THE GRAVEST CRIME

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The postulates. A must read.

- History has seen a reversal of two and a half centuries of progressive advancements. The elites, that since the European Enlightenment had been gradually deprived of the absolute powers they had in favour of democracy, have staged a successful claw back to almost total control of the vast majority of our common wealth. They can blackmail entire nations, preventing them from exercising their sovereign prerogatives in monetary policy and even in the legislative sphere. They can inflict havoc on millions of families and firms through their profit seeking schemes, globally. Citizens are today in a position to vote empty political structures controlled by these financial and corporate elites. Democracy is rendered virtually meaningless.

- Modern Money Theory (MMT) has presented itself as the only powerful, coherent and scientifically sound alternative to this dramatic state of affairs. It embraces such an ample range of human functions in the economic, political, and social spheres that no other theoretical approach seems at present preferable. MMT is a life saving, nation saving tool for both Western and Developing countries. MMT is *Sane Economics for a Just and Safe Coexistence in Democracy*.

- MMT faces one major hurdle: people. The overwhelming majority, from academics to policymakers to ordinary folks, don't understand it or judge it structurally wrong. Why? Because what they consider sound economics are in reality the very tools that the elites used in order to appropriate the larger slice of our common good. In fact most people, including the progressive forces, literally fell for the ideological deceit that the elites enacted in the last 75 years through a structural and coordinated effort within Western countries. This deceit was able to fashion as intuitive, as common sense and even as socially beneficial most of the elites' greed-inspired economics. Citizens and progressives naturally bought into them, wholly unaware of what lay behind them. It is as shocking a realization as that, no less. As a logical consequence, since MMT runs contrary to most of the elites-inspired economic dogmas, it will clash with most people's and progressives' core economic convictions. We must help them see this, with the utmost urgency.

- This primer explains the deceit, and shows how MMT can emasculate it. It is a must for anyone who wishes to bring people and progressives on board along our struggle to see MMT become government policy. It is a must for a mass communication effort to ORGANIZE for MMT. Absent the awareness of the elites' 75 year scheme, no effective reaction can be organized, and of course MMT will remain for most an apparently absurd, counterintuitive and even flawed approach.

This is it.

We are talking about possibly the gravest social crime perpetrated within the Western world since the end of the Second World War. In Developing Countries it has been raging unchecked since modern times began, but roughly half a century ago it landed here among us, and millions of people, their families and their children, were made to suffer needlessly. They still suffer today, and will almost certainly do so in the future to an even greater extent. Again: needlessly. Their personal plight cannot be described here, too painful and deep are the ramifications of what they have had to endure and are enduring. However, the odious nature of this crime lies precisely in the fact that it was inflicted on them by an elite of powerful individuals for the sole purpose of snatching the greater slice of the world's wealth away from its rightful owners: us, the people, and the States that we democratically legitimize.

These individuals are at work right now, relentlessly and remorselessly. We have termed their worldwide operation the **Neoclassical, Neomercantile and Neoliberal ploy,** a ruthless machination that is also the root cause of the present slide into chaos of the US and EU economies. Their make up can be defined as follows: they are the top echelon of the world's larger financial institutions and corporations, together with their economic thinkers and technocrats. Obliging policymakers often follow. They are sometimes dubbed "*the international investors*", and they gather at a few exclusive clubs like the Trilateral Commission, the Bilderberg Group, the World Economic Forum at Davos, the Aspen Institute and so on. In other words, they are what the respected weekly The Economist has recently termed "*the Globocrats*" (1).

Before we reveal their identities, their organizations, their sponsors and the details and aims of their decades long plan, we would like to give the reader a better idea of the damage they have inflicted (and are right now inflicting) on millions in the Western world. Let us simply tell you that for at least 40 years this ploy has been at the root of, to name just a few:

- a huge chunk of the unemployment and underemployment we have known – needlessly maintained, with the destructive social ills they bring with them;
- the perennial dearth of funds for Welfare projects ranging from social programmes to universal healthcare – with the enormous expansion of the urban poor we have seen and the many thousands of premature deaths that have been caused;
- discrimination in schooling and higher education where only the privileged have had access to the best opportunities – with millions of our young consigned to a lesser life and a blighted future;
- the erosion of workers' rights and bargaining power to an extent unimaginable only a couple of generations back – which has lead to the present race to the bottom, to ever decreasing salaries for ever increasing exploitation in the workplace, reinforced by delocalization of jobs and outsourcing to other countries;
- the problems of the older generations, whom the masterminds of this ploy the have made scapegoats for the Deficit Hysteria that has gripped our nations – making millions of decent seniors feel responsible for the lack of financial means available to the younger generations;
- the de facto emasculation of the sovereign States, of their monetary sovereignty, of their legislative sovereignty, and the sidelining of what was left of the active citizenry, all aimed at preventing the majority from benefiting from the States' legitimate wealth

creating powers – the hard consequences and the amazing success of this part of the ploy will become clearer as the story develops.

- the privatization spree, turned unassailable economic religion, that has delivered large chunks of public assets at a discount into the hands of the international investors – delivering also entire peoples into the hands of profit seeking providers of essential services, often with unsettling repercussions on the national social fabric.

- the huge expansion of a dangerously under regulated private financial sector that is today in a position to wreak havoc on any State, defrauding millions and speculating on artificially created economic crises.

- the present world wide economic downturn that is inflicting massive financial damage on a host of small and medium businesses, and therefore on entire national economies and millions of wage earners.

At a personal level this means millions of human lives, personal dreams and hopes either thwarted or destroyed forever, here in the Western world. On top of that, whole sovereign States have been rendered meaningless. Let's repeat: this was done for the exclusive advantage of an elite of power seeking privileged individuals and their institutions. But we want to make clear to the readers from the very beginning that this is no conspiracy theory. On the contrary, the general traits of this crime have been known to prominent intellectuals, economists and activists for a long time, and have featured in hundreds of books, essays, and debates. What **has not** been made public about it, and what must be made public with the utmost urgency, however, is this:

A) THAT THE PRESENT, SEEMINGLY UNSTOPPABLE POWER OF THE "GLOBOCRATS" AND THE IMMENSE HUMAN PLIGHT IT HAS CAUSED ARE THE RESULT OF A STRUCTURAL, COORDINATED 75 YEAR EFFORT SUPPORTED BY A WELL DEFINED ECONOMIC IDEOLOGY, AND ARE NOT, AS FREQUENTLY STATED, AN ABERRATION OF CAPITALISM.

B) THAT THERE IS AN ECONOMIC DOCTRINE AND PHILOSOPHY THAT COULD HAVE AVOIDED, AND COULD STILL AVOID, THIS HUMAN PLIGHT, WHICH WAS INSTEAD REPRESENTED BY MAINSTREAM PROPAGANDA AS UNFORTUNATE ECONOMIC NECESSITIES AND ACCIDENTS. THEY HAVE NEVER BEEN, AT LEAST FOR THE PAST FOUR DECADES.

C) THAT IT WAS PRECISELY TO EMASCULATE THIS ECONOMIC DOCTRINE AND PHILOSOPHY THAT THE NEOCLASSICAL NEOMERCANTILE AND NEOLIBERAL ELITES STRIVED TO INFILTRATE POLITICS, ACADEMIA AND THE MEDIA.

D) THAT WHAT HAS BEEN ATTACKED, AND PERHAPS FATALLY WOUNDED, IS THE VERY EXISTENCE OF DEMOCRACY, DEFINED AS SOVEREIGN STATES USING THEIR WEALTH CREATING POWERS FOR THE BENEFIT OF THE MAJORITY.

E) THAT THE CONTEMPORARY MASTERMINDS OF THIS PLOY ARE RIGHT NOW DRIVING OUR SOCIETIES AND ECONOMIES OVER THE CLIFF FOR PURELY FINANCIAL GAINS, WITH CONSEQUENCES THAT CANNOT BE OVERSTATED. THEY MUST BE STOPPED WITH NOTHING LESS THAN A CONCERTED EFFORT TO ALERT THE PUBLIC AND TO DEMAND URGENT ACTION FROM POLICYMAKERS.

What follows is a Primer on a scheme that has successfully halted more than two Centuries of the progressive evolution of Western societies. It has opened the way for the return to almost absolute power of a restricted elite of financial and corporate powerbrokers. We think that ignorance of the realities of the Neoclassical, Neomercantile, and Neoliberal ploy fatally impairs any effort to form and to divulge a strategy to halt it. In fact, if one does not understand the full extent of that scheme, one often gives little credibility to the remedies proposed by the most advanced progressive economic schools. Above all one cannot grasp what is really happening to our world, and can all too easily fall prey to the counter propaganda of those elites. This latter scenario is the exact reason why the Left in the Western World has been so hopelessly unable to halt their advance.

The Goose that Laid the Golden Eggs.

It is simple to understand, just look at History from a broad perspective. The world had been run for thousands of years with exactly the same social structures everywhere: a tiny elite at the top, ruling huge masses of powerless citizens. The rationale for this was just as plain: the elites claimed unimpeded access to privilege and wealth at the expenses of everybody else. The horrors of this system need not to be illustrated here. Then things changed when a group of intellectuals had the courage to imagine an entirely different structure of human existence, one where it's the majority of human beings that will determine the appropriation of the common wealth, the nature of rights and the system of government. These intellectuals were the European Enlightenment thinkers, and they were proposing democracy.

Since then, and in the 250 years that bring us to contemporary times, our world has undergone a long series of revolutions, bloody upheavals, wars, mass movements. These achieved chiefly only one thing: they pushed those elites back and brought us, the majority, to the fore. They lost in fact almost all of the staggering power they used to have – just think of the difference between XIX Century Queen Victoria and the present British Queen; or what King Luis XIV, Richelieu, or the Metternich could do at their whim, something not even remotely comparable to the constraints that define our governments today. We gained unprecedented influence on our rulers and a better standard of living for all to see – today no Western dissident or citizen can be brutally shipped to the penal colonies at the Cayenna to die there; no child of 8 years of age is to be found toiling in the coal mines of Europe; none of our farmers is to be seen nowadays being savagely beaten for having dared to eat one apple out of the Landlord's yield, and so on. These were sadly common occurrences just 150 years ago, even less. Wealth distribution, although getting more and more unfair by the day in our times, is incomparably better than what used to be. Therefore the elites had to retreat considerably, but did not wither away. Then came a time when some of them started thinking that they could bounce back and reclaim some of the absolute power they had lost, although having to adjust their ways to the radically mutated times that shaped Western societies in the XX Century.

The principal tool they chose for their come back (as the Enlightenment thinkers had done albeit with opposite aims) was the power of ideas. Their principal target was one: to kill, or rather hide from us, the **'Goose that Laid the Golden Eggs'** that we gradually came to possess during the 250 years of social improvements that peaked in the 1970's.

Again, it's simple to understand. Think: is there anything in the world that can stop or constrain the rulings of a sovereign democratic State legitimized by its own citizens? No, nothing can, not even the most powerful private elite. And what if this State acquires the economic means to enrich and look after the majority of its citizens with, again, no real constraints? It would simply mean that **the larger slice** of that State's wealth would fall into the hands of the majority of its vote wielding people, and would never be owned or grabbed by the private elites that live within that State. They would lose any possible claims on an immense amount of riches, for good.

Was there ever a time in our recent history when States and people possessed such extraordinary economic means? Yes, there was, ever since the unilateral US ruling of 1971 that changed the international monetary system and de facto introduced Modern Money into a host of Western countries. Modern Money is **FIAT currencies**, defined as sovereign*****, floating and non convertible units of account that the State simply crates out of thin air at the Treasury and at the Central Bank. As the Modern Money Theory (MMT) school of economics lead by Prof. L. Randall Wray explains (2), these currencies gave the States an unprecedented ability to use their fiscal policies to inject net financial assets into the non government sector almost with no limits (the few constraints on this fiscal policy have been fully dealt with by MMT economists). It is as simple as saying that the government could Deficit Spend inventing its money out of thin air, and, by so doing, it would make any recipient of that money richer (crediting checking accounts of citizens and businesses that sold it services and goods). But really richer, **net richer** that is, meaning that this would be **new money** being created by the government and earned by those recipients. Not like in society where any financial wealth that anyone gets is money someone else has lost, spent, or that is offset by someone's IOU. So it's not net money being earned, just money shifting from one place to another all the time. So governments could Deficit spend in this virtuous way, also called **Good Deficit Spending****, and it potentially included financing full employment, full Welfare, full education, better infrastructure, growing productivity for its citizens. Again: this would have created social structures where the State apportioned large amounts of financial wealth to the majority, and where workers and citizens would have become strong entities with equally strong bargaining powers, because, as the Lebanese economist Joseph Halevi once remarked "*real full employment empowers; deflation, unemployment and small jobs disempower*" (3). It would have been the 'Goose that Laid the Golden Eggs' for us people, since, let us repeat, there is nothing in the world that can stop or constrain the rulings of a sovereign democratic State legitimized by its own citizens.

