to stay alive, and to get food through a competitive struggle won by the fittest, strongest and most capable. The production and trading of commodities and services is governed by natural laws.
- Mechanism in economics and politics means the removal of religion and ethics that are not governed by natural laws.
- Capitalism means the concentration of means of production and wealth, as well as control of human labour, in a few private hands, to be utilized efficiently to produce and accumulate wealth, generate profit and achieve perpetual growth. Hence, Capitalism also means that the majority of the population does not produce what they consume, in order to force them to work

as labourers, and sell goods to them, which necessitate the creation of a culture of consumption for sustained economic growth.

- Competition and conflict are social values that isolate the weak and those who cannot compete, and rid the society of them.
- Contemporary human value is defined by his wealth, his production and consumption, and not by his moral values, cultural identity and dignity.
- Liberalism, the core of capitalism, sees the world as individuals who always seek their selfish interests free from all moral and social constraints. Liberalism also means that unrestrained market forces and mechanisms will lead to optimum utilization of energies and wealth, achieve growth and progress, and that market mechanisms are an ethical code system capable of guiding human behaviour that replace all previous ethical beliefs.

The Three Pillars of the British Empire

Britain (and now America with its UK as a junior partner) built its rule on three essential pillars:

- dominating world banking and manipulating the world's largest gold supply guided by the bank of England, as a dominating central bank, especially after the battle of Waterloo;
- controlling the seas and setting the terms of trade; and
- Controlling world raw materials with oil as the key.

At the turn of the twentieth century with these working, it devised an "informal empire" to loot world wealth and maintain a balance of power on the European continent.

Britain's "genius" was always able to shift alliances without letting sentiment interfere with its interests. Post-Waterloo, it operated "on an extremely sophisticated marriage between top (London) bankers and financiers, government cabinet ministers," key industrialists and espionage chiefs. By keeping everything secret, it "wielded immense power over credulous and unsuspecting foreign economies." By the late 19th century, however, things began to change, and a new strategy was needed. Key to it in the beginning was oil geopolitics as a vital naval supremacy ingredient.

The Anglo-American coordinated policies

After the establishment of the private central bank of America (the Federal Reserve) in 1913, as a result of the working of the bank of England operatives, the British and American banking elite started to coordinate their actions to achieve financial/political control. In 1923, a so-called Dawes Plan (named for US banker Charles Dawes) was adopted. It was the Anglo-American banking community's way to reassert fiscal control over Germany, assure reparations were paid, and continue the state-sponsored looting. It continued until 1929 when the planned German debt pyramid collapsed, an ensuing banking crisis followed, capital flowed out of the country, its economy crashed, the world headed into depression, and radical political elements gained prominence.

Reichbank president, Hjalmar Schacht, was a key figure. He resigned his post to organize financial support for the man he and Bank of England governor Montagu Norman wanted as chancellor. From 1926, Schacht secretly backed the radical National Socialist German workers party, the NSDAP Nazis. Britain also favored the "Hitler Project," support for it went right to the top and included figures like Prime Minister Chamberlain and the Prince of Wales (later King Edward VIII in 1936 until his abdication later in the year).

Throughout the period, Wall Street and Washington were comfortable with the Nazis, and a key government official met Hitler in 1922. He came away saying he "was deeply impressed by his personality and thought it likely he would play an important part in German politics."

By this time, the Anglo-American power struggle was resolved. So, too, the oil wars with the creation of an "enormously powerful Anglo-American oil cartel," later called the "Seven Sisters." British and American companies struck a deal. They ended competition, kept existing market shares, and secretly set prices with governments of both countries arranging a Red Line agreement. From then to now, Big Oil ruled the energy world and devised how to deal with "outsiders."

Later, Heinrich von Papen and Hitler secretly arranged a Nazi takeover and it made Hitler Reichschancellor on January 30, 1933. On August 2, 1934 he seized absolute power as Fuhrer. British interests backed him, Royal Dutch Shell financed him, and the Bank of England "moved with indecent haste to reward" him with a vital line of credit. The rest, as they say, is history, and from it would emerge a new world order.

The Bretton Woods system and the informal American empire

America emerged from WW2 as the world's most powerful economy, the most powerful industrial and military power not affected by the devastation of the war. It had 65% of the world's gold reserves. The free trade system allowed it to easily obtain raw materials for industry and provide a global market for its products. US banks and financial institutions replaced London city institutions as the centre for global finance. America had to put in place a system that would retain the possibility of capturing half the wealth of the world, even though it represented only 6.3% of its population. Former US diplomat, George Kennan advocated the nature of America's post-WW II foreign policy in his February 1948 "Memo PPS23 as follows:

"....we have 50% of the world's wealth but only 6.3% of its population. (It makes us) the object of envy and resentment. Our real task in the coming period is to devise a pattern of relationships (to let us) maintain this position of disparity without positive detriment to our national society. To do so we will have to dispense with all sentimentality and daydreaming; and our attention will have to be concentrated everywhere on our immediate national objectives. We need not deceive ourselves that we can afford today the luxury of altruism and world benefaction....

We should dispense with the aspiration to 'be liked' or to be regarded as the repository of a high-minded international altruism....We should (stop talking about) unreal objectives such as human rights, the raising of the living standards, and democratization. The day is not far off when we are going to have to deal in straight power concepts. The less we are hampered by idealistic slogans (ideas and practices), the better."

Post-war, America was the only dominant nation intact, so it alone had enough foreign exchange to invest substantially abroad. Its commercial strength turned other economies into US satellites and assured America achieved maximum world power. But the Cold War pushes America's balance-of-payments into deficit. But America's Payment Deficit Became a Source of Strength, not Weakness. For both sides, the problem was that Washington's guns and butter economy (including trillions to Wall Street) creates greater deficits and inflated spending. America's dominance was maintained, and foreign economies were obliged to finance it. Failure to support the dollar would inflate their own currencies, give US exporters a competitive edge, and ultimately let the world monetary system break down.

- WW2 was designed as a precursor for a new world order. The United Nations and the Bretton Woods (the seat of the Conference, which decided to set up such organizations in 1944) institutions were established. They were the IMF, the World Bank, and were later joined by the GATT and the World Trade Organization (WTO), to be the tools of the new American empire, founded on credit and finance, and in 1971 based on loans and debt (after Nixon abolished the Bretton Woods agreement). The agreement also set the dollar as the world's only reserve

currency and the only currency that can be converted to gold at \$ 35 an ounce, with the rest of the currencies being valued against the dollar. All goods were exchanged in dollars, and half of the global deals were made using the dollar. All countries in the world preferred to keep their dollar reserves in the form of US Treasury bonds for which interest was paid.

