OVERVIEW

This booklet treats the basic issues facing Europe today, that when answered provide the ideological outlook of any party interested in reforming its Union. The trading bloc once known as the European Common Market is now the European Union, and has become far more than a trading bloc. It now has its own parliament which legislates rules over European nations, to control such matters as immigration. Obviously this cannot continue if Europe is to remain a continent of diverse, free and sovereign nations.

This raises the question of why it should so remain. Why not have a Europe amalgamated into one nation, one people, one culture as well as one economy? If people across Europe are to be equal, equality of opportunity must be part of the equation. That means as long as money and goods are to flow unimpeded across borders, labour must too. And if true for Europe, why not for the world? Why not scrap the concept of nations and borders altogether and have the free-flow of people world-wide? Europe therefore would become an example for the world. The first essay of this booklet examines this question with the realization that it is not just a question of economics.

Economic prosperity is nonetheless important for all European nations. It is for this reason that the less prosperous joined the Union in the first place, and the reason why the more prosperous, such as Britain, would want to leave. Much can be done to equalize European economies through their banking system. The Western banking system has been an impediment to individual equality and hence to national growth throughout Europe for over a hundred years, by enriching a restricted set of powerful elites. The truth of this statement can be seen by considering the recent history of
China. A little more than a hundred years ago China lay at the mercy of Western imperial powers. Communism impoverished China more. But that country corrected its mistakes, giving it a GDP of $12,238 billion in 2017, more than the combined GDP of Germany, U. K., France and Italy together ($10,817 billion). How could this have happened?

We can imagine that the future of humanity is one of diversity and freedom, which is not to say that such a prospect is on our immediate horizon. Our more immediate future might well be one of world empire, with its dictatorship, decay and all the poverty and oppression that implies. A look at past civilizations reveals that Imperium has always been their last chapter, and we in the Western World today are living in a period of history with similarities to an era of civilization decline, with telling signs such as lessening democracy. That does not need to happen for the West if we can have a modified European Union, a true federation of free nations, more representative of the diversity and freedom we imagine. It is one that could serve as an example, if not the prototype, for a united world without war, for a world without pandemics, ecological disasters or famine because there would be greater overall world organization and involvement, and a world better fitted for the technological future that is developing. This is the subject of the third and last essay.
History is not the study of general humanity but of nations. No matter what we study about the past it is always couched in some form of nation, but the forms of nation have changed dramatically through the centuries. In ancient Greece ‘nation’ meant the *polis*, or just a city with its surrounding countryside. The French king, Louis XIV, could say: “L’état, c’est moi” (The state, it is me), for in his time the nation was centred on the king. The Levantine Civilization of the Near East defined ‘nation’ by religion, as Jews still define themselves today, resulting after two thousand years of the Diaspora in the state of Israel. The Western world has given a spatial meaning to the concept of nation. With all these forms we might ask just what ‘nation’ means.

The Germans were the first to give ‘nation’ a racial meaning, and surely race must be part of the definition because we can distinguish nationalities by looking at the people, but then we must acknowledge that most, if not all, nations are ethnic composites. The Japanese certainly consider themselves a nation but are composed of Chinese and Ainu (the original Caucasian-looking, beard-growing race of Japan). Germans themselves are a Nordic-Alpine mix, British are Nordic-Iberian. So if we think of nations only as racial we get a sense that something is missing in our definition.

That obvious something is culture: nations are racial-cultural divisions of humanity, brought forth by Nature and are not creations of the mind, as is the state. The form of nation can change through the centuries and between civilizations but this definition remains true. Athenians were hardly distinguishable from Spartans racially but they certainly were culturally, hence they formed different nations. Culture even affects ethnicity, for when people share the same language,
religion, customs, traditions, etc., they blend, to form a distinguishable national type. If a totally different race blends with an original nation so formed, that original nation is destroyed, for when people with different talents and temperament mix, their culture must invariably change.