The elites could not allow this to happen, and so they acted.

* We remind the reader that whenever the definition "*sovereign currency*" appears in this Primer it will refer exclusively to currencies that are

a) issued by a State's central fiscal authority. Hence they are SOVEREIGN.

b) non-redeemable for gold or for anything else upon citizens' request (it means that citizens cannot take their money to a bank and demand to be given instead a fixed amount of gold or any other valuable thing). **Hence they are NON CONVERTIBLE.**

c) Exchangeable for foreign money at an exchange rate decided by the markets and by other factors (it means that the government does not promise to exchange each unit of its sovereign currency for a fixed amount of any other foreign currency). **Hence they are FLOATING.**

Examples of sovereign currencies: Dollar, Yen, UK Pound, Turkish Lira… Formerly the German Mark, the French Franc, the Italian Lira and other EU currencies were all sovereign; they were supplanted by the Euro that **is not** a sovereign currency, as we will explain later on.

** Before continuing, it is essential for the reader to understand the difference between **Good Deficits** and **Bad Deficits.** In fact, what the elites' ploy was and still is targeting are the Good Deficits, for the reasons just explained. When it comes to Bad Deficits, well, their attitude is profoundly hypocritical, as you will understand later on. But first let's fully clarify the difference between the two sets of deficits. MMT will call a Good Deficit the type of government expenditure that is targeted at creating full employment, full Welfare, full education, better infrastructure and growing productivity. This engenders a virtuous circle that will not only make the non government sector better off (us people + firms), but would end up largely paying for itself. Yes, because it would trigger a **decrease** of States' social expenditures for unemployment benefits, for the underemployed, for the social ills of unemployment (crime, alcoholism…). Less expenditures also for medical assistance to those left with no coverage, for the bailing out of foreclosed families or of failing banks, plus many other savings - all of this going towards reducing the deficit. On the other hand, a Good Deficit it would trigger an **increase** in government income through higher tax revenues, even without increasing the tax rate. In fact a wealthier non government sector will earn more income and thus pay more money into the States' coffers – and again, this will reduce the deficit. But not just. Good Deficits will also result in more things being produced at home and so less need to import them, improving the current account deficit of the State; they will also make the country more efficient and more attractive for investors, so there will be foreign money getting into the country. Finally, Good Deficits will also keep inflation in check because of all the extra production that will match the increase in the monetary mass going around.
On the contrary, Bad Deficits are disastrous: **they are very often the paradoxical result of the Neoclassical, Neomercatile and Neoliberal hysteria to reduce deficits**. In fact, when the State is forced by that hysteria to slash Good Deficits, it will immediately make all the non government sector poorer. This will make it fall into a vicious circle of economic deflation, meaning less consumption, so less sales for firms, and so workers will be fired. There will be an **increase** in the social expenditures described above, and a **decrease** of States' incomes through falling tax revenues and falling foreign investments. Many other economic perils like the loss of marked confidence in that State will ensue. All of this will obviously make the deficit worse, and wreck the country in the long run.

Mind you: even though, on the face of it, the Neoclassical, Neomercatile and Neoliberal elites will revile all government deficits, they hypocritically ignore and hide from us the glaring fact that the only pernicious deficit is the one which directly derives from their sacred economic prescriptions.

As we were saying, social structures and nations that benefited from some form of Good Deficit Spending briefly (albeit incompletely) came into existence in some Western nations in the 1970's, to the horror of the elites. In fact, the decade that followed the '68 progressive mass movements in the US and in Europe saw the ideals born of the Enlightenment era reach their apex. They looked unstoppable in the midst of an ever growing political consensus. It became apparent to the elites (in reality this awareness can be traced in them as early as in the 1930's) that democratic States were approaching the day when they could have gained the upper hand in the control of the world's wealth. This could not be allowed to happen.

Hence the massive planning I mentioned above. Their decision was drastic, their four goals crystal clear:

1) The sovereign monetary power of the States had to be destroyed together with their possibility to use it in large part for socially oriented, citizens' empowering expenditures. Destroy Good Deficit Spending.

2) The States' legislative sovereignty had to be equally curtailed lest they legislate to cement that enlightened possibility into unassailable laws.

3) Citizens had to be sidelined and made useless so they never truly realized the potentials of their sovereign States.

4) Finally, from the ashes of entire nations wrecked by the success of their ploy, the elites wished to extol not just the control of the largest slice of the world's wealth, but super profits in finance and exports.

In other words: our 'Goose that Laid the Golden Eggs' had to be all but destroyed. So it was.

The Ideas.

As we said, it's *ideas* that enable power. The elites armed themselves with a set of sophisticated ideas. The most central of which were these:

MONEY SHOULD NOT FEATURE AS A CENTRAL TOOL IN THE RUNNING OF THE ECONOMIES.

They borrowed this dogma from the work of Neoclassical economists, those who believed that the Market would always provide the perfect balance of demand and offer of commodities, and therefore set the fairer prices for all things. Money did not feature in their model. Note that something else does not feature in this model: the State and its ability to run fiscal policy. No wonder. It was the elites' perfect dream: the State out of the way, and **their** Market as the supreme ruler of all economic life. They pumped this idea to the point of creating a stereotype that defined States, or more precisely governments, as something cumbersome stuck in the middle of an otherwise functional machine that would benefit all: the Market. It's from here that the mantra of the necessity of 'small governments' took shape, which was then picked up by others along the way. The scholars most prominent in lending these ideas to the elites were Dennis H. Robertson, Gerard Debreu, Kenneth Arrow, Frank Hahn and the Neoliberal political thinkers in general.

Another idea they were happy to adopt was that

SAVINGS MUST ALWAYS COME BEFORE INVESTMENTS, NEVER VICE VERSA.

The father of this rule was British economist David Ricardo (1772-1823). Translated into modern thinking it provided the rationale for the elites' attack on States' spending for the benefit of citizens. In fact they convincingly argued that

STATES' BUDGETS ARE JUST LIKE FAMILIES', AND, JUST LIKE FAMILIES, STATES MUST EARN FIRST (SAVING) AND INVEST LATER (SPENDING), BUT ALWAYS MAKING SURE THAT THEY EARN MORE THAN THEY SPEND, JUST AS A VIRTUOUS FAMILY DOES.

This simple economic theorem is gifted with extraordinary efficacy because of its intuitive logic that convinced everyone, from policymakers to the public. It was all wrong, especially from an accounting viewpoint: a family must save more than they spend simply because they cannot create their own money; they must earn it or borrow it, so they'd better stash some away for emergencies and not get too much into debt. A sovereign currency State has none of those constraints, it creates its currency out of thin air and actually must spend more that it saves in order to enrich citizens and firms, as explained earlier. Despite this truism, the "*States are like families*" myth spread like a virus. This is how the whole mantra of balancing the budgets, of never deficit spending, of cutting State expenditure was born. This is how the present day Deficit Hysteria was born. Of course it played in the hands of the elites because it intellectually paralyzed governments from actually deficit spending as much as would have been necessary to enrich and look after the public. And if we add to this paradigm the common misrepresentation of tax revenues, things get even worse. In fact, as an addendum to the "*States are like families*" fallacy, came the other idea that taxes is money the State collects from citizens and firms on order to be able to spend. This, with sovereign currencies, is yet another canard. The reasons are complex (4), but it will suffice to reiterate that a sovereign currency government creates money by putting its signatures to pieces of paper (notes/bonds) or to electronic money transfers. Can it ever run out of its own signatures? Does it need to tax people to get back those signatures that it can just create? Of course not. It must be careful not to issue too much currency, because it may cause inflation, but it certainly doesn't need to come and collect it at your door. However, one thing taxes certainly do: they will shrink taxpayers' checking accounts. So now let's put those two falsehoods together:
States must earn more than they spend (so they must tax our checking accounts more than they credit them) and *States must tax citizens and firms to get money to spend* (so again they must tax our checking accounts). It doesn't take a genius to understand that this is the quickest way to impoverish millions of ordinary citizens and firms, and the surest way to strangle Good Deficit Spending that relies precisely on a State spending more that it taxes.

Pity for millions of families and workers – but also for small and medium businesses – and for their social rights that directly depended on Good Deficits to be aided and protected. In fact this ideology that made a sin of any deficits for welfare and full employment is the fundamental tool of the ploy we are describing here. The wage and rights deflation, the spreading unemployment and underemployment that we all see today, are the result of this set of principles. The main modern preachers of "*States must spend like families*" and of Deficit Hysteria have been economists : Robert Lucas, Tom Sargent, Neil Wallace (New Classical school), Jude Wanniski, George Gilder (Supply Siders), Greg Mankiw (conservative New Keynesian), Carmen Reinhart and Kenneth Rogoff, but of course it's become a common credo for all mainstream economist and policymakers.

Next came another fundamental idea:

INFLATION, THE NIGHTMARE SCENARIO OF ALL ECONOMIES, CAN BE CONTAINED BY CONTROLLING THE MONEY SUPPLY AND BY AVOIDING FULL EMPLOYMENT.

The first may sound like a flawless theorem in abstract, the second a little less. But Milton Friedman, together with his influential Chicago School and the likes of Carl Brunner and Alan

Greenspan, spread these ideas aiming at one and only one thing again: to constrain governments from freely using their sovereign money supply to Good Deficit spend for us citizens, creating full employment. They ignored, conveniently, the proven benefits of Good Deficits and full employment, that can control inflation in many ways (5), and thus they made sure that workers would never be placed in a comfortable bargaining position as fully employed at a living salary.

Consequently, because one of the main targets of the elites' comeback were modern workers and their advanced rights, they had to fish out from the past another sacred dogma:

LOWERING WAGES WILL LEAD TO FULL EMPLOYMENT.

This is one of the most devastating economic theories that the elites pushed through the layers of governments the world over. It was advanced by the early XX Century economist A. Cecil Pigou, and carried into contemporary times by other economists like Gerard Debreu, Kenneth Arrow, Frank Hahn of the Neoclassical school, by the Austrian school of Von Mises and Hayek, and the New Keynesians like Greg Mankiw, plus the Neoliberal political movement as a whole. They all argued that a firm is more likely to hire workers if it can significantly reduce the cost per labour unit, in other words wages. Of course, this very conveniently ignores the basic truism that lowering wages will reduce aggregate demand and this will drive sales down which will lower small and medium firms' profits, leading then to redundancies and unemployment. The exact opposite to what they claimed would be achieved. So, were they so thick not to understand this? Of course not. Let's remember that the elites we are talking about in this Primer belong mostly to the mega corporate industrial sector and to the giant financial institutions. They care very little for the destiny of the above mentioned small and medium firms, and are very happy to be able to fish from a large pool of unemployed desperate workers prepared to accept any wage in order to work at all. This new "*reserve army of the unemployed*" (Marx) allows them to produce at lower costs even within rich nations and thus to compete on the international export markets. This is the Neomercantile element of the ploy, this is what is meant by Neomercantilism. Lastly and intuitively, it is clear that the dogma of lowering wages constitutes yet another impediment for governments that wish to to Good Deficit spend achieving full employment and setting a higher standard for living wages.

As we already said, one of the most difficult targets that had to be brought under the elites' control was the sovereign legislative power of the States (Western ones, since ownership of Third World countries was never a problem). Here the differences between Europe and the United States were crucial. The US was a single government with a central fiscal authority, while the EU was a conglomerate of very different peoples, cultures, and litigious governments. A lot more difficult to control and to exploit. The colonization process of American policymakers with the above mentioned ideas could be achieved, as it was, through a concerted lobbying and financial effort; but it was deemed too complex and time consuming to attempt the same strategy in Europe. So this is the idea they came up with:

THERE WILL HAVE TO BE A UNITED EUROPE RULED BY UNELECTED OFFICIALS CONTROLLED BY A WEB OF FINANCIAL AND INDUSTRIAL LOBBIES. THESE UNELECTED OFFICIALS COULD ISSUE SUPRANATIONAL LEGISLATION SO TO DISEMPOWER NATIONAL PARLIAMENTS. THIS NEW EU WOULD BE GIFTED WITH A MONETARY UNION ENTIRELY OUT OF SOVEREIGN GOVERNMENTS' CONTROL AND WITH NO CENTRAL FISCAL AUTHORITY.