- The main problem facing Europe, Japan and other countries in the 1950s was to get enough dollars to finance their needs for petroleum, industrial raw materials, and consumer goods. New York became the undisputed World Bank. The American empire became founded on the dollar and military might.
- To maintain the dollar as the global reserve currency, many regional wars had been waged and the threat of nuclear wars was often used, as well as financial wars and financial credit crises.
- The decline began in the second half of the 1950s, after a series of regional wars that gradually militarized the American industrial economy at the expense of the civil industrial economy, at a time when the economies of many allied countries such as Germany and Japan recovered and competed with the American industry.
- In 1958, the United States experienced a trade deficit for the first time since the war because of military expenditures and the growth of the economies of the industrialized countries. This weakened the dollar and other countries preferred gold for the first time since the 1930s.
- The United States had become a single-commodity-exporting country (i.e. the dollar), whose value was diminishing as it flooded the world markets. US partners began to lose confidence in the ability of the United States to honour its commitments to convert dollars into gold on demand. The French threatened to turn their dollar reserve into gold according to the Bretton Woods Accord.
- For this reason, Nixon on August 15, 1971 cancelled the dollars to gold exchange at the rate of the Bretton Woods Convention, and it could only be converted into gold in the free market. Since that date, the dollar became supported only by the confidence in the US government and/or the fear of its might.

War to expand and globalize financial markets

After World War II, England became unable to maintain its empire. With the development of communications and computer technology, the world became increasingly linked by submerged communications cables. High-speed computers were developed to handle thousands of data and information. The arts of control and financial exploitation were also developed compared to the high time of the British Empire.

The British elite (in coordination with the American elite) realized that it could maintain its interests & influence by building a network of interconnected financial markets all over the world, trading in companies' shares, manipulating their values, selling, buying, seizing stocks, and draining local economies of all nations in the process through financial institutions that were being established everywhere and joined into a global network.

The British industry was dominated by a group of old wealthy families of aristocrats who did not realize that the empire was aging. It was imperative to get rid of that elitist structure, in a Darwinian style. This was done using some traders financed by the new financial elite, collecting enough shares to control the largest old companies and then calling for emergency general assembly meetings to get rid of the old elite, dismantle the companies, lay off their workers and sell their assets and offer their inflated shares to the public in the financial markets. Thus, the old aristocratic elite was replaced by the fragmented market forces to facilitate control so that the new financial elite could do whatever

they wanted in any economy, money and financial markets without any strong blocs resisting or opposing them.

In America, the economic collapse of 1929 resulted in the concentration of corporate ownership in the elite hands. The Great Depression was a kind of restructuring of the economy. The remaining individual blocs had to be broken and their shares traded in the financial markets. To achieve this end, nearly 3,000 investment funds did the job in 1985 with an open budget from. Big companies' shares were traded in the financial markets, their assets sold, their workers laid off and their inflated shares sold to the public. This resulted in a global network of sizable interconnected financial markets suitable for the new era of financial capitalism.

As a result, the remaining power of politicians and parliaments was shifted to markets and financial institutions. Politicians became mere poor individuals lobbying those financial institutions to finance their campaign in return for favourable legislations.

Any time the local governments or the political leadership try to control the economy by managing currency exchange, for example, the currency is deliberately attacked by speculators, as a way of proving the decline of political leadership of human societies and the rise of domination of financial markets led by large global financial institutions and banks.

Ownership Fragmentation and getting rid of old conglomerates was appropriate in many ways:

- Eliminate the control of aristocratic individual ownership and turn it into a semi-public ownership that is open to trading in the financial markets, in preparation for the globalization of the economy and finance.
- Development of new industries and demolishing old, outdated ones.
- Globalization and integration of industry throughout the world to centralize decision making and decentralize production to fragment production, in a manner unrelated to their national origin or operation sites.
- Achieve a state of liquidity that enables a permanent sale, purchase, fragmentation, consolidation and control of companies' stocks.
- Make possible deliberate cycles of booms and busts in the financial markets and inflation/deflation cycles either by moving funds, trading shares & derivatives and/or publication of faked news, financial analysis and rumours to drain local wealth.

USA trade deficit to maintain dominance (exporting inflation)

- After the decline of the traditional American industrial economy, American policy has shifted from being the world's major financier to the world's largest indebted, where policymakers realized that America can keep its prosperity and the dollar leadership of financial markets by forcing industrialized countries to convert their surpluses into Treasury bonds with no maturity date in sight (if they wanted to export to the US market), while always threatening to withhold of the nuclear protection shield.
- As long as US military dominance continued, by creating a permanent trade deficit in the US budget, the world could be tempted/forced to become dependent on the survival of the dollar system.
- Dollar surplus countries had only three alternatives: either look for an alternative market to the American market which was not possible, or cause their economy to shrink by doing without the US market, or continue to invest their surpluses in America in the form of US Treasury Bonds.
- Thus, American policy gradually shifted from America being the world's major financier to being the most indebted. The US financial institutions in New York (dealing in US bonds and

other investment instruments trading in financial surpluses of other countries in the American financial markets) gradually replaced the major industrial centres of the US as the largest US economic activity, even the provision of financing replaced the actual production of wealth. Loans have become the driving power of the US economy.

- The American economy became a financial economy stuffed with all types of bonds and securities. Financial speculations became a near American art. Concentrating on increasing profits and avoiding risks so that money nearly seized to be a vehicle in the actual productive economy.
- Thus, industrialized countries with dollar surpluses continued to buy US Treasuries and support the dollar to avoid the collapse of its value and the collapse of exports to America if the dollar collapsed. They continued to support the American consumer market, and ironically, to participate in the destruction of the US productive economy.
- All these developments put the loans, speculations and financial institutions underlying them at the heart of the global economy, until their interests dominated the interests of other social groups, especially the non-mobile labour forces.
- The major financial institutions in the West, as well as the ruling elites, have found that the policy of loans and speculation enables them to recover much of their trade and economic deficits.
- Since the mid-1970s, endless number of financial instruments have been invented. Trade in bonds, derivatives, securities and other financial assets played an important role in international financial markets, which is estimated at any time to be about US \$ 800 trillion (about ten times the value of the whole annual global economy).
- Money became running in closed circles aiming only at generation of profits and busy doubling itself. There is no longer any commitment of capital towards any social system on earth. Money flows freely to and from all countries, not to support social life, on the contrary.
- Thus, money printing, quantitative easing and loans of such zero cost money creation at interest (i.e. inflation) became an intrinsic feature of the new financial imperial capitalism.

The Economic Strategy of American Empire

The 'Dollar Glut' to finances America's Global military build-up" meant the following:

- Surplus US dollars pouring into the rest of the world for yet further financial speculation and corporate takeovers;
- Global central banks recycling these dollar inflows (into) US Treasury bonds to finance the federal US budget deficit;
- The military character of the US payments deficit and the domestic federal budget deficit.

In other words, the global "dollar glut" finances US corporate takeovers, speculative excesses creating bubbles and global economic crises, America's reckless spending, foreign wars, hundreds of bases worldwide, military build-up, and culture of militarism and belligerence overall at the expense of democratic freedoms, beneficial social change, and human and civil rights were the overall result. That is, America was forcing foreign central banks to bear the costs of America's expanding military empire through recycling their dollars into US Treasuries. The US Treasury bills are spent on financing an enormous, hostile military build-up to encircle major dollar-recyclers China, Japan and Arab oil producers, essentially a process by which they finance their own endangerment.