With this understanding what can we make of the United States and Canada, defined today as “multicultural nations”? Obviously here is a contradiction of terms. The view in these countries is that a nation is an economic-political region demarcated by a line on a map like the forty-ninth parallel. Ask an American or English Canadian what the difference is between nation, state and country and he/she would not be able to tell you, although these are as different as culture, government and territory. Such a superficial view of nationhood suits the economic power structure of the corporate elite because modern corporations are nationless, and just as they move capital to diverse international locations with loyalty only to their profit margins, the encouragement of people to move across borders is similarly determined by the same profit motivation. With an abundant supply of labour, wages can be held low regardless of where that labour comes from. Multiculturalism is profitable. It is this artificial view of nationhood that is today being adopted by the European Union in place of the identity view of nationhood held by Europeans.

The identification of culture with nationhood is generally recognized but the racial component of the above definition is more contentious, due to the liberal assumption that the whole concept of race is a mistake, being rather a social construct and therefore a notion that should be dismissed. This opinion is very curious because no one has any difficulty admitting that species exist, and racial differentiation is the beginning evolutionary stage of species differentiation. The great variety of species we see in the Mongol rule. The Tzars (Caesars) continued autocracy, to be replaced with Communist dictatorship that meant little difference. Unlike Western Europe, there was never a time in Russian history until the present when the people experienced political freedom. Even present Russia shows the difficulty a free democracy has to arise, and similarly throughout much of the East, including China.

When political freedom does arise, however, it dies hard. That spirit still exists in Western Europe, exhibited in present populist movements and Brexit. Yet even in Europe it must struggle against the ancient shadow of empire now spreading across the globe, from China to America, and represented in the European Union by the ambitions of moneyed elites. Combined with the demise of Christianity, here is an inviting vacuum for a secular ideology to germinate the civilization required for an evolving humanity, which cannot be subjected to the dictates of authoritarian rule. Nor can human progress be fettered with bureaucratic directives, or by the selfish interests of elites. These are the temptations of a European Union, which must be resisted for a union of free nations, not an empire. If accomplished, Europe will become an inspiration to humanity, and enter a period of world leadership greater than its past.
An American Empire with its “new world order” is not the only one we can imagine. The Chinese Empire has been in existence since 206 BC, the oldest continuing political state in history. It is as if the Roman Empire never ended for the West, but instead absorbed its invaders. Throughout that history China spread its domain from a small corner on the Yellow River to what is now present day China, and continues to do the same due to the remarkable growth of its economy. That long existence can be attributed to Confucianism, which guided the social realm that included government, relationships among levels of society, ethical guidelines for maintaining social order, education and family life. Confucian practice became the characteristic world view of the Chinese and with it by extension the sense of belonging to a society and state, hence giving cohesion and collectivism to Chinese society. China is a civilization state more than a nation state.

We imagine that the future of humanity is one of prosperity and freedom, which is not to say that such a prospect is on our immediate horizon. Our more immediate future might well be one of world empire, with its dictatorship, decay and all the poverty and oppression that implies. Can we look at the United States or China today and think with certainty that anything different is in the making? It does not have to be. A modified European federation of free nations is more in line with the future we prefer, except that the Brexit example shows that to be such a prototype the EU must be composed of a looser federation than at present.

After the fall of Rome Western Europe consisted of independent kingdoms, free to develop concepts in national sovereignty. Individual freedom became enthroned with the French Revolution and English Parliament, in Magna Carta, Laissez Faire and the Rule of Law. By contrast, this development was quite different in Russia where Vikings originally imported Byzantine autocracy, and this was followed by world today must have gone through the racial phase of evolutionary differentiation. We actually see the process happening in present day Orcas (killer whales), which divide themselves by diet and exhibit racial distinctions from the long held cultural practice of hunting preferred foods, although they are all the same species that can still interbreed. So how can species exist if races do not? We should not be too surprised at this liberal illogic since the same extends to the liberal concept of multicultural “diversity”. The racial diversity evident in our streets today is temporary, because in time when different races live street-to-street and door-to-door history shows they blend, destroying diversity. Government efforts at integration, therefore, are strange, because if we genuinely want racial diversity the last and least policy we should want is liberal multiculturalism.