This whole scam was sold to European voters as a step towards a brighter economic future and a more civilized Europe. In the EU the creation of the Maastricht and Lisbon Treaties – ratified into national law by all EU States – has de facto abolished the legislative sovereignty of the States. Europe lives today the absurd paradox of having an all powerful EU Commission that rules all with its supranational laws but that is unelected by citizens, and a EU parliament that is directly elected but cannot propose legislation (sic). National parliaments are de facto emasculated since the Treaties specifically establish the supremacy of EU law on both national legislation and Constitutions (6). An analysis of those Treaties shows unambiguously that the whole edifice has been created for the benefit of the financial and corporate elites, with no social chapter or fiscal redistribution mechanisms anywhere to be seen. Fiscal sovereignty is also destroyed by the Treaties according to the original intention of the elites to prevent States from Good Deficit Spending for the citizens. In the EU this aim was achieved by introducing the Euro (EMU). In fact the Euro is a non sovereign currency that is issued by 17 Central Banks and has to be borrowed by all 17 Eurozone States. Borrowed from whom? From the capital markets that directly acquire Euros at their emission. This limits States' fiscal sovereignty almost entirely, with the catastrophic results we are now witnessing (more on this later on). It was here that the all powerful technocrats of the Old Continent played a pivotal role in delivering the elites' goals. The most prominent were: the Frenchmen Jean Monnet, Robert Schuman, Francois Perroux, Jaques Attali, Jaques Delors, Francois Mitterrand, Valery Giscard D'Estaing, Jean Claude Trichet; Italy's Giuliano Amato, Romano Prodi, Mario Draghi, Carlo A. Ciampi, Carlo Scognamiglio, Mario Monti, Tommaso Padoa-Schioppa, Marco Buti; in Germany Helmut Schmidt, Otmar Issing, Theo Weigel, Helmut Kohl; the Dutchman Wim Duisenberg; and Luxembourg's Jean Claude Juncker.

In conclusion, we can clearly see that there is one single element that is common to all these ideas and economic dogmas: **restraining States' fiscal policy in order to prevent them from Good Deficit Spending in favour of the non government sector of labour, small and medium firms and citizens generally. In other words: kill the 'Goose that Laid the Golden Eggs' for society as a whole.**

The importance of these ideas cannot be overstated. They shaped the economic functioning and the political landscape of almost all the civilized world in the later part of the XX Century and well into the third millennium, with immensely controversial consequences. Last, but not least, they even penetrated the mindset of ordinary citizens and progressive forces, despite their socially pernicious aims.

The Early Actors.

As we argued earlier, the elites' comeback to almost absolute power was perfected in its theoretical and operational formats from the 1970's onwards. Their supreme aim was to drive a wedge between the sovereign functions of citizens centred democracies and the wealth creating potentials of Modern Money that these democracies could have used in the public interest. However, the groundwork for the elites' modern assault on the common good was firmly laid in the preceding four decades and must be explored if one wishes to understand all subsequent developments.

The early actors can be traced in the interval between the two major World Wars of the XX Century. In those days the elites immediate concerns were not of a purely economic nature, or at least not entirely. Rather, the phenomenon that they viewed as the most unsettling for their plans was… us, the citizens, followed of course by the rise of democracy and of the sovereign States, as already explained. They rightly sensed that the least controllable single element in history's momentous changes were the masses, growing enormously in size and taking a dangerous liking for the power that democracy and socialism was rapidly affording them. States, they reasoned, could be tackled: after all in those days politicians were almost exclusively drawn from the top echelon of elitist groups. But people no, they had to be thoroughly brought under control. It was no easy task in an era that could no longer tolerate massacres, torture and unchecked brutality as a means for population control.

In the US of the 1930's a couple of prominent intellectuals come up with a far reaching mass-control plan. Walter Lippmann and Edward Bernays, belonging to the progressive camp of those days and destined to be influential up until the presidency of J.F. Kennedy, professed a simple doctrine: people were "*ignorant and meddlesome outsiders*" (7) and had to be sidelined in order to allow the free reign of the enlightened elites. Lippmann had already expressed such views earlier on in his 1914 work *Drift and Mastery*, where he claimed that the masses were threatening the capitalist order. These ideas lent considerable weight to the embryonic reaction of the elites to the growing influence of socialist ideals in the West. It's no coincidence that some years later, in 1938, Lippmann attended a European conference where it is thought that the term Neoliberalism was coined (8).
The two intellectuals launched what we have come to know as *The Industry for Manufacturing Consent*, with its huge mass media operations and its drive to swerve millions away from social activism through a mix of consumerism and political propaganda. In simple words, doping people out of their real rights and needs, making them a useless passive mass unable any longer to hinder the elites' operations. Later in this Primer we will see how precisely the same concept would be borrowed in the 1970's by another set of powerful intellectuals with equally pernicious aims.
In Europe, in the same decades between WWI and II, similar ideas were also being contemplated by two French politicians and intellectuals, Robert Schuman and Jean Monnet. It goes without saying that they too considered citizens as an ignorant mass only to be ruled by a superior hierarchy. But the two Frenchmen went a lot further than their American counterparts. They imagined a draconian solution both to the growing influence of the masses and to the dangers that democratic States could pose to the elites. It must be specified that Schuman and Monnet viewed with favour the powerful industrial sectors of France and Germany, whose needs even then were virtually identical to the present day's: they dreamt of a Europe split between their 'fast lane' economies and 'slow lane' ones in Italy, Portugal, Spain, the Benelux and in the Scandinavian countries. Poorly paid workers from the lesser States would migrate in desperate search of jobs, guaranteeing super profits to French and German industries that could compete on the international markets. Governments were to be kept to the sidelines and should not interfere. Pure and simple Neomercantilism. Of course, in order to achieve this state of affairs they had to impose to the Old Continent a series of policies such as: low inflation (the prime excuse to prevent States from Good Deficit Spending for workers and wages); restraining consumption so as to create economic deflation in the targeted nations (same trick to prevent expenditure all around and to maintain a high level of unemployment); and some sort of a higher authority that could keep rebellious States in check via a supranational legislative capacity. Schuman and Monnet concocted such an

authority, that they imagined as a future European Union ruled by technocrats in the interests of the elites. In fact, it was from the 1950 'Schuman Plan' that the earliest embryo of the EU was born: the European Coal and Steel Community. But not just. As we already explained the crucial element of this plan was to deprive States of their monetary sovereignty, of the 'Goose that Laid the Golden Eggs', and so here came the fifth actor of this early start of the Neoclassical, Neoliberal, Neomercantile ploy: the French economist Francois Perroux.

Few can imagine when exactly the present European Monetary Union, with its disastrous Euro currency, was conceived. The most popular guess is around the 1980's when European technocrats were labouring to create the new Treaties for the EU. In reality it was Francois Perroux that thought of it around 1943, and with the precise intention to "*deprive States of their reason to be*" (9). The European Monetary Union stands for a single European currency, not sovereign for any of the EU States, with no central fiscal authority but with an all powerful Central Bank, and which Eurozone Treasuries cannot issue and have to borrow from private capital markets. And there we have it: States' monetary sovereignty is destroyed. From 1943 to 2011 the plan succeeded with the dire social consequences in Europe for all to see (more details later on).

It's worth refreshing our memory to underline how, as early as in the 1930's and 40's, already three of the four goals of the elites' ploy – the destruction of the monetary and legislative sovereignty of democratic States, and the sidelining of the active citizenry – had been thoroughly identified and ideas put forward.

This period saw the rise of another prominent set of high priests of the elites' comeback that we cannot leave out of this brief sketch. Let's name Ludwig von Mises and Friedrich von Hayek (celebrated author of *The Road to Serfdom*), Jacques Rueff, Raymond Aaron among the many, and let's mention their first European 'church' that goes by the name of the Mont Pèlerin Society of 1947. What they all had in common was an inborn aversion for anything that smacked of State intervention in economics and for anything even remotely associated with the work of British economist John Maynard Keynes, bordering in the latter case on hatred. Having said this, what is interesting to note is that their approach to the general functions of the State was already soaked in what nowadays some call 'Lemon Socialism' (Krugman 2009): it reserves a central role for governments only when it comes to keeping a social order for the benefit of the Free Market, and particularly when it comes to bailing the elites out of their unconscionable risk taking with massive infusions of public money (defined not as tax money, but money that Treasuries could have destined instead to socially oriented expenditures).

The Contiguity Plan.

Ideas do certainly enable power, but, paraphrasing Oscar Wilde, "*with a little help from others*". The help came in the most obvious fashion for ideas that served the interests of the super rich: money. Not bucket loads of cash poured into those thinkers' coffers. The financing operation was orchestrated in an extremely sophisticated manner so as to achieve two very pivotal goals: first, to raise funds of course; second to become influential with policymakers and to infiltrate the world of academia and consequently the 'real' command structure of governments. In this respect, the underlying principles of the elites' strategy must be understood because it explains the reason why contemporary societies the world over are now governed with a Neoliberal single economic dogma that looks unassailable, verging on faith. They can be summarised as follows: it became clear to them that the real power wielding elements of any government were not the front men of politics, but rather the rear guard composed of technocrats and advisers. Politicians, they reasoned, had to deal with voters and suffered, at least on the face of it, a number of social constraints before unashamedly ripping the public off of their rights and resources. The rear guard had none of these problems and could fashion a set of economic principles to do the dirty job, **but carefully disguised as economic necessities or even virtuous measures**. Politicians would present unpopular choices as sadly inevitable sacrifices, dictated by the right science of economics that technocrats and advisers presented as authoritative and even vital. So, the immediate thing to do for the elites was to infiltrate academia where the rear guard of power were being raised. Later on we will see how this plan was precisely articulated in writing and by whom.

Of course, two major developments must be remembered at this point, as we are still considering the decades from the 1940's and the 1970's. The outbreak of the Second World War obviously put a stop to everything, although it is interesting to note that in those terrible years both the European dictatorships and the resisting democracies embraced economic policies that paid little attention to the ideology of the Neoclassical and Neoliberal masterminds. Second, although the elites' operation was growing in strength and numbers, the general economic trend in Western societies was running in the opposite direction. As we already said, progressive and State centred economic and social policies seemed destined to triumph up until their collapse in the mid 70's. They were massively influenced by the work of the British economist John Maynard Keynes, but also by that of a host of other Left Wing philosophers, economists and political parties, both in the US and in Europe. Nevertheless, the ploy marched on, full steam and fully funded.

And so it was academia that had to be conquered and controlled by the elites through their economic dogmas. To this end, they employed what could be called a **'Contiguity Plan'**. In order to spill more easily their ideology into faculties and onto the top echelon of students in political science and economics, they set up a 'contiguous' structure involved in financing higher education, training, research and grants, but also capable of mass public opinion campaigns. It was made up of two fundamental components: **the Foundations** and **the Think Tanks**. The former were a mixture of fund raising entities and cultural centres, the latter were usually of a purely research and educational nature. Some names for the US, from the early days on: the Rockefeller Foundation, the William Volker Fund, the Olin Foundation, the Freedom Network and the Atlas Research Foundation, the American Enterprise Institute, the Cato Institute; and then the Coors, John M. Ohlin, Sarah Scaife, Smith Richardson, Henry Salvatori, Carthage, Heritage and Earhart Foundations; the Acton Institute, the Washington Policy Center, the Manhattan Institute for Policy Research.

In Europe: for the UK, the Institute of Economic Affairs, the Centre for Policy Studies, the Adam Smith Institute, the Stockholm Network, the Bruges Group, the International Policy Network. The powerful Mont Pèlerin Society in Switzerland; the CUOA, Acer, CMSS, Bruno Leoni, Prometeia and Nomisma Institutes in Italy; in France, the Association pour la Liberté Economique, Eurolibnetwork, the Institut de Formation Politique; in Germany: the Institut fuer Wirtschaftsforschung Halle, the Institut fuer Weltwirtschaft, and the Institut der Deutschen Wirtschaft Köln among the most influential.

And so they did spill the Neoliberal and Neoclassical dogmas where it mattered. One name to be remembered in this context is that of the Swiss Neoliberal monetarist Karl Brunner, a highly influential thinker in economics who belonged also to the Mont Pèlerin Society, and who was active in the US where he held several top teaching positions. His prestigious and densely attended 1970 Konstanz Seminar on Monetary Theory was a glaring example of how the architects of this ploy worked in order to convert those that mattered: the politicians, the top technocrats and academia. As for the latter, Brunner lamented "*a gap in the quality of research and teaching in Europe compared with the United States*", that he sought to fill by "*improving economics departments in European universities, especially in Germany and his native Switzerland*" (10). All this was done, with considerable if not total success. In the words of John F. Henry: "*In addition to funding the development of specific programs and curricula and supporting research promoting laissez faire, free-market oriented foundations have sponsored fellowships, mainly in law, economics, political science, and public policy… They endowed academic chairs, and sponsored book projects. Once articulated, policy prescriptions and the free-market argument behind these are communicated to not only government officials, but the public at large via only the usual media outlets but also through the work of foundation sponsored journalists*" (11).