In order to dissipate that global dollar glut and protect the American free lunch at the expense of the rest of humanity, the mortgage pack security crisis of 2008 was designed and precipitated. Moreover, the America and international lending agencies, like the IMF and World Bank, use their dollar claims

on indebted nations to enforce Washington Consensus diktats. Independent-minded states face sanctions, isolation, coups or wars if they refuse. Also the IMF promoted debtor nations' capital flight.

The Treasury-bill standard frees the US economy from doing what American diplomats force on other debtor nations with payments deficits: impose austerity to restore balance in its international payments. Post-WW II, Washington made other countries dependent on America.

In the 1970s, emerging nations proposed a New International Economic Order (NIEO) through the UN Conference on Trade and Development to promote their own trade and other concerns. It originated as a response to America's aggressive world economic diplomacy.

The "unique ability of the US Government to borrow from foreign central banks rather than from its own citizens (through taxes) was one of the economic miracles of modern times. Without it, the war-induced American prosperity of the 1960s and early 1970s would have ended quickly.

It let America achieve what no earlier empires did - a flexible form of global exploitation that controlled debtor countries by imposing Washington Consensus (diktats). It used the IMF, World Bank and other international lending agencies for its purposes, while the Treasury-bill standard obliged the payments-surplus nations of Europe and East Asia to extend forced loans to the US Government. If they didn't, world economies would face monetary crisis.

A "new form of imperialism" under which America exploits other nations via the central banks (and international lending agencies) rather than via the activities of private corporations seeking profits.

A "Super Imperialism" model "pressed foreign governments to regulate their nations' trade and investment to serve US national objectives... Washington Consensus (diktats) made aid borrowers more dependent on their creditors, worsened their terms of trade by promoting raw materials exports and grain dependency, and forestalled needed social modernization such as land reform and progressive income and property taxation.

Under a "new state-capitalist form of imperialism," central banks, not industry, are the vehicle for balance-of-payments exploitation with the dollar as the world's reserve currency. It's Super Imperialism because one nation alone gets a Free Lunch right to benefit by getting others to finance its deficits and reckless spending. Other countries may extract their citizens' wealth, while America extracts theirs through the sale of its Treasury securities.

Running the World Economy in Reverse

In 1969, the US was in recession, interest rates were cut, dollars flowed abroad, and the money supply expanded. In addition, in May 1971, America recorded its first monthly trade deficit that triggered a panic US dollar sell-off.

Things were desperate, gold reserves were one-quarter of official liabilities, and Nixon shocked the world on August 15. He unilaterally imposed a 90 day wage and price freeze, a 10% import surcharge, and suspended dollar convertibility into gold at 35\$ an ounce. He also devalued the dollar by 8%. Further deterioration followed with massive capital flight to Europe and Japan. It forced Nixon to act again on February 12, 1973. He announced a further 10% devaluation.

In May 1973, the scheme was to initiate a "colossal assault" on world industrial growth through a 400% increase in oil prices (a decision taken at the Bilderberg meeting at that date). In addition, the resulting petrodollar flood had to be managed. A global oil embargo was the scheme to rocket up its price and create an equally great demand for dollars.

Kissinger's Yom Kippur war began it when Egypt and Syria invaded Israel on October 6, 1973. It wasn't by accident as Washington and London carefully orchestrated the conflict while Kissinger controlled Israel's response. An oil embargo followed, OPEC prices skyrocketed 400% overnight,

panic ensued, Arab oil producers were scapegoated, and the key part of the scheme took shape. It was for much of the windfall oil revenue (mainly Saudi, the world's largest producer) to be recycled into US investments.

Following a Tehran January 1, 1974 meeting, a second price increase doubled the price of oil for even more recycling. The net effect - the worst American and European economic crisis since the 1930s with bankruptcies, unemployment, and in the US, a bonus of stagflation. The fallout brought down most European governments but its effects on developing states were devastating. Henry Kissinger became de facto president throughout the period while his boss battled to survive the "Watergate affair" and lost. Big Oil and major U.S. and London banks profited handsomely.

Other issues were at stake as well, one of which was potentially cheaper nuclear electricity as an alternative energy source. By the early 1970s, it was viewed favorably, and European governments favored building 160 to 200 nuclear plants by 1985. For the first time, America's nuclear export market was threatened as well as Big Oil's overall energy dominance. The Anglo-American think tanks and journals launch an awesome propaganda offensive to promote an ecology agenda (strongly anti-nuclear).

A second Malthusian plot was also hatched through a classified Kissinger April 1974 memo. It was a secret project called National Security Study Memorandum 200 (NSSM 200) that called for drastic global population reduction. It reasoned that many developing nations are resource rich and vital to US growth. If Third World populations grow too fast, their domestic demand will as well, and that will pressure price rises for their goods. Curbing population growth was the counter strategy.

Forming monopolies

Banks have been making huge loans to create huge monopolies in every area of the economy to control supply, ensure borrowers' ability to repay debt and interest and to raise prices without fear of competition. It was also easier to control monopolies than to control the activities of many. These monopolies, in turn, increase the economic and political power and authority of the financial elite. Ownership is concentrated using complex means that are getting increasingly complex as the importance of the activity increases. These means are as follows:

- Targeting the markets with financial and market protective constraints so that sales shrink and activity suffers from suffocation.
- Flooding the markets with competitive products at lower prices.
- Targeting the sources of raw materials and inputs of the target activity by tightening the financial, logistic and procedural requirements to stifle the activity.
- Reduce credit available for the targeted activity to precipitate a liquidity crisis
- After a sufficient period of time, the targeted activities are bombarded with acquisition offers that are difficult to reject under the circumstances, as well as the purchase of institutions that have been bankrupt, by individuals who are armed with unlimited credit.

After concentrating ownership of the targeted activity, production is reduced, and then prices can be raised without fear of competition.

Financial Wars

Strange remarks!