So what of the human species? Can we make the same racial case for it as we can for all other life? Obviously we can, and not only from the evidence of our eyes. Caucasians have been separated from Africans about 60,000 years and from Asians 40,000 years, which is enough time for people disciplined in the ‘hard’ science of Anthropology to examine the differences between human races that have accumulated in that time. These differences are well known and documented in books such as Race, by John R. Baker, published by the Oxford University Press, and The Origin of Races, written by Carleton S. Coon, professor of Anthropology at the University of Pennsylvania. Amazingly, we should now discard these scholarly volumes, written from years of study using hard evidence, in preference for the views of Sociologists who give us the “race-is-a-social-concept” theory.

To understand race we must first understand that the concept refers to the differentiation of populations, to numbers, not individuals. Neither the bigot nor liberal recognizes the statistical nature of race. If a particular race has not been
renowned for achievement, the bigot concludes that its members are “inferior,” even an individual possessing a high achievement potential. Conversely, the liberal generalizes from the examples of a few outstanding individuals, but by presenting a member of high achievement proves nothing concerning the collective, which is the issue. No individual wholly defines any group. We could make an observation on the differences in height between men and women, statistically men being taller than women. This is generally true although it is also true that many women are taller than many men. An observation on the group has nothing to do with an observation on the individual, and vice versa. We must approach the subject of race with this understanding.

![Figure I](image)

Being statistical, population variation can be placed on a Bell Curve, shown above for two populations, A and B. Most characteristics of a population lie in a continuum, with

our Western future. But such empires have a fatal flaw: they decline and die, like the Roman Empire. Will that also be the future of the West under its ‘Universal Empire’? It need not be. Not if we realize that world peace is only half of the need provided by a world government. The other half must be the ability to avoid a world steeped in corruption, exploitation, poverty and injustice supported by a lethal military. It should not be surprising that such empires are the end stage of their respective civilizations, as each brings multiculturalism, globalization, big government and the rule of money.

Past empires declined and died because they lost a fundamental ingredient of civilization: social ideology. We know what happened to the Soviet Union when its people realized that its ideology was false. The Soviet Union no longer exists. The same happened with past civilizations whose ruins today spread over global landscapes. The difference is their ideologies were in the form of recognizable religion. The reason for religion as applied to civilization is not from the need for moral teaching but from the need of people for cooperative togetherness. That is what common belief does: it gives cohesion to a multitude of people when they all believe the same. But with the progress that civilization brings, the myths and fables of the past cannot continue to be believed. That is when civilization enters decline, and that is the condition of our present Western Civilization today.

There is another option to following a world dictator, whether Messiah or Caesar. More desirable for our future is an emergent world order evolved by humanity, one without war, which suggests an international order and the means to enforce it. That suggests a world government in the form of a federation, not an empire. The closest we have to that in the world today is the European Union.
THE NATURAL DESTINY OF EUROPE

Anyone who has ever thought about our world’s future must have wondered about world government. Is it inevitable? Surely in time it must be. Without it Man’s destructive genius has reached the ability when we can finally destroy our species. Therefore, how long will world government take to develop? A hundred years? Two hundred? A thousand years? We know eventually that it must occur, unless humanity is reduced to barbarism or a world of cadavers. This need has long been felt intuitively by humanity, expressed in our religions, notably Christianity and its prophecy of a Jewish Messiah bringing peace and happiness to the whole world.

Placed in the context of time and difficulty, the surprise is that ‘world’ governments have already existed. There is nothing new about that establishment at all. That is what the ‘world’ empires of the past were - the Roman and Persian empires were exactly that for their respective ‘worlds’. So was the Inca Empire for the Andean ‘world.’ The Aztec Empire would have been the same for ancient Mexico if not destroyed. Such empires are not anomalous; they are the end result of great civilizations and have been given a name by historians: the “Universal Empire”. Whereas some empires are the conquest of a single military genius, such as Alexander the Great, the Universal Empire is the culmination of development over centuries. Each gave universal peace, justice, free trade, expanded markets, common weights and measures, common language, etc. to their conquered peoples who identified themselves as members of those respective empires. Neither is our Western World immune to this development. Our Western history comprising that of mainly Europe and America is a parallel history of Greece and Rome. An American Empire and its “new world order” is a definite possibility for at least people who possess a very high and very low measure of a character being low in number, and people who possess an average measure being high in number. Figure I shows difference ‘x’ between averages for any particular characteristic measured for the two populations. The shaded area represents the area where the characteristic measurement is the same in the two populations, and for this reason liberals claim little or no difference between racial populations. But to be noted is difference ‘y’ measuring the level of what could be genius in one population over another. When we take a higher measurement than average, at ‘k’, and compare the difference ‘y’ between the two populations, we find that ‘y’ is larger than ‘x’. The claim of insignificant difference between racial populations ignores this measurement. Even if ‘x’ is small, for a characteristic that is culturally valuable the difference in population numbers shown by their Bell Curves can be more important than we would expect from looking only at the difference in population averages.