One of these Foundations deserves a little extra attention. The Heritage Foundation was the brainchild of Ed Feulner, a young American conservative barely known at the time. It was 1973, and he was hovering around the political environment in Washington DC displaying impatience. To him, conservative and Free Market oriented gurus lacked speed, not ideas. Sacred institutions like the Mont Pèlerin Society of Friedrich von Hayek in Europe were too slow, they engaged in eternal lofty debates and Feulner wanted jet propelled penetration into the political arena now. He came up with a single idea that would change the face of modern politics, as well as refashion one of the most controversial 'political species' of our times: the lobbyists. Politicians, he thought, were a bunch of people drawn from all walks of life but entrusted with decisions on a vast range of issues they could not all possibly master. They needed efficient, well crafted and above all ready to use advice on those issues, something like fast food if one is hungry but has no time to prepare dinner. The Heritage Foundation would provide such a service, dishing out "… *concise and unsophisticated summaries of key issues that can be digested en route to congressional votes – what Feulner refers to as the organization's pioneering use of shorter policy papers for busy policymakers*" (12).

Of course, those papers had to be delivered by someone, and here we have the birth of the modern version of lobbying and lobbyists. One cannot possibly overstate the impact that this phenomenon has had on politics and particularly on the success of the Neoclassical, Neomercantile and Neoliberal ploy. Let us give you some data that speak for themselves: Washington DC is infested by lobbyists at the tune of 16 to 40 thousand each year, depending on the political agenda. They can rely on a budget of 3 to 4 billion dollars annually. In the EU, and specifically at its power centre in Brussels, between 15 to 20 thousand of these men and women scurry the corridors of the EU Commission and other institutions, with roughly 1 billion Euros as pocket money to spend. In the United States lobbying is so much a part of the way things are that listing specific groups of lobbyists is a futile exercise. Anyone who is anyone in America does lobbying, from the American Banking Association, to the Housing Finance Alliance or the Private Investor Coalition and the US Chamber of Commerce. The whole of Wall Street from top to bottom engages in furious lobbying at the highest levels, and again lobbyists are employed by such diverse organizations as the National Rifle Association, the Christian Coalition, the American Israel Public Affairs Committee, and by big Unions, gender groups, all industry groups and so on. In Europe, on the contrary, lobbyists became organized in formal groups, and by far the most influential are the financial and business lobbies. Names like the Trans Atlantic Business Dialogue, the European Roundtable of Industrialists, the Liberalization of Trade in Services Group, the European Banking Federation, the European Employers Association, or Business Europe are much listened to in

Brussels. Just to give you a significant example, every year the Trans Atlantic Business Dialogue submits to the EU's top technocrats a list of its own desiderata and expects an obliging EU Commission to report back on progress made in meeting those requests (13).

Not to be omitted here, as we deal with these arrangements for highly influential Neoclassical, Neomecantile and Neoliberal spin masters, are the '*clubs*' where their cream of the crop have gathered and still gather annually to discuss the major policy and economic trends of each given era. Unfortunately, due to the current Internet explosion of wild conspiracy theories, the mention of these exclusive '*clubs*' is often met with scorn or even ridicule. To extricate oneself from the mess of web unchecked factoids is not easy, but in this case the membership of the '*clubs*', officially published on their websites, dissipates all doubts. They are not many, actually only four of them are worth remembering: the ultra secretive Bilderberg Group founded in 1954, the Trilateral Commission of 1973, the Aspen Institute of 1950 and the World Economic Forum that sprang to life in 1971. For more than sixty years all the most powerful men and women of the planet (too many to mention) gravitated around these organizations, as they consistently contributed to the historical events detailed in this Primer. But to give the reader an authoritative measure of their significance, here is a list of just a few of the current international powerbrokers that belong to one or more of these '*clubs*':

Peter Sutherland (ex WTO chief, Goldman Sachs exec., ex EU Commissioner, *Bilderberg*), David Rockefeller (*Trilateral Commission, Bilder*.), Paul Volcker (ex FED chief, *Aspen Institute, Trilat., Bilder.*), Leon Brittan (ex EU Commission, *Trilat.*), Henry Kissinger (ex US govt., *Aspen, Trilat., Bilder., World Economic Forum*), John Micklethwait (Editor of The Economist, *Bilder.*), Zbigniev Brzezinski (ex US govt., *ex Trilat*.), Condoleezza Rice (ex US govt., *Aspen, Trilat., Bilder*.), Henry Paulson (ex US govt., *Bilder.*), Edmond de Rothschild (*Bilder.*), Ben Bernanke (FED chief, *Bilder.*), Mario Draghi (Bank of Italy chief, *Bilder.*), Bill Clinton (*WEF*), Etienne Davignon (ex EU Commission, *Bilder.*), Larry Summers (ex US govt., *Bilder.*), John Negroponte (ex US diplomat, *Trilat.*), Paolo Scaroni (ENI CEO, *Bilder.*), Karel de Gucht (EU Commission, *Bilder.*), Jean Claude Trichet (ECB chief, *Bilder*.), Timothy Geithner (US Treasury Sec., *ex Trilat., Bilder.*), Carl Bildt (Swedish Foreign Min., *Trilat., Bilder*.), George Soros (*WEF*), Joaquin Almunia (EU Commission, *Bilder.*), Mario Monti (Bocconi Univ., ex EU Commission, *Aspen, Trilat., Bilder*.), Carlos Ghosn (CEO Renault, *WEF*), George Papaconstantinou (ex Greek Finance Min., *Bilder.*), Peter Brabeck Letmathe (Nestlè chairman, *WEF*), José Zapatero (Spain PM, *Bilder.*), Cynthia Carroll (Anglo American CEO, *WEF*), Josef Ackermann (Deutsche Bank CEO, *Bilder.*), Neelie Kroes (EU Commission, *Bilder*.), Christine Lagarde (IMF Chief., *Bilder*.), Bill Gates (*Bilder*.), Donald Graham (Washington Post publisher, *Bilder*), Robert Zoellick (Pres. World Bank, *Bilder*.), John Elkann (Fiat chairman, *Aspen, Trilat., Bilder*.). No need to comment further.

European and American Neoliberal foundations, the Think Tanks, the lobbies and the exclusive "*Globocrats*"' clubs, certainly deserve a lot of credit for the success of the elites' '*Contiguity Plan*'. But in the same years, the early 70's, four intellectuals and their respective mentor organizations were at work to propel the whole Neoclassical, Neomercantile and Neoliberal ploy into its inexorable final rush to victory.

The leap forward.

No doubt the elites were, by now, doing very well in their inexorable come back to power, but they also had the good fortune to cross paths with four individuals gifted with a sophisticated analytical ability. Let's rewind a little: it was the month of August of 1971, Lewis Powell was putting his final touches to what could be considered one of the most efficient blue prints of the corporate elites' comeback ever written. He had been contacted by Eugene Sydnor Jr., the then director of the US Chamber of Commerce, and asked to jot down his ideas on the subject. Notice that a few months later Powell would leap himself from being a corporate lawyer to a US Supreme Court nomination courtesy of President Nixon.

His Memorandum (14), as this blue print was called, is only a few pages long, but is gifted with efficacy simply because its concepts are perfectly focused and straight to the point. Powell begins with a claim that would nowadays sound ludicrous: "… *The assault on the enterprise system is broadly based and consistently pursued… Few elements of American society today have as little influence in government as the American businessman, the corporation, or even the millions of corporate stockholders… In terms of political influence (…) the American business executive is truly the forgotten man*". And in order to lend weight to this claim, he quotes one of the most prestigious Neoliberal economist of all times, Milton Friedman, who warned that "*It (is) crystal clear that the foundations of our free society are under wide-ranging and powerful attack – not by Communist or any other conspiracy but by misguided individuals parroting one another and unwittingly serving ends they would never intentionally promote*".

Powell agrees: a major part of the assault was being mounted by some ordinary elements of American society, not so much by Communists or by the extremists of the Left. In fact "*The most disquieting voices joining the chorus of criticism come from perfectly respectable elements of society: from the college campus, the pulpit, the media, the intellectual and literary journals, the arts and sciences, and from politicians*".

Therefore a powerful call to action is needed: "*Strength lies in organization, in careful long-range planning and implementation, in consistency of action over an indefinite period of years, in the scale of financing available only through joint effort, and in the political power available only through united action and national organizations*". The '*Contiguity Plan*' is of course included, because "*The assault on the enterprise system was not mounted in a few months (…) there is reason to believe that the campus is the single most dynamic source*". Solutions: "*The Chamber should consider establishing a staff of highly qualified scholars in the social sciences who do believe in the system*." More: "*The staff of scholars (or preferably a panel of independent scholars) should evaluate social science textbooks, especially in economics, political science and sociology. This should be a continuing program*", and "*The Chamber should enjoy a particular rapport with the increasingly influential graduate schools of business (…) Should not the Chamber also request specific courses in such schools dealing with the entire scope of the problem addressed by this memorandum?*".

On influencing the public, the media and policymakers, Powell's recommendations are equally straight forward: "*Reaching the public generally may be more important for the shorter term. The first essential is to establish the staffs of eminent scholars, writers and speakers, who will do the thinking, the analysis, the writing and the speaking. It will also be essential to have staff personnel who are thoroughly familiar with the media, and how most effectively to communicate with the public*." So, "*The national television networks should be monitored in the same way that textbooks should be kept under constant surveillance*." And "*There should be a fairly steady flow of scholarly articles presented to a broad spectrum of magazines and periodicals -- ranging from the popular magazines (Life, Look, Reader's Digest, etc.) to the more intellectual ones (Atlantic, Harper's, Saturday Review, New York, etc.) and to the various professional journals*." Policymakers "*reflect what they believe to be majority views of their constituents. It is thus evident that most politicians are making the judgment that the public has little sympathy for the* *businessman or his viewpoint*". And here Lewis Powell's recipe seems to have dictated the exact contours of future power politics: "*Business must learn the lesson, long ago learned by labour and other self-interest groups. This is the lesson that political power is necessary; that such power must be assiduously (sic) cultivated; and that when necessary, it must be used aggressively and with determination – without embarrassment and without the reluctance which has been so characteristic of American business (…) There should not be the slightest hesitation to press vigorously in all political arenas for support of the enterprise system. Nor should there be reluctance to penalize politically those who oppose it*".

Of course one cannot know the exact degree of personal complicity that this man lent to the masterminds of the Neoclassical, Neomercantile and Neoliberal ploy, but two things seem to be certain: first, his words describe with uncanny precision the evolution of corporate power – that is: corporate control of academia, of the public and of politics – in the last four decades, confirming the Memorandum's pivotal role in this. Second, the document ends with Powell's own thoughts on individual freedoms; they mirror, especially in the use of apocalyptic scenarios, many of the tenets of the Neoliberal propaganda that aimed at demonizing any centralized approach to governing a society. For example: *"The threat to the enterprise system is not merely a matter of economics. It also is a threat to individual freedom (…) There seems to be little awareness that the only alternatives to free enterprise are varying degrees of bureaucratic regulation of individual freedom – ranging from that under moderate socialism to the iron heel of the leftist or rightist dictatorship*". Well, one can safely state that the current financial crisis has shown for all to see what the **lack** of "*bureaucratic regulation of individual freedom and free enterprise*" has done to millions of households, workers, firms and to entire nations.

Then came the other three. It was the mid 70's, and the ground was being prepared for the ploy's big leap into major league politics. The likes of Ronald Reagan, Margaret Thatcher, Francois Mitterrand and Helmut Kohl – the 'Neoliberal poker' – were being groomed in the aisles, and they would soon ascend to power for the triumph of the financial and corporate elites, signalling what could be termed as 'the End of History' in world economics. In 1975 three intellectuals on an assignment from the Trilateral Commission published a lengthy report called *The Crisis of Democracy*. They were Samuel P. Huntington, Michel J. Crozier and Joji Watanuki. For those who are not familiar with the Trilateral Commission, a brief sketch: it's one of the world's most powerful clubs of the "*Globocrats*", founded in 1973 when a group of them split from the Bilderberg Group that opposed the inclusion of Japanese leaders in its ranks (the Bilderberg dealt primarily with NATO affairs and was reluctant to have the Asians stick their noses into Western military matters). Its more than 390 members listed the likes of Henry Kissinger, Jimmy Carter, David Rockefeller, Zbigniev Brzezinski, Edmond de Rothschild, George Bush Sr., Dick Cheney, Bill Clinton, Alan Greenspan, Peter Sutherland, Takeshi Watanabe; Paul Volcker, Leon Brittan, John Negroponte, Condoleezza Rice, Timothy Geithner, Carl Bildt, and many others; plus an assorted group of financial institutions, corporations and foundations among which Goldman Sachs, Banque Industrielle et Mobilière Privée, Japan Development Bank, Mediocredito Centrale, Bank of Tokyo-Mitsubishi, Chase Manhattan Bank, Barclays, Royal Dutch Shell, Exxon, Solvay, Mitsubishi Corporation, The Coca Cola co., Texas Instruments, Hewlett-Packard, Caterpillar, Fiat, Dunlop, the Bill & Melinda Gates Foundation, the Brookings Institution, the Carnegie Endowment to name just a few. Each year (the Commission is still fully functioning today) they debate on such diverse subjects as the monetary system, global governance, international trade rules, the world's energy production, global institutions, the future of economics, and so on.