- Everyone is in debt and need to be leveraged, the only superpower is also the one with the greatest debt! **Who is the creditor of the whole globe?**
- In the modern monetary system, money is created only at the moment it is lent. **Thus, loan repayments make money vanish.**

- Money lending from nothing (against real collaterals) is a time lease of that money against interest. **In modern money central banking system, usury is institutionalized.**
- Everybody is indebted to the issuers of money, i.e. central and commercial banks ... Etc. **The current banking system creates an endless streams of debt and loans.**
- **All money content in the economy will vanish if all debts and bank loans are repaid.**
- When a financial crisis occurs anywhere, stocks and bonds become worthless. Prices collapse, money loses its buying power and paper wealth simply disappears. **The wealth of fiat money created from nothing has no absolute value.** This fact is evident when too many people try to use their fiat money at the same time.
- Incredibly, the entire Western banking system, including the central banks, led by the US Federal Reserve and the bank of England (which issue currency and set interest rates on loans), are **privately owned by individuals** of Western elite.
- Most of the money circulating in the economy is computer screen entries, and the least is traded by hand as paper and metal money.
- If the banks create large amounts of money, everyone will be able to deal and exchange; otherwise we will lose the ability to deal and exchange with each other. But the more money the banks generate, the more inflation and erosion of money purchasing power takes place, in a strange kind of modern taxes.
- One would have thought that the mechanism of creating money and its implications would be at the top of the main topics in the curricula of university economy, because of its importance in understanding macro-economic planning and the cycles of inflation and depression in the economy. But unfortunately this is not the case.
- This is really perplexing. Since national monetary content, at least for now, is linked to national debt. Repayment of national debts will lead to the disappearance of money. Any significant reduction of this monetary content, i.e. debt, would cripple the economy. Therefore, all nations of the world will remain (be forced) to remain drowned in debt; to maintain the existence of money.
- There had been several attempts over about 150 years in USA before 1913 (six presidents were killed due to them) to establish a private central bank to monopolize money issuance until the Federal Reserve was established by Congress in December 1913.

Global financial and monetary control

The mechanism of financial and monetary control and warfare can be summarized briefly as follows:

- Make credit available (approved) in specific fields and areas, or call loans or not renewing them.
- Grant credit only to certain persons, or the not renewing of loans to them.
- Reduce interest rates to stimulate business and borrowing, or increase them to cripple business.
- Provide unlimited cash to elite institutions and certain individuals to seize targeted assets.
- Involve targeted countries and governments in variable interest rate loans to tax and drain economic surpluses.
- The use of stock exchanges, financial markets and artificial financial crises to suck liquidity from the public in the targeted countries.

Political Economy of Public Debt

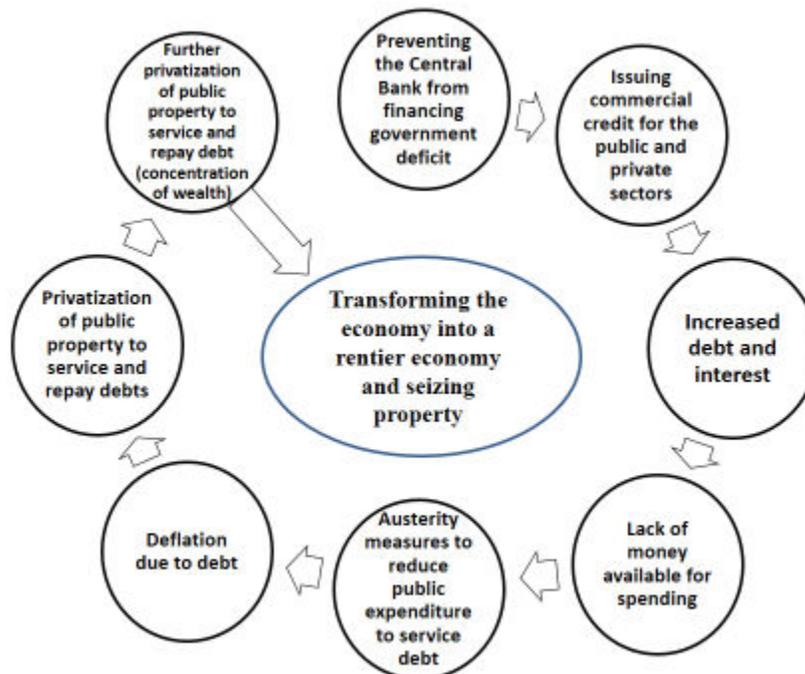
- The fiat money system is a genius tool to expand and maintain imperial power.
- The currency is issued as a loan made by the central bank from nothing to a government that only has the ability to impose taxes and interest on the public “public debt”.

- Public debt is an imaginary capital to achieve wealth accumulation.
- The central bank manages public debt, and is an ally of the state to achieve a dynamic balance of social classes within the state, manage relations between nations, and stockpile reserves as a measure of power between nations. But the independence of central banks is restricted by other countries.
- Debt is used to integrate developing countries and emerging markets into the international monetary system.
- With the separation of finance from trade, an artificial payment settlement system has been developed according to which:
 - Future profits capitalizing.
 - Conversion of the claim of future profits into a negotiable asset.

***Let me control the issue of the money of any nation,
and it will not concern me then who sets the laws» Amschel Rothschild
Welcome to the world of finance super empire***

Transforming the national economy into a financial economy

- The investment plan of all banks is the capitalization of economic surplus (property rental, corporate cash flows and net personal income that exceeds basic needs ...etc.) to drain them as debt and loan service...



- International banks consider any national economic surplus (real estate or commercial cash flows, governments' ability to levy tax and sell public assets ... etc.) as a source of income that can be exhausted as interest on loans. They manage foreign loans and investments to absorb economic surpluses as payments and benefits so that the domestic economy becomes interest producing economy as if it were subject to a tax that consumes all.

- Most commercial bank loans are tied to existing assets, rather than invested in creating new assets. Particularly those whose prices are expected to increase sufficiently to pay interest on their loans; that is why most bank loans lead to an increase in asset prices, i.e. inflation.
- This continued bleeding to local and foreign creditors and investors forces all countries to sell public assets to balance their budgets.

Global financial order

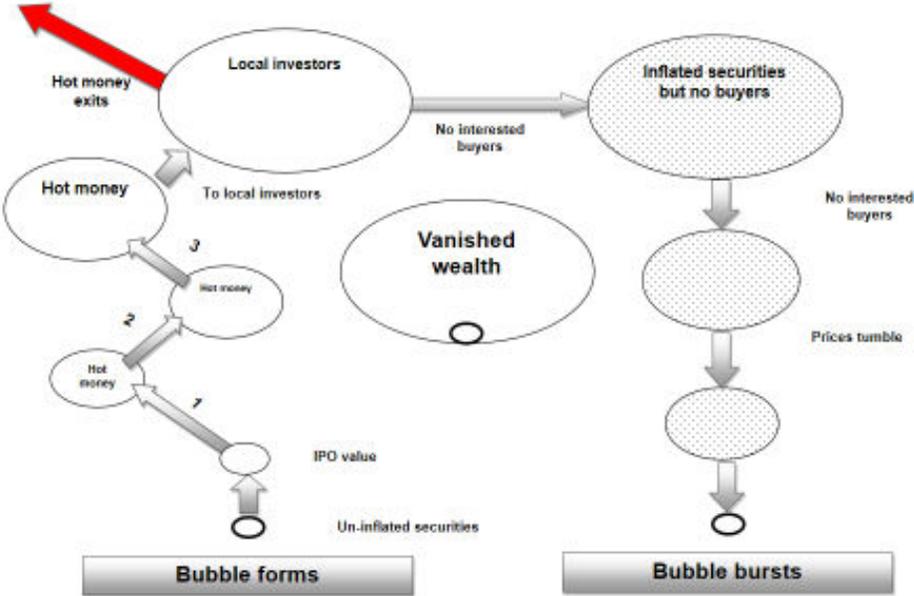
America flooded the world with a torrent of printed Dollars (or later, just computer screen dollars) and used them to acquire assets, wealth, goods and services from everyone. It also waged continuous wars against all who objected to this strange situation, war paid for by everyone else either in cash or through depreciation of their dollar reserves! In the era of science and technology, America has developed a strange and complex system :

- Institutions that impose the financial legal and administrative system (World Bank, IMF and WTO, etc.).
- Scientists constructing the system's foundations masquerading as exact scientific theories taught in universities which mathematicians have become its master priests who have won most of the Nobel Prizes in economics since its establishment.
- Scholars who are taught this science as an exact science, have become the leaders of thought and the system maintainers in their countries.

