

The Latest News

Nepal Earthquake Relief Effort Refutes Austerity Scam



FEATURED NEWS

By Alexander Baron



1
SHARE

After the recent earthquake in Nepal, aid has flooded into what was already one of the world's poorest countries. The British Government alone **has committed £5 million**, not an excessive amount, but more will doubtless be forthcoming. The big question though is how can Britain or indeed any European nation afford to donate anything in this era of austerity? Or perhaps we should ask instead how can we always afford disasters – natural or man-made, including wars – while during peacetime the budget is forever being cut?

We all know and acknowledge it was the banks that led to the state Britain, Europe and the rest of the world is in now. They did this by creating a bubble, which then burst, because bubbles always do, a point made over a century and a half ago by Charles Mackay in his **classic study** of the madness of crowds. Banks have now been subjected to tighter controls, but the real problem has

not been addressed, namely they are still the hidden hand behind the economy, because having the monopoly of credit, nothing can be physically possible unless it is first financially possible, as the Chancellor keeps telling us, although not in those words. There is though one big exception to that rule, namely war.

After the First World War, there followed a global recession; it is generally acknowledged that this was ended by rearmament and the Second World War, which begs the question, if governments can find the money to produce ordnance, to deploy soldiers all around the globe, to cause unparalleled destruction, and repair it, why can't they harness a peacetime economy to produce the same sort of massive output? Indeed, at the outbreak of the First World War in August 1914, Britain was technically bankrupt, yet went on not only to fight the war but win it. No nation ever lost a war because it run out of money.



Nepal Earthquake (Facebook)

The reason for this is as Professor Quigley points out in his classic study *Tragedy & Hope*: “Wars... are not fought with gold or even with money, but by the proper organization of real resources...”

That is only half the story, because as [he put it](#) candidly:

“The outbreak of war on August 4, 1914, found the British banking system insolvent in the sense that its funds, created by the banking system for profit and rented out to the economic system to permit it to operate...could not be liquidated rapidly. Accordingly, the bankers secretly devised a scheme by which their obligations could be met by fiat money...but, as soon as that crisis was over, they then insisted that the government must pay for the war without recourse to fiat money...but by taxation and by borrowing at high interest rates from bankers.”

In other words, it is all a racket, the point being that the war had already been paid for in blood, but the banksters wanted this imaginary debt to be repaid again. And they got their way!

There are two other occasions besides wars when governments are never short of money. One is when there is serious public disorder, like the riots we experienced here in August 2011; the other is when there is a disaster on a massive scale such as the current Nepal earthquake. Indeed, a valuable lesson can be learned from this. Five years ago, an earthquake hit another poor nation, Haiti. In addition to aid from the far corners of the Earth, Haiti received another boost when its debt was written off; the big governments of the world simply told the banks to write off this debt, and they complied. If they can do this for the Haiti earthquake, they can do it for austerity, beginning with Greece. More than that, the governments of the world must take the power to create credit away from the banks and use it themselves, or give it [to the Internet](#). If done responsibly, scientifically, it need not cause inflation as is usually mooted. This is not only an economic but a moral obligation. Ask [Anjem Choudary](#).

1
SHARE