Unfortunately, population differences that occur irrespective of race have often been conflated with racial differences. The two populations, A and B, could be of the same race, but they could also be of two different races defined by, say, skin colour. Whether of the same race or two different races, their averages could have the same value. It does not change because of skin colour. Silicon Valley is very aware of this, since much of its talent is drawn from beyond American borders. What might be different between the two racial populations is racial history. If the history of one is more arduous than the other, that population will experience natural selection more severely than the other. If that selection acts to reduce its members of any less valuable quality, that race will be left with proportionately more viable people. This process of natural selection is well known and proven. The average
difference in that favourable quality of the two populations, possibly IQ, will be changed. That is, a measurable difference ‘x’ will exist in intelligence between the two racial populations.

It is very probable that selective factors can explain the differences in national GDP levels around the world. We know that human beings migrated out of Africa thousands of years ago, to inhabit Europe and Asia. It is probable that Europe and Asia have been the continents where civilization progressed the most, in contrast to sub-Saharan Africa, because of ancient selective migration. The migrants were also later subjected to the challenging conditions of an Ice Age, unlike Africans. Due to their migrations northward the migrants entered regions with less sun than Africa, and to produce vitamin D their skin lost pigmentation. Two evolutionary selections occurred: one type requiring survival techniques in a new environment, and the other being a skin adaptation. One was culturally significant, the other purely physical. They are two completely different types of change, but have become associated in subsequent generations of the two populations. The achievement disparity between descendants of migrants that left Africa and those of sub-Saharan Africans has nothing to do with skin colour, that remains true, they are due to racial history. But although the amount of skin pigmentation does not mean that one race has to be higher or lower in the measurement of human endowment, as the bigot would have us believe, the liberal, conversely, must see that the difference in human qualities need not be zero. A race featuring certain animal adaptations, such as skin pigmentation, may very well undergo selective factors also forcing cognitive adaptations affecting culture, factors that do not play with equal severity on other branches of our species. In this assessment the statistical lesson of Figure I must still apply, since when speaking of selection we

ties, all without inflation. Regardless of what we think about Nazi Germany, it was the first country to come out of the Great Depression by this system, and Germany experienced little inflation throughout the years of World War II. Abraham Lincoln did the same during the American Civil War by issuing debt-free money known as Greenbacks. Speculation has been that this was the reason for his assassination, and of John F. Kennedy who also issued debt-free money.

In summary, there is no need to have extensive federal debt in private hands. The enormous interest generated by this borrowing and paid by taxpayers is completely unnecessary. Instead of governments raising funds by selling bonds, federal projects can be financed directly from national treasuries. For commercial markets, money drawn from national treasuries would be loaned by central banks at interest to private banks, which in turn would loan it to the public at higher interest, as in the present system. The fractional reserve system would possibly need to continue, to avoid the disruptive consequences of a full reserve system. None of this means a nationalized banking system, except for a country’s central bank if its profits do not go to the national treasury.

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for export where the nation has a competitive advantage. There need not be reliance on foreign investment with its concern for profit. A developing nation can undertake the investment itself, with new money that would initially inflate its economy, but if done to buy or produce capital goods the inflation would be cured by the increased production. The same would apply to advance economic democracy by financing co-operative capitalism, i.e., worker-owned industries, in place of corporate capitalism with its elites. Worldwide there are today already 250 million people employed in worker-owned industries, the largest being the successful Mondragon Corporation in the Basque provinces of Spain, begun in 1956. Argentina also is a hub of this democratic development. Treasury financing would be a big help democratizing an economy in supplying start-up capital for new industry, which could be worker owned and directed. It need not be an attempt at government-owning Socialism, with the inefficiency that implies, and is certainly not Fascist.