In the 227 pages of *The Crisis of Democracy* one can trace yet again the embryos of what the Western world would soon become. What is paradoxical in this work is its title. Because this is not at all about *mending* a crisis of democracy, as the title seems to suggest, but, on the contrary, it's all about *creating* a crisis of democracy, destroying it as a peoples controlled system for governing the common good. In fact, the report states unfalteringly that "*some of the problems of governance in the United States today stem from an 'excess of democracy' (…) Needed instead is a greater degree of moderation in democracy*". And of course, the elites' God given right to govern us ordinary people finds in these pages an immediate justification when Huntington writes that "*First democracy is only one way of constituting authority, and it is not necessarily a universally applicable one. In many situations the claims of expertise, seniority, experience and special talents may override the claims of democracy as a way of constituting authority*". He cites as an example the Truman administration, that "*had been able to govern the country with the cooperation of a relatively small number of Wall Street lawyers and bankers*".

The attack on the core element of democracy itself – the activist vote wielding citizens and groups – comes soon after with one of the most prescient statements ever pronounced in the field of political science: "… *the effective operation of a democratic political system usually requires some measure of apathy and non-involvement on the part of some individuals and groups. In the past every democratic society has had a marginal population of greater or lesser size which has not actively participated in politics. In itself, this marginality on the part of some groups is inherently undemocratic, but it has also been one of the factors which has enabled democracy to function effectively*". One needs not to underline that it is precisely that apathy that will be mass induced on millions of citizens of the Western world. It will swerve them away from democratic activism, doping them out of their real rights and needs through the combined effects of a huge mass media operation plus consumerism. As David Bollier wrote "*Can a society whose culture is so given over to excessive commercialization ever function as a deliberative democracy? Can the public find and develop its own sovereign voice, or has its character been so transformed by commercial media (…) that public life will forever be a stunted thing?*" (15). The *Crisis of Democracy* displays here the exact mentality that lead Walter Lippmann to call citizens the "*meddlesome outsiders*", a further proof of the ideological brotherhood of all the actors of this ploy.

And coming nearer the economic focus of the Neoclassical, Neomercantile and Neoliberal ploy, the report attacks the very concept of Welfare State with these words: "*The democratic idea that government should be responsive to the people creates the expectation that government should meet the needs and correct the evils affecting particular groups in society*". An attitude that the authors, in full accord with the dogmas of the ploy, chastise as a recipe for disaster inflation. In fact they wrote: "*Inflation is obviously not a problem which is peculiar to democratic societies (…) It may, however, be exacerbated by a democratic politics and it is, without doubt, extremely difficult for democratic systems to deal with effectively. The natural tendency of the political demands permitted and encouraged by the dynamics of a democratic system helps governments to deal with the problems of economic recession, particularly unemployment, and it hampers them in dealing effectively with inflation. In the face of the claims of business groups, labour unions, and the beneficiaries of governmental largesse, it becomes difficult if not impossible for democratic governments to curtail spending, increase taxes, and control prices and wages. In this sense, inflation is the economic disease of democracies*". No less. Note the specific use of the words "*governmental largesse*" as opposed to the virtues of curtailing spending, increasing taxes, controlling wages, coupled with the final threat of inflation, which are precisely the core tenets and scaremongering tactics of Neoclassical, Neomercantile and Neoliberal economics.

The report also recognizes that "*radical ideology*" is a powerful tool for mobilizing workers: "*When ideology declines, the capacity of the unions to achieve results also declines*", it notes. The authors have a clear picture of what Unions got themselves into as they gradually abandoned radicalism and accepted a more moderate dialogue with employers and governments: "*The processes of orderly collective bargaining, even when they bring results, tend to be also so complex and bureaucratic that they produce disaffection. Rank-and-file workers do not recognize themselves in such a bureaucratic process and they tend to drift away, which means that the more trade unions and working-class parties accept regular procedures, the weaker they become in their capacity to mobilize their followers and to put real pressure on the system*". No time here to discuss the capitulation of Unions throughout the Western World in just a matter of 15 years from the mid 70's onwards. However the above analysis matches to the letter the strategy employed by the Neoclassical, Neomercantile and Neoliberal thinkers to fatally dilute Unions' powers by luring them into "*a bureaucratic process*" and "*regular procedures*" that ended up almost destroying "*their capacity to mobilize their followers and to put real pressure on the system*".

Lastly, worthy of a special mention is Ralf Dahrendorf's attempt to criticize the anti-social and anti-democratic character of this whole enterprise, to be found in the discussion published in one of the appendixes to *The Crisis of Democracy*. He presciently warned governments to "*avoid the belief that the very progress which they made possible for a large number of citizens must now be undone because it feels uncomfortable for some. They have to avoid the belief that a little more unemployment, a little less education, a little more deliberate discipline, and a little less freedom of expression would make the world a better place, in which it is possible to govern effectively. Indeed, I think, this attempt to turn back the wheels of history to try to recreate the state which we have fortunately and deliberately left is in many ways as uncivilized, indeed primitive…*". We now know that he was spectacularly ignored.

The Trilateral Commission is no small potato in global governance, and one only has to take a glance at the world of today to notice how the ideas of *The Crisis of Democracy* shaped the four decades since.

The power of ghosts.

The two decades of the 70's and 80's will be remembered as a watershed in history, like the defeat of Napoleon, or the discovery of dynamite. One of those turning points that truly changed anything that came before it, and perhaps forever. The world saw the birth of a 'jet propelled' approach to almost everything: to the media, to economics, to consumerism, to politics, and of course it wasn't all for the better. Jet propelled environmental destruction begun, with jet propelled financial speculation, neurotic life styles, obsessive news broadcasting, crime and substance abuse, jet propelled arms race and military spending, and above all jet propelled union busting, Welfare States demonization and social individualism. As we already mentioned, at the end of the 70's the Neoliberal poker of Ronald Reagan, Margaret Thatcher, Helmut Kohl, and Francois Mitterrand had swept all other political games into second place, and had basically cast the whole world under the spell of their mentors: the financial and corporate elites. In fact, as the four most powerful economies of the planet – the

US, the UK, Germany and France – united in pursuit of Free Market intransigence (intransigence for anyone else but themselves, of course), of the Washington Consensus (Neoliberalism sadistically applied to the South), and of the dismantling of as much government regulation as possible, there was very little the other States could do to stop them. Particularly insidious was the strategy of the French President, who was ostensibly a Left Wing leader among his archconservative colleagues. Mitterrand was able to initiate in Europe the transmutation of the old traditional socialist and social-democratic Left into some hybrid affairs. They mutated into some sort of deceptive political machines that maintained their Leftist imagery as a smokescreen only to hide strict Neoliberal policies. Italian economist Riccardo Bellofiore aptly calls this phenomenon "*Social Liberism*" (16), where government policies will serve the interests of the elites, and the State will be left to scoop up the troubles in terms of Bad Deficit Spending for unemployment benefits, for social safety nets and bailouts of fraudulent financial institutions. First came the French Socialists, then Britain's New Labour, then Italy's Centre Left Coalitions. The rest of Europe's Left wing parties capitulated soon after.

At this point things could not look better for the Neoclassical, Neomercantile and Neoliberal masterminds, but they were not completely in safe waters. Booby traps were still possible, they knew it. So far, their only tools to constrain States' wealth creating powers for the benefit of both the public and of small-medium businesses had been an ideological propaganda and the *Continuity Plan* described above. In Europe, the 'final solution' for the destruction of the monetary and legislative sovereignty of the States – the previously mentioned European Union of the unelected technocrats and the non sovereign Euro – was still a long way from materializing. There was always the danger of an upsetting element that could have broken the spell under which entire nations had fallen, like a rogue but popular political movement that could have popularized the real intents of the ploy and the realistic ways out of it. Some acute minded journalists were still around (not for much longer), they may have smelt a rat in the new economic dogmas and discovered that it was all unnecessary suffering for millions. What if a new charismatic John Maynard Keynes had surfaced to replicate the original one's political exploits? Needed, and urgently so, was some sort of powerful cementing element that could bind Western societies as a whole – governments and the peoples as one. Ideally, they would be forced to accept the Neoclassical, Neomercantile and Neoliberal dogmas as not only virtuous, but definitely necessary and inevitable. In other words, get them to accept "*the single ideology of sacrifice*" (17).

So, they created ghosts… or rather, they reinvigorated old ones. Their ability lay in spreading a few, well targeted, fear mongering economic concepts that were skilfully conceived to grip on main street and on politicians alike. They had to be both immediately intuitive and extremely effective at the same time. Here they are:

Ghost 1. Inflation.

Milton Friedman explored the scary threat of inflation and made it even more petrifying. He picked the theorem of the Phillip's Curve that claims that if you lower unemployment you will get a proportionate increase in inflation (more wages around, more money in the circuit = inflation). He basically said that no, it was wrong, in the sense that is was too mild a prediction of troubles ahead. Inflation, he stated, would not only follow an increase in jobs, but would actually accelerate a great deal. This theory sounded catastrophic for policymakers, and the ghost of citizens wheeling around suitcases full of cash to buy a pound of potatoes became common parlance. Friedman pontificated that a natural amount of unemployment was necessary to avoid disaster. Pity that is was all false, both the Curve and Friedman's theories, as the MMT school of economics has finally demonstrated. Pity that millions suffered for this madness. Pity, mind you, that it wasn't madness after all, it was all calculated to further the ploy, because as always the direct result of this propaganda was to stop States from using their monetary powers to create full employment empowering us, the people. As a matter of fact, in the presence of full employment inflation can be dealt with by the boost to productivity in the non government sector that more jobs and Good Deficits are able to promote. Raising taxes also keeps inflation in check, if needed. It's only when full employment meets full capacity that inflation can be a problem, but our societies have never reached that point in modern times.

Ghost 2. Deficit Hysteria.

Next came the Deficit ghost. "*States are just like families, and like families States cannot spend more than they earn. States budget rules, thus, are just the same as families"*". Remember this? It was the highly effective catchphrase that was fed to the public and to policymakers to hide from them the life saving tools in Good Deficit Spending, as we already explained. Deficits became anathema, particularly as we were told that States' deficits are what we citizens **owe**. That was another plain lie that purposely ignores that with sovereign currencies the deficit is precisely what we citizens **own**, to the penny, in terms of net financial assets that the State spending injects into the non government sector. Millions of voters lived, and are still living, anguished by hysterical claims like "… *every single household owes that much amount of Dollars, Pounds, Yens etc… Our kids are born with an original sin of debt! … They will carry it into the future!*". These are ghosts, plain ghosts, and in fact Deficit Hysteria has now gripped the whole world, despite being "*a superstition (…), an old fashioned religion to scare people by sometimes what might be regarded as myths into behaving in a way that the long-run civilized life requires",* in the words of Nobel Laureate Paul Samuelson (18). Let's remember the names of the chief economists responsible for this state of affairs: Robert Lucas, Tom Sargent, Neil Wallace (New Classical school), Jude Wanniski, George Gilder (Supply Siders), Greg Mankiw (conservative New Keynesian), plus fashionable authors like Carmen Reinhart and Kenneth Rogoff. MMT chief economist Randall Wray further explains: "*These economists took over macroeconomics with microeconomics, saying that economics is all about adding up individuals, and individuals behave in a microeconomic way*" (19).

Today's wave of economic depression sweeping across the EU and the US is directly due to the above, because the ills of the financial crisis could have been cured by an injection of Good Deficits across the spectrum. The US did so after WWII, when American deficits in the order of 25% of GDP not only gave the United States its richest decades ever, but it also spilled plenty of business and wealth into destroyed Europe. There is no exaggeration in the claim that these ghosts infiltrated the collective psyche of both citizens and policymakers like water on a sponge. The elites felt safer.

An unexpected bonanza.

The dawn of the 1990's presented the Neoclassical, Neomercantile and Neoliberal masterminds with an opening of historical proportions. Just as they were getting ready for their rush to final victory, the Soviet Empire collapsed.

To understand what we are getting at, let's recap the Neomercantile side of this ploy. The Neomercantilists fought to stop Good Deficit Spending, thus creating unemployment and permanent economic precariousness, thus being able to justify lowering wages and the consequent erosion of workers' rights. They hoped to be finally blessed with a 'reserve army' of the unemployed and underemployed that would enable the big corporations to hire cheaper Western labour and to compete on the international export markets. This is what the Neomercantilists wanted and were slowly getting through the machinations of their ploy. But then the Soviet Empire came to an end, the doors of Eastern Europe were flung open to the Free Market hawks and behind them lay masses of miserable human beings ready to work for pennies, together with entire economies to be picked clean. The Neomercantilists of Europe had never dreamt of anything like it. Of course we are not claiming that the Communist dictatorships were commendable affairs, but the exploitation of those peoples following the demise of Communism has been also morally revolting.