The mechanism of the financial empire (Financial capitalism)

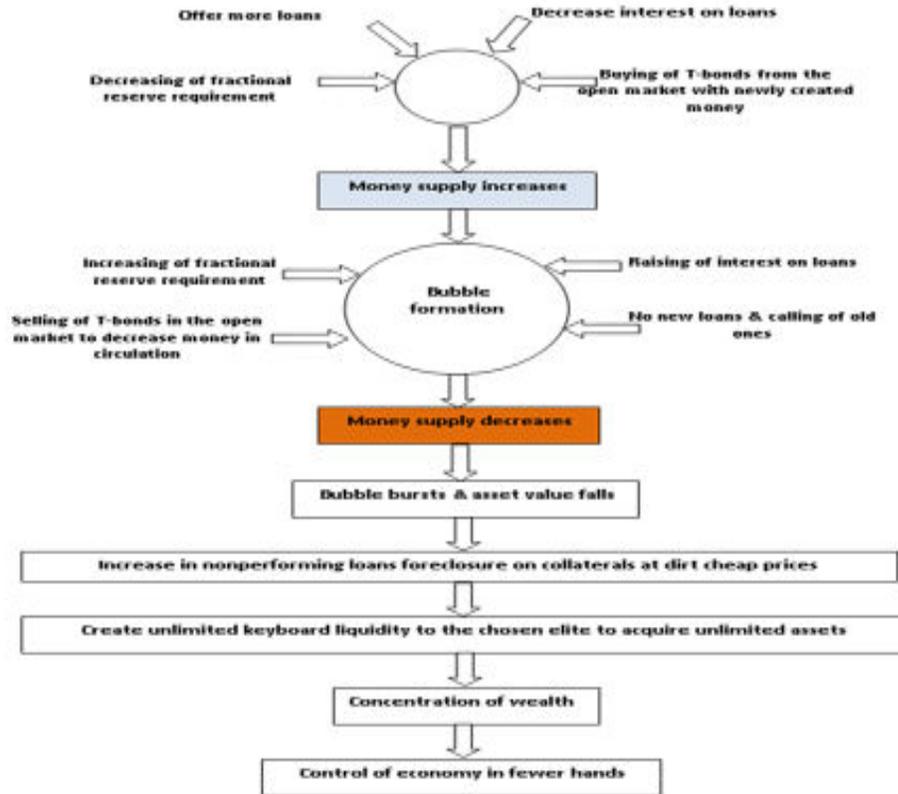
| Basic tools | Secondary tools |
|--|---|
| centrally issued global reserve currency | Scientists, experts and thought leaders are promoted |
| pressure to price basic commodities in term of reserve currency | Education institutions to teach the required pseudo-science and thought |
| Global bourses to monopolize the trade of all commodities | Media to manufacture public opinion and consent |
| institutions to enforce the system (World Bank and IMF) | Pressure to create financial markets everywhere |
| safe havens for global robbers from prosecuting national authorities | Indoctrinated experts and analysts |
| financial markets for trading securities of all types | Pressure to convert the real wealth into traded securities in financial markets |
| A network of super high-speed computers | Big financial institutions and rating agencies to manipulate securities |
| Banks and investment funds to absorb profit from global financial markets | Financial instruments for manipulating the value of securities |
| Attempts to create a global central bank, issue a global currency and levy a carbon tax | |

- Thousands of financial institutions doing the housekeeping of the system.
- Media outlets crowded with experts promoting the system among the public as a means of development, progress and catching up with the West.
- A cunning policy to place power in the hands of corrupt groups that blindly apply the system.
- A massive military machine to terrorize and discipline all noncompliant, maintain this exhaustive system:



Financial markets' bubbles: The wealth extraction machine (Example)

Mechanism of economic bubbles formation & busting



Wealth concentration through Economic bubbles formation and bursting

American domination of the world through finance

By the end of the twentieth century, the "invasion of nations" in the sense of control over their production assets, employment, natural resources and public institutions, was done through the major financial institutions, where artificial disturbances would be created in the national economy. The term "financial wars" refers to a complex set of speculative attacks involving a mixed chain of currencies, securities, equities, bonds, derivatives, foreign exchange transactions, investment funds and the like. These instruments are used in speculation with the sole objective of acquiring financial wealth and controlling the productive assets of the target countries at devalued prices.

All that is needed to destroy an economy is to use short-term investment funds to acquire financial stocks, currency, corporate stocks and government bonds, and sell them suddenly without warning in the midst of a deliberate flow of carefully prepared press releases and reports expressing lack of confidence in the economic strength of the victim state. This is usually accompanied by downgrading of the rating of the economy by the three major US rating companies which are an important financial war tool. The inevitable result would be that local and private financial institutions, as well as individuals, would rush to dispose of their securities, assets and local currency before their value collapse, leading to an immediate collapse in stock and currency prices, bankruptcy, default, and loss of savings. Only then, the World Bank and the International Monetary Fund would intervene on behalf of Western financial institutions to buy national equities for pennies on the dollar and enforce

a package of assistance programs designed to subjugate the entire target economy to international capitalism, such as the case of Southeast Asian crisis that tamed the Asian tigers.

That's why Goldman Sachs ex-chairman Blankfein said: (I am doing God's work)!

A jungle of mechanical monsters

- With the increase in stocks and bonds in the interconnected global financial markets and stock exchanges, the variations in interest rates and exchange rates in different countries, the impact of economic conditions and factors on different countries, the stock exchanges and financial institutions resorted to use computers in speculation.
- As the number of variables to be considered in speculation and betting increased, the use of complicated programs with ever increasing complexity to advise the speculative institutions on price and time to sell, buy or speculate on the shares to maximize profits increased.
- Then a new class of scientists joined in, i.e. the mathematicians. Those were able to develop complex mathematical programs and equations that put into account all the needed variables, through which the computer can identify and implement the right decisions of sales and speculation in a fraction of a second to achieve maximum profit.
- A strange situation emerged, in which mathematicians and non-living computers control huge amounts of funds their daily movement that surpass the world output in a year. Some of these scientists have even been awarded the Nobel Prize in economics because they invented equations to conduct these speculations and make profits all along (such as Myron Schulz and Robert Merton). Economics has become so mathematical that most of the Nobel Prize winners in economics since its inception in 1969 were mathematicians.
- Merton and Schulz founded the Long Term Capital Management (LTCM) investment & speculation company, claiming through their program to create a massive automatic vacuum cleaner that would suck profits from all the world's stock exchanges. The company made profits in its first three years, but collapsed after the collapse of Southeast Asia and Russia because its programs did not take into account the collapse of markets.