The inflationary pressure caused by government borrowing is particularly egregious when its bonds are bought by central banks, a sale known as “monetizing the debt”. In that practice the entire sale plus interest on the bonds becomes new money; it is purely inflationary, and that is admitted. By contrast, treasury financing means direct financing of public goods and services, with inflation only when profligate federal governments do not follow carefully the balance needed between new money and production.

In case federal treasury financing of public expenditures is thought Utopian, it is nothing new in the world. Canada had that system between the years 1938 and 1974 and it was during those years that Canada financed its participation in World War II, built the Saint Lawrence Seaway, trans-Canada highway and established hospitals and universities...
disturbing was the finding that diversity not only causes less trust between ethnic groups, it also causes less trust within ethnic groups. Clearly a harmonious community is not served by liberal multiculturalism. The answer for Europe is the same as found around the world over the centuries: racially based nationhood is the most stable and harmonious collectivity for human existence. This is as much a lesson for Europe as for the world.

the power of taxation. New money pumped into an economy can be withdrawn from the economy using taxes, then simply cancelled instead of used to pay bond debt. If done in equal measure to expenditure there need be no excess of money created, or scarcity of it (causing depression). The big advantage is that there would be no interest payment to private investors by federal governments for public goods and services, and no need for taxes to cover that cost.

The last point is important for a national economy. Public lending to federal governments is a concession to private enterprise, and justified in the interests of taxpayers when money can be raised voluntarily from investors to cover the cost of a national road or bridge. It would seem that taxpayers are getting a free ride because the only cost is bond interest, and this is true for a depressed economy. Let us recall that the best cure for inflation is production, but in this case the interest paid cannot be offset by new production, because there is no new production. The economy is in recession. The bond interest must be covered by taxes, not new money if inflation is not to be incurred. For an expanding economy with new production this restriction need not hold. All federal investment, including the full cost of national highways and bridges, can be financed with new money without new taxes if the money supply and national production are kept in balance. In that way there need not be inflation. An added bonus is that neither does there need to be payment of bond interest. We can imagine the interest savings just from military procurement. Government-financial collusion suspiciously is the incentive for the bloated U. S. military budget, which in 2018, a time without international war, was over twice as large as the military budgets of Russia and China combined.

In the same way for a nation with an underdeveloped economy, new industry can be financed to produce products for the national market that are imported, and even produce items
is when our euro does not buy what it could ten years ago that we have reason to gripe.

In the private capitalist system interest can be justified the same as rent. Whether rent is for an apartment, car, etc. or for the equivalent value in euros, interest is like rent only on money. When a bank loan is repaid the principle is cancelled but the interest is not. It is what private banking investors live on, and that repaid money extracted from the fractional reserve system elsewhere in an economy is interest on new money. Rent for an apartment is money already in existence, but the rent on a bank loan, the interest, is money that does not represent new production. It is inflationary.

Worse yet, the real scam of the private banking system is on public debt, because federal governments have no comparison with private individuals and businesses due to their legal right to levy taxes. Governments borrow funds by selling bonds in “Open Market Operations”. The major players who buy those bonds are insurance companies, Big Business and banks, to whom by far the major part of the interest is paid, and paid to people who are already owners of wealth. That payment is a transfer of wealth from taxpayers to wealth holders and is the major reason for the growing disparity in our Western societies. It is parasitical, but all in line with our private banking system.

In the case of federal government debt the interest is not always necessary. Federal governments normally do not need to borrow and pay interest at all! Instead, public works can be financed directly from their federal treasuries. Instead of first borrowing money, like businesses and households must do, highways, bridges, etc. can be financed directly with money immediately spent from federal treasuries without interest payments. The big bug-a-boo raised in doing so is always that it would be inflationary. Yes, it would be – but federal governments, unlike individuals and businesses, have

‘Bankster’ Banking

A plague stalks the world today, a plague caused by our Western banking system. The symptoms are: on-going inflation, increasing economic disparity, declining middle class, corruption in high places, exorbitant payouts, lessening democracy, crime, even wars. If allowed to continue we will eventually have a peon system - a system of elites ruling the rest of us.