One only has to consider the disintegration of Communist Yugoslavia and the bloodshed that ensued. It's one of the most outrageous chapters of the ploy one can remember. The carving up of that country following the end of the wars that raged throughout the 90's has seen a grotesque Free Market plundering entirely lead by the narrow interests of the Neoclassical, Neomercantile and Neoliberal elites. Let's remember that Germany is the king Neomercantile power of Europe, forever in search of cheap labour for its massive export sector. And wasn't it Germany that precipitated the war in Yugoslavia by an unconscionable rushed recognition of Slovenia's independence? Milosevic, no doubt an unpleasant character, was framed by NATO bent on the colonization of Yugoslavia's workforce. As British government sources have revealed, the Rambouillet peace accords (to end the Balkans war) were purposely made impossible for the Yugoslavian leader to accept: Annex B to the final draft had been inserted at the last minute, and demanded that NATO forces occupy the whole of Yugoslavia as a precondition for a settlement. An absurdly inflated demand that no sovereign head of State could possibly accept, as Lord John Gilbert, then UK Minister of State for Defence Procurement, admitted in testimony: "*If you ask my personal view, I think the terms put to Milosevic at Rambouillet were absolutely intolerable; how could he possibly accept them; it was quite deliberate*" (20). In the same accords, in art. 1 & 2 of chapter 4, there is a specific mention of minerals rich Kosovo, that had to become "*a Free Market economy (…) where all States assets will have to be privatized*". And wasn't it NATO that in 1999 lead the assault on Kosovo ostensibly to rescue the Albanians from the blood thirsty Serbs? So why was it that, according to official figures, NATO bombers only hit a grand total of 14 Serb tanks but successfully hit 372 State owned factories in Kosovo? Why was it that the largest NATO blitz by land forces in that country employed 2,900 NATO men to storm the Trepca mining complex whose market value was at 5 billion US dollars in 1999? The poor Albanians never saw anything like it coming to their rescue. At Trepca all State management and workers were expelled from their workplace. Finally, one of the first acts of the new UN transitional administration for Kosovo (UNMIK), was to abolish the 1997 privatization law in order to introduce foreign ownership of any Kosovan asset for up to 70% of its value (21).

What the American Neomercantilists found in their Mexican and Caribbean 'backyard' through the many free trade agreements Washington managed to push through in those areas, their European counterparts found in Eastern Europe with the collapse of the Soviet Empire. The history of the Neoliberal colonization of the former Soviet block via massive doses of "*shock therapy*" (see Jeffrey Sachs' plans for Poland and IMF Structural Adjustment Programmes for Eastern Europe) has been detailed by many high profile economists, such as Joseph Stiglitz (22), and even by authoritative scientific journals such as The Lancet that investigated the ensuing social plight of those peoples in dramatic details (23). Of course it was all about a mass grab of State owned assets and the exploitation of cheap labour. As economist Michael Hudson recently wrote "*This destructive policy has been tested above all in the Baltics, using them as guinea pigs to see how far labour can be depressed before it fights back. Latvia gave free reign to neoliberal policies by imposing flat taxes of 51% and higher on labour, while real estate is virtually untaxed. Public-sector wages have been reduced by 30%, prompting labour of working age (20 to 35 year-olds) to emigrate in droves. (…) Lifespans for men are shortening, disease rates are rising, and the internal market is shrinking…*" (24).

In Estonia things look just as bad, with a nearly 20% fall in GDP and a leap in unemployment from 2% to 15.5 % (25). It's a sign of the Neoliberal delusion (and deception) that the Financial Times, fully aware of the Estonian job disaster, could comment on it as follows: "*Even though Estonia still suffers from high unemployment, the tax and labour legislation of the country is very pro-enterprise and therefore likely to support the country's further recovery*" (26).

But the end of the Cold War signalled other major openings for the elites' goals. In Italy, the existence of a succession of Centre-Left governing coalitions (as corrupt as one cannot possibly imagine but profoundly centralist in all economic affairs, comprising Christian Democrats, Republicans, Socialist, Social Democrats…) had been tolerated by Washington for decades only because it formed a trusted rampart against the massive Italian Communist Party. But as the Soviet threat dissolved, there were no restraints left for the elimination of the old Italian apparatus and for the descent onto Italy of a full Neoclassical, Neomercantile and Neoliberal agenda. Besides, the US State Department had known for decades that the Italian Communist Party was fiercely Communist in rhetoric but market oriented in economics. Actually, it was the former US Ambassador to Rome, Richard Gardner (1977-88) – a prominent member of the Trilateral Commission and of the US Council on Foreign Relations – that endorsed the Italian Communists as a possible governing force. The CIA Rome chief of bureau of that era, Hughes Montgomery, actually hoped for such an outcome. Why? Because already then, in the late 1980's, the Italian Communist Party was structuring itself as a very modern capitalist enterprise with its myriad businesses and services and links to all major banks (27). And so obliteration of the old system had to be, and one only needs to be acquainted with the Italian *Clean Hands* investigation of the early 90's to appreciate that there is no exaggeration in this claim. A decades old political apparatus was destroyed in a matter of a few months by a corruption investigation lead by Milan's magistrates, that suspiciously left the whole Italian Communist power structure virtually untouched. The scandals opened the way for the ascent to power in Rome of the most dedicated set of Neoliberal hawks Italy has ever seen (the likes of Mario Draghi, Lorenzo Bini Smaghi, Marco Tononi, Romano Prodi, Giuliano Amato…). Just to give an example, it was only a few years later that Italy set the European record of privatization of State assets, and saw capital flight being liberalized together with the possibility for investment and commercial banks to merge US style. All this with, you may have guessed already, the former Communists turned Neoliberal enthusiasts firmly at the helm in government (28).

What happened to Italy was replicated in many other countries in Europe, as the Neoliberal credo of 'small government' became an international monotheistic religion. Its force was such at this point that prompted the Neoliberal British think tank The Adam Smith Institute to issue the following boastful declaration: "*We propose things which people regard as being on the edge of lunacy. The next thing you know, they're on the edge of policy*" (29).

Some beautiful finishing touches.

The early 1990's have certainly been a momentous passage for the success of the ploy, and one cannot omit the 1994 signing and subsequent ratification of the Marrakesh Agreement of the World Trade Organization (WTO) by a host of countries. It contained the most comprehensive and powerful set of supranational trade rules ever envisioned, many of them impregnated with a Free Market Neoliberal agenda. It was in fact the 1999 Seattle Ministerial Meeting of the WTO that sparked the worldwide anti-globalization movement. Before we move on to the final years of the ploy, more of the most crucial pieces of the Neoclassical, Neomercantile and Neoliberal deception must be mentioned.

1) Hoodwink the Left.

As we already said, in a matter of less than 20 years basically all of the European Left Wing parties had been transformed into well oiled Neoliberal machines that bought into Free Market ideology and Deficit Hysteria, all too ready to sell off large chunks of State assets to the "*predator class*" that they served devotedly (30). But what about the grass root progressive movements? What about Unions and Left wing intellectuals? Why was it that not one of these, while certainly yelling and agitating against the general tactics of the "*predator class*", ever questioned the wisdom of the Debt Ghost and of Deficit Hysteria? It becomes obvious to anyone acquainted with this ploy that once one buys into the sacred Neoclassical, Neomercantile and Neoliberal dogmas, then one is irremediably sucked into their deception with no hope to do anything else that truly matters for society. In simple words and to recap, if one gets convinced that

a) the virtuous State (with sovereign non convertible floating currency) must balance the budget taxing citizens more that it spends;

b) that taxes provide funds for the State to use, so the virtuous State must balance the budget;

c) that a State's deficit means that citizens have a deficit to repay, so the virtuous State must balance the budget;

d) and that consequently deficits are the epitome of all economic evils, unless virtuous States balance the budgets ,

then one is already screwed up.

Again, why was it that no progressive forces both in the US and in the EU ever questioned

these very deceptive dogmas and, on the contrary, why did they actually fall for them? It is true that MMT and its economists never reached vast audiences being shunned by the elites and by their corporate mass media. However is this a sufficient answer? No, it's not. One of the most cogent answers has been formulated by French economist Alain Parguez, when he wrote: "*Belief in the budget constraint leads to the conclusion that taxes are merely recycling income within the private sector. The State could finance its social expenditures, including social security, by raising taxes on rich households. Taxes should transfer income from those who are deemed too rich to the deserving poor. (…) Taxes are the foundation of a 'social capitalism' since they could fund all welfare outlays (…) The higher the taxes, the more the state could spend on welfare programs. This mythology of taxes explains why most Left-wing economists and policymakers have embraced the budget constraint postulate and have remained so strongly supportive of balanced budgets*" (31). And with them basically the entire grass root progressive movement, even today. In fact, they are all convinced that if only a fair government retired its deficit, it would relieve its citizens of a tremendous debt burden to start with; then if it taxed the rich, it would find the money to help workers and the poor. So yes, they too invoke that States must balance the budgets.
Most of them ignore, because of the deception they fell into, that a State with own sovereign currency can only enrich its people, including social programmes, if it spends **more** that it taxes. It **must** run a deficit, by definition. They ignore that taxation destroys money, and never provides a State with anything to spend. As a result, progressive and Left Wing grass root forces are spurning MMT with its life saving and nations saving economics, and the "*predator class*" is laughing all the way to the bank. We will say more about this unfortunate phenomenon at the end of this Primer. However, we must now stress that the true ideological minefield planted by the Neoclassical, Neomercantile ad Neoliberal elites has been precisely the fact that their economic dogmas have been bought into by most progressives and by the majority of citizens. "*States must earn more than they spend…*", "*Deficits are everybody's debt…*", "*Better to have some unemployment than inflation…*", and others have become common sense knowledge for millions, and are extremely difficult to eradicate now.

2) A mirage to trap and paralyze.

It was the Thatcherite ideal that the Iron Lady sold to millions of her citizens in the 1980's. Every worker had to think of himself/herself as an entrepreneur, as the 'CEO' of himself/herself, she decreed. Enough with this perennial dependency on big daddy government, you can use your little money to make it, and to make out like a bandit if you are clever. It was a weird mix of the earlier American Dream and of the already developing *Money Manager Capitalism* so aptly described by American economist Hyman Minsky (32). In other words, people were encouraged to take risks with their savings by participating in the 'new game in town'. And the new game in town was playing with numbers and bets in the financial markets: shares, stocks, equities, risky bonds, boom and bust bubbles, mortgages or currencies, you name it. It was numbers that magically spouted out more and bigger numbers, bigger % signs, and your checking account would sometimes grow like a mushroom on a wet lawn. The new game in town told people that any government-provided social security was old fashion stuff for losers; why stay attached to a meagre State drip when out there, in the magic of the investors' world, you could see your piggy bank grow like you never imagined? What was this obsolete stuff about the common good, about collective interest and mutual social aid? You are an individual, and as such you must seek the highest financial return for yourself… sod everybody else.

Throughout Europe millions of employees and pensioners fell for it, and for a while it worked wonders for them, ushering in a new era in *Money Manager Capitalism* and in what the two European economists Joseph Halevi and Riccardo Bellofiore have called "*Pension Fund Capitalism*" (33). The dining rooms of countless heads of households filled with these bright elegant young men that offered easy access to the game through their shiny financial products with exotic names like Top Life or Serenity 2000. They represented the world's top insurance groups, but also pension funds and equity funds, like ING, Allianz, Generali, China Life, AXA Group, AIG, Zurich, Munich Re, Prudential, Sun Life; General Motors Fund, General Electric, BT Group, AT&T, Verizon, Barclays Bank, Lloyds TSB, Citigroup; The Carlyle Group, Goldman Sachs Principle, TPG, Apollo Global, Bain Capital, Blackstone Group, 3i Group, Advent, Providence Equity.

Of course Margaret Thatcher was just pedalling some of the myths and deceptions of her mentors, the usual suspects. Behind all this lay the real agenda of the world's financial elites. First, to create a colossal shift of investments from the traditional production of goods and services to the elites' fictitious world of unconscionable risk taking in financial gambling. In this respect, a bit later on, the 'grand sage' of the US Federal Reserve, Alan Greenspan, played a crucial role. His "*Greenspan Put*", as it became internationally known, was all about making huge amounts of money available to the financial sector at interest rates purposely devised by the FED. In the UK, in just a decade, this trend deformed the face of that country, with a humongous financial balloon popping out of London and a gaping black hole growing larger by the day in the former industrial areas of the North of the country. The human suffering that ensued in those areas cannot be described in words, while the Yuppies of the capital enjoyed a lavish lifestyle. But this shift of investment patterns permeated the whole of Europe, where more and more firms, together with millions of small household investors, diverted investments from real goods to financial gambling in all sorts of ways. Of course, as Minsky had predicted, huge speculative bubbles came out of this madness, only to burst with the consequences that we can all see today.