Mechanisms to return dollars to the issuers at the lowest costs

Printing and issuing more dollars would cause inflation and the depreciation of its value in the hands of everyone. As they persisted in this strange fiat money issuance to seize the wealth of others without limits, piles of paper and electronic dollars accumulated in the coffers of others, in a way that was dangerous. Because if it was not retrieved by any means, they may not need to resort to America to ask for more, and will exchange their money among themselves in their dealings. America will lose the advantage of being the only source of fiat dollars that everyone always needs. Others may prefer to deal with non-Americans in selling and buying; because the dollars of others do not cause additional inflation, while any additional dollars issued by America result in further inflation and Dollar value depreciation. Also, in case of financial war, others may be tempted to get rid of their dollar reserve, causing the collapse of the dollar value. It was necessary to develop mechanisms to recover those dollars from everyone at no charge, or at the lowest cost possible. The solutions were ingenious, originally invented by the British and developed by the Americans:

The first mechanism:

To encircle the central banks of countries that accumulate dollar surpluses so that they cannot buy any productive assets or natural resources in America, or in their areas of influence. Thus, those central banks with dollar surpluses have to use those surpluses to buy low-yielding US Treasury bonds, that

is, storing their dollar surpluses with the US government for debt receipts! Thus, this mechanism has restored some dollar surpluses to its source, albeit at some cost.

The second mechanism:

The creation of tax havens that claim secrecy of the accounts, opening the door wide to the spoilers of every race and colour (looting national wealth, selling national assets to Western companies, seizing national loans, trafficking in arms & drugs, smuggling and committing all imaginable criminal activities) to store their loots in those tax havens away from the eyes of governments and justice (and, of course, under the watchful eye of the international powers that created these sanctuaries only to hide the loot and dirty money). Those thieves do not dare to withdraw their loots from their fortified warehouses, or else a cheap bullet fired by an anonymous assassin shall make such money without an owner.

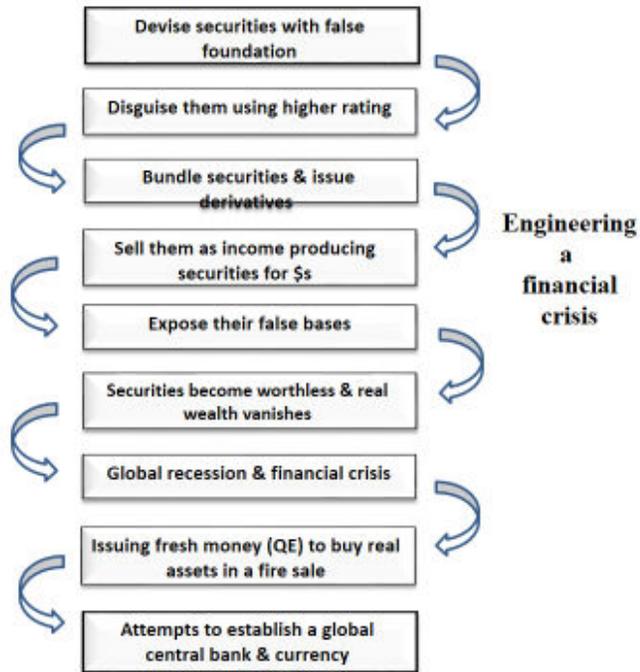
These sanctuaries actually return the money to their exporters after successfully finishing their task of acquiring the assets and wealth of the target parties. Those sanctuaries do not give the looters any interest on their stolen deposits, instead they deduct an annual percentage against their concealment, and perhaps allow the looter some annual pocket money to spend in the west if he is still of some value.

The third mechanism:

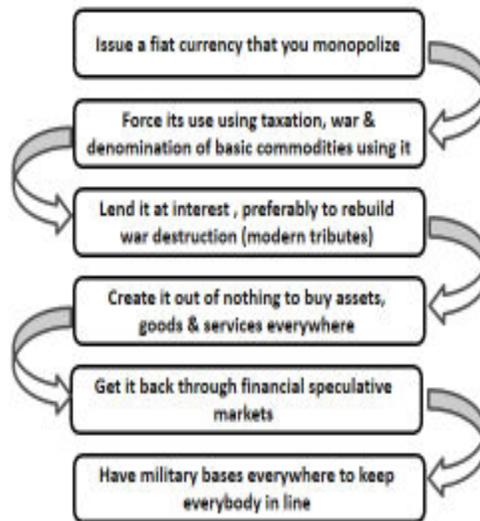
The creation of thousands of mutual funds, hedge and speculative funds and financing them with huge quantities of electronic money on computer screens, launching them to speculate in the target financial markets to absorb maximum profits and pump them through local central banks out of the country according to the international agreements imposed. This, of course, requires changing local laws to tempt and force companies (especially large ones) to list their shares on stock exchanges. Given the sharp disparity between the capabilities and speed of the Western speculative computers and the experience of those in charge, and those used by the local speculators, which they bought from the west anyway, the sure result of this hijacking race is the continuous bleeding of the cash wealth from the inside out, and the return of more dollars to source at no cost.

The fourth mechanism:

The fabrication of corrupt securities (such as mortgage bonds for bankrupt individuals, and bonds for unlisted companies in the stock markets) and concealment of their real values by fraudulent valuations (the three largest financial valuation companies are Americans, necessary tools for the financial empire) and support them using fake insurance policies. Then issue trillions of them and market them all over the world as guaranteed investment opportunities against piles of dollars earned by others for their services, goods and assets. Then expose their real value so that the rest are left holding the bag. This was what exactly happened in the 2008 mortgage backed securities collapse.



Finance-lead exploitive capitalism



The American art of financial wars after the communications revolution

In view of the following:

- The lifting of restrictions on capital movement due to globalization.
- The networking of financial markets in all countries of the world.
- The increased foreign debt in almost all countries.
- The huge global investment by banks, investment funds and global speculators in stocks, bonds and local currencies.

There has become a new type of war in which the national institutions may be completely eliminated not by destroying them but by shorting their value and/or precipitating an economic collapse by moving billions out of the target country. Without any material damage to local institutions, they are sold for pennies on the dollar.

All what the Western financial elite needed in order to establish the super empire of financial and economic exhaustion has already been established ... colonization by deadly bloodless means. This developed mechanism was used to kill the growth of Southeast Asian countries, which used to be called the Asian tigers!

The efforts of the American elite to achieve their interests ranged from military operations to intelligence and propaganda activities aimed at destroying the national fabric of target nations and turning independent countries into open economic zones so that natural resources could be seized under the name of free market.

