The Linchpin Tipping Point to Reverse Centuries of Top Down, 1% Power and Privatization?

By Rob Kall (about the author) Permalink

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Editor's note: I took the words "public banking" out of the title because it's so not sexy I thought it would turn people off. But I hope you'll read through this article and see how and why I believe that Public banking could be THE intervention that begins the extinction of the Top Down powers of the one percent class. I have become a Public Banking hyperenthusiast.

Tonight I went to a local meeting of the Public Banking Institute with Ellen Brown as the featured speaker. First, I joined the local organizers of the meeting, Brown and the director of the institute, Mark Armstrong.

The lecture and the conversations before and after really helped me connect some dots that tie together single payer health care, Naomi Klein's Shock Doctrine, tea partiers, bankrupt cities, global bankers like the Rothschilds, the class war and the war of the top-down powers against the bottom up revolution.

Ellen Brown Speaking in Bucks County, PA
First, some notes from Ellen Brown's lecture:

A public bank is not for the public—it's created to serve in the public interest—but is a bank for bankers, not the public—no front offices, no advertising, no big staffs.

There's only one state with a public bank-- North Dakota-- and it is the state that has done better than every other state in terms of making budget and low unemployment.

Public banks serve governments-- cities, counties, municipalities, states and in other parts of the world, whole countries. They serve them by making interest-free loans to them and by earning far greater interest on money they have. And they have a lot of money-- government employee pension funds, rainy day funds" which ordinarily earn a tiny amount compared to what they would earn if a bank was using them to earn interest.

Mike Krauss, chairman of the Pennsylvania Public Banking project told the group, "Our thrust is to decentralize credit and decentralize wealth holding-- a decentralization of wealth will create a decentralization of political power."

Ellen Brown, author of Web Of Debt, gave some stats in her presentation:

35-40% of everything we buy goes to interest.

29% of business profits go to the financial industry.

21-32 trillion are hidden in offshore tax havens.

You don't have to be paying interest on anything directly to be paying interest. Interest is built into the product.

40% of public projects, on average, goes to interest.

12% interest for garbage collection

38% interest on water processing

70+% interest as part of public housing costs.

How can governments recapture these profits?

By owning a bank.

Socialist? No.

Banking is not a market good or service. It's financial infrastructure, which belongs in the public sector-- part of the commons.
Public banking means reduced banking costs: no bonuses, no fees, no commissions, no advertising, no branches. no high paid CEOS, just civil servants.

California has $70 billion in different pools, earns almost no interest--

**20 US states** have introduced bills for publicly owned banks.

Globally 40% of banks are publicly owned-- mostly in BRIC states. By 2040 BRIC states will overtake G6. One of the secrets of their success is their banks work for the public.

Original public bank in the US was a Quaker bank in PA in Ben Franklin's day.

No taxes, no inflation, no government debt.

US debt has not been paid off since 1835.

_In past 24 years US has paid $8.2 trillion in interest on $15 trillion in debt._

There is less corruption in public banks-- and more profit.

**Bankrupt Cities**

Currently, there's at least one city in bankruptcy and many more close to or in different levels of financial crisis. Public banking could make a huge difference, could rescue many at risk governments and bring some back from the near dead. Or let's look at it another way. The massive costs private banks interest cost, plus the lost revenue that could be made from assets they hold (*pensions, emergency funds, etc.*) local governments are playing a key role in putting the governments in the financial hole.

So, let's connect some dots.

**Tea partiers and Public Banking**

Apparently, tea partiers don't like Big Banks. And they like to support small, local systems. So public banking, which could put a big dent into the power of big banks, holds some attraction for them. Occupy Wall Street people also like Public banking-- an interesting combination.

**Privatization and Shock Doctrine:**

Privatization is one of the key factors in the Shock Doctrine. Before the American Revolution, the colonists had public banks. The _revolution was partly fought over the right_ to have such banks and to have currency that was American currency. The British abolished colonial banks and colonial currency. That was one of the reasons the revolution began. The thing is, after the revolution was over the Bank of England, controlled by the Rothschild empire, had done its dirty work and banking in the US was privatized-- a very early case of the shock doctrine at work.
Single Payer and Privatization

We have a health care system that has become privatized-- public, non-profit hospitals corporatized doctors practices acquired, local insurers absorbed into bigger operations. Every year you pay more for less and less.

Then there's the privatized prison system. In PA, we had a pair of judges who were paid to sentence innocent teens to a privatized prison. We have broken justice system that makes felons out of kids who smoke pot or who use other drugs-- and then takes away their right to vote-- very handy since most of them vote against republicans.

Single Payer and Public Banking

There are some exciting connections and commonalities between the movement towards single payer and public banking. Both are challenges to multi trillion dollar industries. Another commonality is finding people to advocate for the change. I've come to the habit of asking, when change is sought, "Qui Bono? Who benefits?" If you can answer that question you can find the low-hanging fruit to recruit to help in the change efforts.

There are a lot of people who are aware of single payer and who support it-- a lot less who are aware of promise of public banking let alone activists working on making it happen. But it is very possible that Public Banking could succeed before single payer does. That's because it can be implemented on a much smaller scale. And Mark Armstrong, Executive Director of the Public Banking Institute, told me that the clearest beneficiaries of Public banking are community banks. He also says that community banks are being royally screwed by the new Dodd Frank Bank legislation going into effect-- to the benefit of big banks.

One major similarity between the two is they both help local governments. Single payer healthcare drops the costs for governments dramatically. Public Banking lowers costs AND raises funds, while supporting local community banks.

Class War and The War Between Top Down Powers and the Bottom up revolution. In a recent op-ed, Paul Krugman said, "America's top-down class warriors lost big in the last election"." I'm not the only one talking about top down war against the rest of us. That top down war has gone through changes. That's a good thing. Multinational corporations and international bankers are among the most powerful top-down players, starting with the Rothschilds-- a banking dynasty that took power over 300 years ago-- and is still holding on to it.

Public banking has the potential to play a massive role in financially powering the bottom-up revolution, empowering de-centralization and the move from hiearchy to horizontalism.

Imagine some to advocate for that actually pays for itself in many ways. Actually that's true for Public Banking, Single Payer healthcare AND elimination of privatized prisons.
Actually, perhaps what we need is a de-privatization movement-- undoing the damage that privatization has done under the cover of shock doctrine tactics. The first step would be to identify ALL the parameters and aspects of the commons that have been privatized-- from parking to water to underground natural resource and oil.

We are living in a nation where massive corporations have parasitized our resources, our institutions, our civic assets-- placing massive additional costs upon the middle class. We have a healthcare system that, unlike the rest of the G-20 nations, must carry the burden of health care for employees, making our industries less competitive.

We have a prison system that holds more prisoners than the rest of the world combined-- with massive costs, which ruins lives and corrupts the democratic election process.

We need to take that inventory of all the privatized aspects of our world and build a strategy, a unified strategy for de-privatizing as much as possible. We need to develop new ways of thinking about public and private, about the commons and how we handle them, how we reclaim what was ours and what the "top-down class warriors" have taken from us over the centuries.

I have a feeling that public banking, because it can make such a difference, could be a major linchpin that helps change the balance of power between the forces of top-down and bottom-up.