Secondly, the hidden agenda aimed at two interrelated outcomes: a) Wrecking like never before the very social cohesion that had enabled entire peoples to emerge from centuries of exploitation at the hands of the elites. In fact, the myth of each of us becoming a self contained money making enterprise required people to abandon any willingness to share some financial wealth for the benefit of the common good. State regulations to safeguard a pool of common wealth became automatically an unwelcome interference in one's right to become richer, hence the success of the Neoliberal 'small government' dogma. b) Trapping millions of citizens into a single 'speculators friendly' economic system. As a matter of fact, they all became its captive supporters simply because most, if not all, of their savings were at that point entirely into the hands of the investors' world. Also, let us not forget that in many countries students were forced to take out loans in order to complete their education, and still do today. These are particularly perfidious debt traps, because not only do they stick an 'original sin of debt' onto millions of youths, they also cannot be eliminated by bankruptcy even if the students will not find any work in the real world. They too became captive supporters of the investors' world. For all of these social groups backing (or fighting for) any alternative economic system meant the risk of losing a great deal. Another brilliant way to cement millions into the Neoclassical, Neomercantile and Neoliberal ploy. (One may want to also add that this phenomenon mutated like nothing before the very nature of money creation by banks and businesses alike, with disruptive consequences and an all round massive indebtedness that are too complex to be dealt with in this context. Only one hint: businesses devolved increasing amounts of investments to pure financial speculation, and for a while cashed in good returns. However this meant that a strong link between industry and financial firms was established, where of course the latter had almost full control of industry finances. Also, labour suffered as productive investment in plants and equipment declined.)

3) Click yourself into inaction.

The 90's saw one of the most revolutionary technological advances in history, the Internet. There is no time here to examine its origins in depth, although they can now be firmly placed within the Defence Industry of the United States. In fact, even a quick look at the Who is Who in web worldwide management confirms the above statement. First, the embryonic idea of what the Internet would become grew in the mind of J.C.R. Licklider, at the MIT in 1962. This scientist held a prominent position in one of the most intriguing Defence laboratories in the world, the US DARPA government agency. DARPA stands for Defence Advanced Research Projects Agency. His Galactic Network imagined exactly what we have today: a global net of computers through which anyone could access information. The RAND Corp. was also involved in the early stages. Web technology remained an exclusively military affair until 1983, when a civil application was finally separated from the Defence establishment. Even nowadays the military apparatus features heavily in the handling of the web. For example the US department of Defence is a Gold Member of the Internet Society (ISOC) that sets many standards in web management. The US Defence Information Systems Agency is active in the supervision of worldwide Internet activities. Also, the most powerful government in the world, the American government, is directly involved in web control through its Commerce Department, that supervises both the Internet Corporation for Assigned Names and Numbers (ICANN) and the Internet Assigned Numbers Authority (IANA), that operate the domain name process.

All this to pose a crucial question to our readers that will take us back to the core issue of this Primer, namely the narrow interests of the elites. The question is: does anyone believe that a means of communication, information, and political organization as powerful as the Internet – that was born of the Defence establishment and is still today partially controlled by both the US military and the Commerce Department – just slipped through the clumsy hands of these hawks and into the hands of millions of progressives and activists the world over? Are the 'Powers that be' that stupid? No, they aren't.

The Internet presented itself right from the start as a potent addendum to the frantic world of mass media addiction, of bloated and obsessive news feeding, yet another means to glue hundreds of millions to a screen in the cosy isolation of their homes. Precisely what was needed to apportion the final touches to the project to sideline the "*ignorant and meddlesome outsiders*" that had to be subdued by a "*measure of apathy*". In fact, as huge masses of Westerners were subjected to an ever increasing carpet bombing of news from ever increasing news outlets at breakneck speed, the inevitable result was, and still is, dizziness and an overwhelming sense of 'it's too much to be taken all in', thus apathy. And when the advent of social networking broke into millions of homes, the addiction to the screen surged to unprecedented levels. More crucially, the web became the privileged source of equally frantic political debates, net organizing and blogging. Again millions of active citizens ended up consuming all their potential for action through a frenetic use of their mouse glued to their laptops, locked into a world of political chats, web petitions and so on. The era of 'clicktivism' was born, the era of direct physical participation out there in the real world faded away.

Even a cursory glance at the history of human social endeavours before and after the Internet and mass media communication proves this point as uncontroversial. One has to remember that in the decades that preceded today's turbo-propelled info and the web, people barely armed with any information at all, with no cell phones, no satellite TV, no laptops and facing odds far superior than anything we would face today, were able to change history. They put a

stop to centuries of work exploitation, to the denial of basic rights, to racism, to the segregation of women as class B citizens. They were able to beat dictatorships armed with torture chambers and disappearances, to create labour Unions, to draw attention to minority rights and to the plight of the Third World, to make Welfare a human right and so on. In other words, they changed societies like never before.
On the contrary, the advent of what on paper was supposed to be the 'nuclear weapon' for mass information and activist organization yielded, proportionally, minute results, verging on the insignificant (34). Actually, there is ground to argue that almost all of the social progressive advances of the past decades are being rolled back.

There is no proof yet that the Internet had been discussed as a component of the Neoclassical, Neomercantile and Neoliberal ploy. It wasn't perhaps a piece of deception they originated. However it has certainly been a deception we dragged ourselves into, and a catastrophic one indeed. Because one things is certain at this point in time: it has greatly benefited the elites in their drive to dope the masses via modern means. Lippmann, Bernays, Powell and Huntington live on.

Cashing in.

Deadly viruses do one thing: they devour the host organism until they kill it. Not at all an intelligent strategy, since the viruses will die with it. The financial and corporate elites seem to behave in precisely the same manner. To them the very concept of systemic risk evaluation – that is, paying attention to the long term consequences of their actions on the societies that host them – is unknown. As we already said, to use a simple metaphor, they did manage to get control of the common cow, but they are probably milking it to death.
This is of no small importance in the context of this Primer, since one of the most common questions that audiences will ask to MMT organizers is "*Ok, fine so far, but what good is it to them to control the largest slice of the wealth pie if in the end they make us all poorer and wreck our economies*?". Well, one could in principle answer that question by simply saying that the idea of 'in the end' does not feature at all in their thinking. Their frantic money making horizon is very near, it's short bets within a very narrow economic lifespan. This holds true for the majority of the "*predator class*", but, alas, the real answer is much more unsettling and concrete. It also is crucial in order to understand what happened in the contemporary era of the ploy.

The turning of the Century into the third millennium, and we refer specifically to the 10 years from 2000 to present, signalled that the time for the financial and corporate elites to cash in on their long effort had come. As we have seen previously, results had been coming in for quite a period, but the two major economic events of that decade, the 2007-2011 financial crisis and the ongoing implosion of the Eurozone, delivered huge returns for them, verging on the unthinkable. Both phenomena are directly linked to the deadly virus like behaviour of the elites, and of course to the machinations so far detailed. This Primer will not seek to provide an exhaustive account of those events; it has already been provided by MMT economists and by some of their more enlightened colleagues in a host of published papers and blogs. What concerns us here is to detect the thread that unites both the financial crisis and the Eurozone implosion to the ploy-derived elites' fabulous fortunes. In order to be clear, we have decided to attribute those fortunes to five separate sources.

1) Inflated Bubbles, squeezed dummies.

Let's go back to that question so often asked by our audiences: *what good is it to them to control the largest slice of the wealth pie if in the end they make us all poorer and wreck our economies*? Here the answer has to be split in two tranches. As previously detailed, one of the core founding ideas of the elites' comeback to world's domination was that a State must restrain spending like a virtuous family does, and always earn more than it spends. That plainly meant at the very least balancing the budget, and it became a world wide religion. However as MMTers know, as a sovereign deficit shrinks so does the income of the non government sector. And what can people do when their income shrinks? Two things: either resign themselves to live a poorer life, or get into debt to sustain their current standard of living, that does not necessarily mean owning two IPads and buying French perfumes. For many it's keeping the kids at college and paying for a house or for health costs.

During the Clinton years, the White House strived to balance the budget. Americans from all walks of life and American firms, excluding the rich minority, were driven to issue more and more debt to keep going. Of course there were also many Americans that overspent, perhaps out of reckless consumerism, and added more and more private debt to the economy. It's difficult to ascertain the exact proportions between the two groups. But millions of citizens getting into debt means that an equivalent amount of financial wealth is being created in the system. The financial sector expands enormously, relative to the production of real things, and now it holds unimaginable amounts of IOUs issued by millions of households and firms (this happened in also France and elsewhere in the EU). The temptation to play risky but lucrative games with all that debt money is irresistible. So they did, creating a surreal world of securitized debts that were repackaged and sold, and then re-repackaged and resold by way of conning all sorts of buyers, from institutional ones to single investors. It was a reckless behaviour that could only lead to long term disasters, but then again we already said it, long term doesn't exist for them. MMT leading economist Randall Wray put it brilliantly: "*Moreover, the securities were "sliced and diced" in complex ways to offer riskier tranches, interest-only pieces, and principle-only pieces. It all became even more complicated because the worst tranches of securities could be re-securitized, and then re-re-securitized; and, even more esoterically, it was possible to construct purely virtual financial instruments (synthetic collateralized debt obligations) that were bets that securitized mortgages would either remain solvent, or go bad. (…) If we look at aggregate numbers, each dollar of US income was devoted to servicing five dollars of debts and securities, and unknown dollar amounts of derivatives. (…) While much of the attention has been directed to mortgage-backed securities, all kinds of debts were also securitized—everything from credit card debt to student loans*" (35).

It became a frenzy, because when money (debt) flows into something at that speed, market law says that it becomes richer and richer. Both individuals and firms are tempted to have a go at the new game in town, making the bubble more inflated by the day and causing an ever expanding "*asset price inflation*" phenomenon (36). This craze then triggered all sorts of dangerous trends throughout the banking, industrial, and financial sectors that are too complex and long to explain here. However, what matters for our story is this: it doesn't take a genius to understand that such a risky and sophisticated game can be played successfully only by a few extremely shrewd organizations (or individuals) that have the knowhow – and the political connections – to come atop of the bubble when it inevitably explodes. Names like Goldman Sachs, JPMorgan Chase, Morgan Stanley, Bank of America, Barclays Capital, Credit Suisse, Deutsche Bank, UBS, HSBC, BNP Paribas, ING Groep, Banco Bilbao, Rabobank, Banco Santander, Nomura, Wells Fargo, Societé General, or the sharks of the Hedge Funds industry like Bridgewater, John Paulson, Soros Fund, Goldman Sachs Asset Management, that speculate on other financial speculations through their intricate bets. In other words: here are the elites cashing in handsomely, the untouchables who skim the surface of the law and always get away with murder. John Paulson and his Hedge Fund, then partners in crime of Goldman Sachs, made an estimated 12 billion US dollars out of a financial crisis they in part orchestrated and that gripped the world ruining millions of lives. The fortunes amassed by these financial sharks through this colossal debt deception is public knowledge, no need to list them here.

To recap: one of the Neoclassical, Neomercantile and Neoliberal elites fundamental dogmas, namely balance the budgets, was exploited to drive entire societies into increasing economic woes. A household and firms debt escalation enused, that was used by a cabal of speculators to make billions. Almost everybody else lost out. Scores of workers and families are suffering enormously. Millions of firms worldwide are going bust. Governments have to plunge into Bad Deficits to rescue workers and firms or to bail out banks too big to fail. Perhaps you will understand now why we call it a ploy.

2) Deflated wealth, super profits.

And for the second time: *what good is it to them to control the largest slice of the wealth pie if in the end they make us all poorer and wreck our economies*? To understand the second tranche of the answer, one has to grasp the realities of what we will call **The Spiral of Forced Economic Deflation**. This is a part of the ploy that is almost fascinating in its wickedness. Let's recall that according to MMT, and also to the facts on the ground for all to see, the effects of the last three tenets of the Neoclassical, Neomercantile and Neoliberal ploy that we listed (a) must avoid full employment to prevent inflation; b) must lower wages to create jobs; and c) the non sovereign Euro that EU States cannot issue but only use) have combined with Deficit Hysteria to send entire nations and economies into a spiral of recessions, Bad Deficits and blackmails by international investors. But why, exactly?