The human challenge to fix the complex global financial system

The current global monetary system can be summarized as follows:

- Money (especially the global reserve currency, the USD) issued centrally according to desire and without rules to establish monopolies and the confiscate property and human effort and to launch wars.
- Credit rating agencies reduce the evaluation of competitors.
- Market-making institutions inflate or reduce prices of commodities, currencies and securities.
- Thousands of investment banks, mutual funds and sucking of profits from all financial markets.
- A network of interconnected and closely coordinated global financial markets (for trading in stocks, bonds, commodities, money, derivatives, futures, securities, currencies etc.).
- Ultra-high-speed computers (not available for sale to all) equipped with advanced and effective software to perform high-speed speculations to suck profit even before the victims realize what is going on.

The rest of the people are the users and potential victims of this system!

The Global challenge facing humanity is how to fix this deadly global system?

Market makers

Market makers are major financial institutions (e.g. big banks and hedge funds) that control large capital and liquidity in the market. Market makers do not compete with each other at all; they do not buy or sell currencies, commodities or stocks. But they mediate between sellers and buyers of securities of all types, treasury bills and even currencies of different countries and determine the ask price (purchase) and the sale price of those securities and implement the transaction and charge a fee equals the difference between the ask and the sale prices of each security (the spread). Market makers compete with each other to reduce the spread. But higher demand for certain securities increases the spread price. Therefore, market makers also regulate trading in financial markets.

Inter-trade between market makers themselves always take place without a real demand for the sale or purchase of certain securities aims to raise or reduce the price of the target currencies or securities to achieve commercial or political objectives.

Bleak overall picture

1. Capitalism means ever concentrated wealth & means of production in fewer and fewer hands.
2. Add automated technology and eternal outsourcing of cheaper labor to item 1, you get unemployment.
3. Add 1+2 and you get jobless growth or the 1% (then 0.1%, 0.01%, 0.001 %...) society. The unfettered capitalism is eroding the middle class even in EU & USA.
4. Liberalism by definition doesn't mean or care about social responsibility.
5. Capitalism/liberalism and social justice in one sentence is a contradiction.
6. That is why, capitalism and democracy in one sentence is a contradiction.
7. The neoliberal trickledown theory is not working.
8. To tackle this systemic crisis, humanity needs a revised version of individualism, unfettered capitalism, liberalism and neo-liberalism.

Competition within this global system is thus often futile and not possible.

The World Financial Autonomy from Dollarization

It's an unsustainable system, but for other countries to break away, they'll have to renounce Chicago School alchemy, the austerity programs it imposes, and advantages it gives America in trade and other relations. It drains other nations' resources by trapping emerging economies in chronic debt and developed ones into forced buying of US Treasuries. In return, America rules as world debtor, forcing other countries into creditor bondage, and threatens to bring down the global monetary system if enough of them balk.

There is a global need to devise a New International Economic Order, so nations producing economic gains can keep them and not let America use them to reinforce its new kind of centralized global planning based on financialization and a US Treasury securities standard.

Remarks

- *Stock exchanges and financial markets have always been and will remain the battlegrounds of financial wars, and the loopholes of carrying out currency attacks.*
- Have we ever tried to look at the financial markets, central banks, commercial and financial institutions and investment funds capitalized with unlimited electronic funding and the huge network of superfast computers as well as tax havens as an integrated network, with its interlocking parties fully coordinated to achieve Western economic hegemony and exploitation?
- Western central banks are private institutions owned by Western elites and managed for profit, which issue (in their periodic meetings in Basel, Switzerland) the laws and regulations of the central and commercial banks of the world (owned in turn privately by their shareholders and also managed for profit). Central banks determine the money content and interest rates and manage the economy independent of the elected governments responsible before their voters, while the central banks are not responsible to any local party.
- Capitalism in the West was developed from mercantile capitalism to industrial capitalism and then to securities and finance capitalism. The world has experienced wars in all the previous stages. We have witnessed trade wars with strong free trade policy against the defensive

protectionist policies. Then there were industrial wars over raw materials, cheap labor, markets and trade routes. After linking financial markets and enforcing the laws and treaties on free movement of capital, we witnessed the bloodless collapse of what was known as the South East Asian tigers, the collapse of the financial market in Kuwait, Argentina crisis, the 2008 mortgage backed security crisis and lastly, the lira crisis in which Turkey suffered a non-fatal injury. Is it possible to prepare an objective study on the current world order and the modern political economy without referring to an explanatory paradigm? The Muslim researcher must arm himself with the Islamic viewpoint especially the Quran (and Hadith) grand narrative of life, and follow a critical approach to view the contemporary materialistic civilization systems and institutions, rather than study them using the western paradigm and its generated analytical tools. The Islamic economy literature should pay adequate attention to the system of fiat money and its nature and alien qualities that are emanating from materialist thoughts.

On the holistic system approach to study complex systems

In order to study the western complex systems, they usually hide the control and exploitive systems as scattered fragments which nevertheless act together in tandem to serve the required end goal. That is why we should see how to: Arrange the scatter/disarranged & Analyze the composite.

The flow charts included in the study are drawn with this in mind.

1 - Arranging the scatter/disarranged.

Example: The Fiat money and its system of global movement cycle

An account of the development of western financial institutions

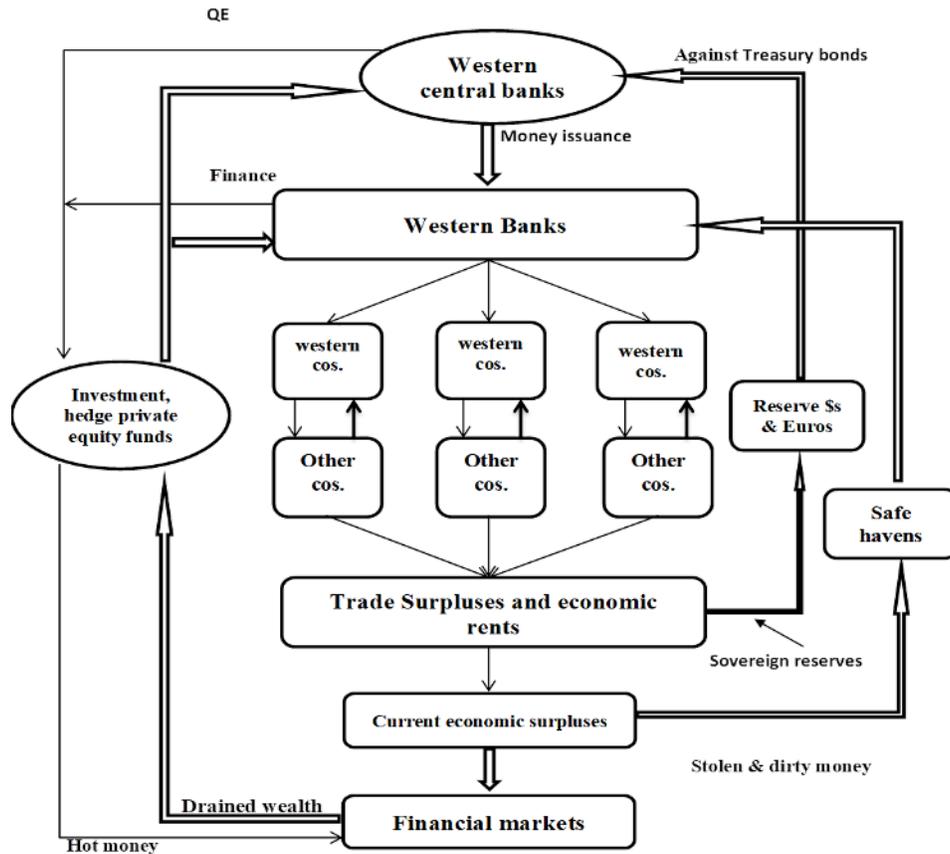
- The emergence of commercial banks
- The establishment of stock exchanges for trading securities and speculations.
- The establishment of central banks (bank of banks) and the standardization of money in each country.
- The establishment of tax havens to evade domestic taxes which do not ask questions about the sources of fiat wealth.
- The establishment of thousands of investment funds for speculation, hedging etc.
- Changing the Laws to encourage companies to register in stock exchanges and trade their shares and bonds in them.
- Linking financial markets worldwide using a global submerged and ocean cable network at a time when the potential uses of that network were not readily obvious.
- Changing the laws to free the movement of capital all over the world.
- Financial crises became affecting individuals and economies as they happen.