To understand the current banking system that affects all nations of the Western world, we must understand the importance of the money-goods balance. If the money supply in an economy increases over the production of goods, there is inflation. That is, if an apple costs one euro now, but the money supply is doubled, that same apple will then cost two euros. This is monetary inflation. Notice it has nothing to do with apples. This is so bizarre that people find it hard to believe. Fortunately, if production is also doubled the one euro price is restored. The best cure for inflation is increased production. The money supply and national production must be kept in balance for a stable economy. This simple rule is followed with difficulty in modern economies because the voting citizenry does not understand the economics of inflation, and does not realize how we the people are being fleeced by that hidden tax.

Now let us see how this could occur. Instead of first supposing an apple in existence and then the extra euro, let us suppose that a euro causes an apple to be produced. That is, a farmer borrows a euro, one printed for the purpose of producing an apple. Once produced the system has a euro and an apple. The system is in balance. The loan is returned, the euro cancelled and the apple eaten. All that happened is that the euro was created before the apple. So what? That actually
benefited production. Critics of our present system claim this causes inflation because bank credit is created “out of thin air”. We see in this simple system of a euro and an apple that this is not where inflation comes from. It comes from the inability of the farmer to only return a euro because the creditor expects interest on his euro loaned. If the interest is 5%, the farmer must return €1.05, not just €1.00. Where does the extra €0.05 come from? The farmer could indenture himself to his creditor to pay the €0.05, he could counterfeit €0.05, or obtain it by borrowing more money. In the latter two methods we see that it is the €0.05, the interest, that is inflationary. If the farmer already had the €0.05 he would only borrow €0.95 and the system would remain approximately in balance. In practice the interest cost is covered by selling the apple at €1.05 or more. But this assumes more money in the system than the original €1.00, i.e., inflation. Profit masks the inflationary effect, and that effect accumulates, giving extensive debt.

Money is created from debt in all countries using the fractional reserve system, which means all countries of the West. We realize that banks loan our deposits and pay us interest on those deposits, but few realize that this is how money is created. Under this system a fraction, say of a €1,000 deposit, must be kept in reserve and the rest loaned, so if the fractional reserve is 10% then €100 is kept in reserve for people who might want to withdraw their deposits, and €900 loaned. But if that €900 is deposited in another bank, then 10% of that, or €90, must also be kept in reserve with €810 loaned, and so on. If taken to its extent this system (banks plus public) generates €900 + €810 + €729 + ... = €9,000. That €9,000 was created “out of thin air” but in line with private enterprise when there are many competing banks, none receiving interest on the totality of the new money generated. If the system is monopolized with only one bank, then on the basis of the €1,000 deposit the one bank does create, with the various exchanges between its branches and public, the extra €9,000, all from debt. Thus it is that if the system in toto were one bank that monopoly creation of money becomes a powerful force when privately owned, and that is what our money generating system is in practice: a cartel of privately owned banks on which shares are sold.

Similarly, when a €1,000 deposit is withdrawn the system loses €9,000 by the banks retracting the money supply the same as they generate it, and since there is both gain and loss the system would seem to be in balance. But as in the case of the apple, on that created €9,000 loaned to the public, interest must be paid. If the interest rate is 5%, that is €450 more than the system generated originally and does not represent the production of goods and services. Where does that extra €450 come from? There is only one way: it is new money masked by the profit of all industry that borrows from banks to produce. We often hear that when times are good inflation is inevitable. Here is a major reason, but that reason will not be found in any standard economic text. Of course, there are other reasons for inflation, including increased money in people’s pockets during good times, and loss of production from weather, but these are episodic and remedied.

Obviously the wealthy do not like inflation either, more so than average citizens, for the simple reason that on their loans with inflation they receive less value on their money when the loans are paid. But when inflation gets out of hand, as it is liable to in a private banking system (because of the interest motive), there is deliberate contraction of the money supply, which causes an economic recession or even depression. Here is the reason for business cycles. What can be supported by our banking elite is creeping inflation, and that is what we have had in Western countries for many decades. It
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