There are two possible explanations

1. A natural, gradual and logical development in the era of communications revolution and globalization, every step leading to the next.
2. The development was guided and planned making use of available new technologies, which resulted in the formation of a system of draining wealth and recycling of the global reserve fiat currency after its use in the seizure of assets, wealth and services from all.

The following is a chart illustrating a possible form of the second possibility

Extractive Financial/economic draining cycle



2 - Analysis of the composite.

Example: China's transformation into a global workshop in the footsteps of Germany and Japan, with US blessing as a prelude to the post-industrial era using the reserve fiat currency (that, nevertheless, didn't develop as planned).

Historical events

- After the Second World War, Germany and Japan were completely destroyed and unconditionally surrendered to the allied forces (mainly the Americans), and were allowed to rebuild their non-military industrial capabilities and even to benefit from the free trade channels of the victors in the distribution of their industrial production all over the world. All this in the presence of the largest American military bases outside America in Germany and Japan up till now. In this context, we recall a book published in 1989 titled "Japan Can Say No (co-authored by Shintaro Ishihara, the then Minister of Transport; and Sony co-founder and Chairman Akio Morita).
- Nixon was accompanied by a large delegation of US industrialists in his visit to China in 1972 (a long term plan!), where he concluded an agreement with Mao Zedong (known later) to transfer labor-intensive industries to China, and enable the Chinese to distribute their products in America and the world at dirt cheap prices, with a profit-sharing agreement in US favor (I read an article then claiming 91% to 9%).
- The global consumer and traditional industries were hugely affected by this development. The big international companies had to move their factories to China, while the small ones simply

vanished, while the lucky ones became mere traders or distributors of the Chinese products that were impossible to compete with.

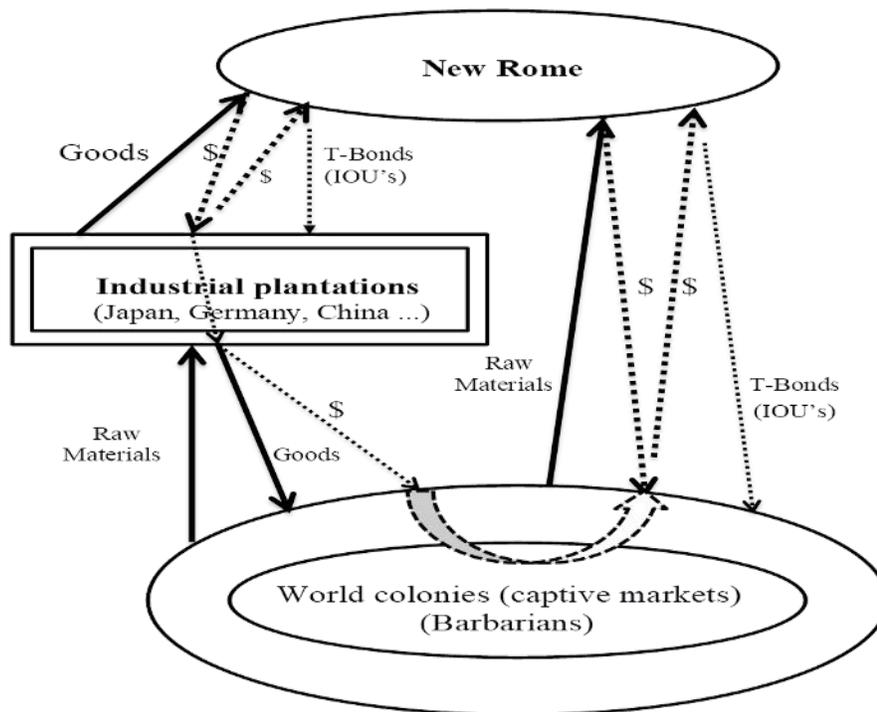
- This resulted in the erosion of the middle class producers, technicians and even some elite business owners and the loss of craftsmanship. (We lived that situation in Egypt)
- The situation is reminiscent of what some western thinkers called the "post-industrial age".
- The situation is also reminiscent of the collective farms that were run in the New World, in the Bengal and elsewhere by labor contracted "Indenture contracts" at conditions that made them worse than slaves .

There are two possible explanations:

1. A traditional commercial interpretation of competition and the pursuit of mass production and distribution while working to reduce all elements of cost. This is the usual explanation.
2. A planned development! a possibility that does not put limits to the western elite shrewd planning and desire to control, as illustrated by their history. This benefits also from the unlimited possibilities offered by fiat money (and its recycling institutions) and the reality of their total control over the lines of distribution, transport and communications, the financial markets global network, imposing the global banking system and the dollar as the global reserve currency.

The second interpretation requires putting limits on the ability of states and central banks in the spheres of influence to exchange dollar surpluses with fixed or productive assets or gold bullion. It also requires the creation of periodic global financial crises to drain dollar reserves to prevent a collapse in its value.

The following chart depicts a potential mechanism of the second possibility:



(T-Bonds = US Treasury Bonds)

New Exploitive financial world order
 (Raw materials & labor in exchange of irredeemable pieces of paper)

3 - An example of a shrewd/scientific scheme of planning

Design of procedures and mechanisms for individuals and groups acting cooperatively together or competitively with each other to induce them to achieve the required results!

Game theory vs. Mechanism design theory

| <p>Game theory</p> | <p>Mechanism design theory <i>(A recent well known theory with scientists winning Nobel prize for some decades)</i></p> |
|---|---|
| <p>Expect actions of individuals and groups acting Cooperatively together or competitively with each other and influence them to achieve the required outcome</p> | <p>Design mechanisms including individuals and groups working Cooperatively together or competitively with each other to make them unknowingly achieve the required outcome</p> |