As we said, MMT has conclusively demonstrated the validity of the following simplified picture: imagine a society within a sovereign nation (society is defined as households plus firms, **excluding the government**). Imagine it as a container. Like all societies it will hold X amount of financial wealth (money things like cash, checking accounts, bonds, IOUs etc.). In ordinary circumstances when someone in a society earns money, someone else will have spent it, so it is money just changing pockets. Even when someone in that society makes a fortune, all that has happened is that a flow of money has shifted from lots of places to this individual's coffers. Shifted, not created. There is no **new net money** being added to the container. In some cases money is created by private institutions within the container, but it is always offset by some sort of equally private debt somewhere, so again no new net money has come into existence**.** Ok, we have this container called society that by itself cannot create new net financial wealth, it only shifts money around. Its only chance to get new net money is if someone **from outside** of the container pours in money. There are only two entities that can do that: its government (provided it holds a sovereign currency, non convertible and floating) or foreign nations. The government will do this by spending more than it taxes, which means that it will credit the checking accounts of firms and individuals that sell it goods and services more than it drains them through taxation; foreign nations will inject new net money if they buy that societies' exports more than they sell their exports to that society. So if a society hopes to grow in the net financial assets it holds, it can only rely on its government deficit or on an export surplus. However, it must be said that of the two options the second is the less reliable. In fact, the ability to earn new net money from exports depends a great deal on a host of external factors that a society may not control. The surest way then is own government spending, since we know that a government can spend its own sovereign currency at will and with few constraints (see MMT Primer for details). So we will exclude export surpluses from this equation.

But what happens when new net money flows from the government into society? Well, if the government directs that money to increasing production (buying goods and services + making infrastructure) and to look after its citizens' needs, it will inevitably make firms richer, create more jobs, increase incomes and therefore households' savings, and so on. This is Good Deficit Spending. Richer citizens will then spend their savings (unless they are Japanese), and this will again create a virtuous circle of wealth distribution, job creation and so on. The economy benefits and so do citizens and firms.

Ok, stop here. Now reverse the sequence. Imagine that the government stops pouring more money into the container than it taxes it; in other words it stops Good Deficit Spending because the mainstream dogma of Deficit Hysteria says it must do so (as it happens in the real world); firms will expect to sell less and so will hire less workers; unemployment goes up and households' savings go down, citizens will spend less, demand will slow down, and the economy suffers. Typically at this point, the other Neoclassical, Neomercantile and Neoliberal dogmas rain in as recipes for recovery: cut wages, avoid full employment to prevent inflation, or even deprive the government of its own sovereign currency altogether (like in the Eurozone). A spiral then ensues with even less incomes, less demand, less sales everywhere, firms get even more in trouble, they lay off more workers, the government has to step in to patch it up with bailouts and unemployment payments, and it gets deeper and deeper into a Bad Deficit. But it doesn't stop there. Gross Domestic Product (GDP) will go down, and so the State's deficit will look even more inflated (because it's calculated as a % of GDP, so the lower the GDP the bigger the % of the deficit). At this point the markets and the rating agencies will get alarmed, and often they downgrade the fiscal credibility of that State. The Financial Times, commenting on the troubles of one of the EU periphery States, once succinctly put it this way: "*Spain risks falling victim to a vicious circle of credit downgrades leading to market nerves that lead in turn to further downgrades and higher borrowing costs*" (37). This in turn triggers all sorts of negative side effects that push that State further and further into the spiral of troubles and loss of wealth. Government panics (although in the case of sovereign currency States the downgrades have little effect on interest rates, but this changes very little in the spreading, irrational pandemonium). The IMF and the "*shock therapy*" Neoclassical and Neoliberal advisers step in for more of the same disastrous medicine: the government must save and cut spending everywhere, especially in welfare and public wages. The cuts impoverish citizens further, firms suffer again, and the whole spiral is fed even more impetus. We are now in the full **Spiral of Forced Economic Deflation.**

In the case of the Eurozone, that will be dealt with in more details later on, there is an added blow to economic stability. It is caused by the international markets' awareness that a non sovereign currency such as the Euro is not sustainable, because all adhering States have to borrow it and cannot issue it. The Euro currency is also deprived of a central fiscal authority, which makes matters worse. The risk of national defaults is in this case real and the whole Eurozone is constantly hit by market distrust, which worsens even further the plight of the Spiral of Forced Economic Deflation. To this we must add, dramatically, that since the 17 Euro States are all locked in a single currency despite having widely different economies, the weaker ones can no longer enhance their competitiveness by devaluing their currencies (they no longer have them). Also, because of the severe EU imposed limits to Good Deficit Spending (more on this later on), the 17 Euro States cannot inject sufficient stimulus to their economies. They are in a deadly trap and their only remaining option to be competitive is to devalue wages, both public and private ones, and therefore consumption. Yet again more fuel for the Spiral.

This way, entire societies and their governments fall in the hands of the "*predator class*" of investors, speculators and corporations. Their sovereign fiscal policy (if they have one) is torn to shreds by Deficit Hysteria, or even entirely hijacked from them and directly managed by supranational technocrats (see below the case of the Europact in details). American economist Robert E. Prasch of Middlebury College recalls the case of post financial crisis Ireland, that could be forced to "*live under an economic policy imposed by unelected and unaccountable foreign overseers – just as they did during 800 years of English hegemony*" (38). People suffer immensely, but are fed the mantra of the 'necessary sacrifices' to save the economy. It's a lie, it's a truly criminal deception. And now the sharks step in to feed handsomely on this disaster. Here's how they cash in.

First, the Neomercatile corporations are bestowed a bonanza of unemployed and underemployed Westerners competing for a few jobs and prepared to accept ludicrous wages, less rights and increased productivity. This gives the Neomercantile corporations an obvious cost-advantage on the international export markets, which is where they really want to be. They are served with "*huge pockets of almost Chinese-like cheap labour at home*" (39) that will combine with their already super cheap delocalized labour in the Developing world to slash their production costs like they never hoped. Germany is a case in point: in the last 5 years German corporations enjoyed a 35% rise in productivity with wages growing at half the European average (40). So, masses of poorer workers lead to massive profits for the Neomercantilists. As MMT chief economist Randall Wray said: "*Their thinking* (the elites') *is that the more deflation grips a country the more it becomes the paradise for financial speculation, for competitive exports and for privatization of State assets*" (41). It is the prediction of French economist Francois Perroux come true some sixty years later. He said: "*The future will get supremacy to the country or the set of countries imposing poverty generating super profits and thereby accumulation*" (42). Second, the Spiral of Forced Economic Deflation will open the doors for speculators to sink their teeth into us and draw blood even further. Here is how.

3) You bet…

Betting one's money in business in the hope of making more of it is nothing particularly new. In his "*Politics*" Aristotle tells us that the VI Century B.C. philosopher Thales placed a winning bet on the following year's olive harvest, outstripping all his competitors. However, one of the most unsettling modern developments in the world of finance has been the sophistication of the contemporary financial bets. Up until a few years ago very few people, among ordinary citizens or educated elites, had ever heard of the word 'derivatives'. These are financial products whose value *derives* from something else: it could be political, financial or even natural events that will determine the final value of those products, or movements in stock, bonds, commodities etc. They are often considerably risky affairs that can only be successfully handled by consumed investors. Above all, they are born of very complex mathematical machinations, concocted by some of the brightest young mathematicians drawn from the top universities. Anyone else will have a hard time to make sense of these 'financial labyrinths', even the executives that commissioned them in the first place. The European Central Bank's chief, Jean Claude Trichet, was famously quoted as saying that he didn't have a clue about derivatives: "*We are trying to understand what is going on but it is a big, big challenge*" (43). The prestigious Financial Times had to assemble a team of top specialists lead by Gillian Tet that toiled a whole year before barely seeing some light.

Their names are equally abstruse: Credit Default Swaps, Credit Default Obligations, Banner Swapping, Over the Counter contracts and others. What concerns us here, however, is how these products are helping the elites to squeeze huge profits out of the misery of entire nations. As we have just seen, these nations can be sent spiralling down into economic troubles that will earn the Neomercantilists massive advantages. One of the core elements of the Spiral of Forced Economic Deflation is market panic over States' public debts, which is mainly triggered when the rating agencies show concern over governments' ability to service their obligations. If this panic doesn't quickly subside, national debts get pinned against the wall and the firing squads of the usual suspects will show no mercy. At this point the speculators – single individuals, Hedge Funds or private financial institutions – will unleash a wave of betting against those shaky debts with the use of derivatives contracts. The bets, mind you, will be mostly rigged, and will earn them fortunes. Let's go through some simplified examples of how it works.

Example 1. Greece is on the brink. Its national debt in under fire, its cost of borrowing has skyrocketed, meaning that Athens has to promise very high interest rates to convince investors to buy its bonds. Of course, as the rates go up, the value of the debt goes down. This is the ideal time for a speculator to place a bet with derivatives contracts against Greece's debt. The speculator's guess is that the debt will plunge in value even further. He borrows a portion of Greek debt worth, say, 500; he then sells it immediately at that value, he now has 500 in his pockets; he waits to see if his prediction that the debt's value will plunge further comes true, and we imagine that it does (also for a reason you will understand in a minute); so at this point the speculator buys the same portion of Greek debt that by now is only worth 400, and gives it back to the lender. He pockets 100, clean. (keep in mind that when we talk about these simplified figures we are referring to millions of Euros, sometimes billions).

Example 2. We are still with Greece. A speculator strikes a deal with another party where he commits himself to sell him a portion of Greek debt worth 500 at the end of the month. The other party commits himself to buy that portion for 500. The speculator does not actually possess any Greek debt, but he's betting that the debt will fall in value before the end of that period. The other party bets in the opposite direction, namely that the debt will appreciate in value. So, if the debt does fall in value the speculator wins: he will buy the promised portion of the debt for less money, say 400, and will be able to sell it to the other party for the previously agreed 500. He pockets 100. On the other hand, if the debt actually appreciates in value, the other party wins: he will buy from the speculator that portion for the agreed 500 while now its' worth, say, 600. He pockets the difference.

Example 3. It needs a brief explanation. In the world of international finance there are some sort of insurance policies that an investor can take out to protect himself against losses and/or wrong bets. They are called Credit Default Swaps (CDS). If the investor is betting on something that the 'insurers' consider very risky or likely to fail, then the price of the CDS policy goes up. So, for other investors and for the market the actual price rise of these policies has come to signal that the insured item is risky or unstable. CDS policies can be also taken out to protect investors that own some national debt (bonds) against a possible downgrade of that debt. Ok, here we go back to Greece again. A group of speculators can buy lots of CDS policies against a Greek downgrade, as they are betting that a downgrade will soon occur. Mind you, they can do this even if they do not own any Greek debt at all, like taking out an insurance on a house you don't own. However, the more CDS are bought the higher the price, of course. The markets will see that CDS on Greek debt have gone up in price, and rumours spread that Greek debt is even more unreliable now. Responding to the markets' worries, the rating agencies then issue a downgrade of the Greek debt. At this point the price of CDS policies against Greece will increase even further, as the downgrade has convinced everyone that Greek debt is getting riskier and riskier. The speculators will now sell their CDS for more than they originally paid, and pocket the profits.

All of these bets are called 'shorting'. And they are all rigged. Here is why: in all three examples the pivotal factor in the speculators' winning bet is that the debt will depreciate, lose value. We know from previous explanations that the Neoclassical, Neomercantile and Neoliberal 'recipies' that are always applied to troubled national economies are specifically designed to kick them down the Spiral of Forced Economic Deflation. As this happens, national debts will of course look more and more shaky, and surely lose in value as the rating agencies issue their downgrades. Thus, the speculators bet on something that is virtually guaranteed to happen, as their 'friends' at the International Monetary Fund and at the rating agencies will do their bidding. It's like I bet that your windows will get smashed because I know that a friend of mine tomorrow will throw stones at them.

In the third example things are even more crooked. In fact, even if by chance there was no panic in the markets for the reliability of a large national debt, the massive speculators' buy up of CDS policies against a given national debt is often sufficient to trigger the necessary downgrade, making sure the speculators get what they wanted. This is more likely to succeed in the case of national debts issued by non-sovereign currency States, like the Euro States. It's what the US psychologist Paul Watzlawick called "*a self fulfilling prophecy*", like I buy tons of some merchandise before it reaches the supermarkets, then spread the rumour that supermarkets will run out of it, so people rush to hoard it, the price shoots up and I finally sell that merchandise making a big profit. There was no dearth of it to begin with, but my actions created the conditions to afford me profits. With the crucial difference that is the former case we are talking about entire States, their citizens and their economies already suffering under the Spiral and being pushed further to the brink by these unconscionable bets, with untold social suffering ensuing. The speculators make huge fortunes out of this unnecessary misery, leaping from country to country in their attacks.

4) Sell your family silver…

Then come the elites' investors. They will step in at the very centre of the Spiral of Forced Economic Deflation and will play the role of the willing buyers of States' public assets to help governments scale down their growing deficits. Mass privatization is a pillar of the "*shock therapy*" that Neoliberal spin masters administer to indebted countries. But here again deception is rampant. Not only because it was precisely the elites' investors' friendly economic dogmas that pushed those States into the Spiral of Forced Economic Deflation in the first place, but also because MMTers know that any State with a sovereign currency does not need to sell anything at all to honour its debt obligations. Let's continue, since the hoax is even more perfidious than this. As we said, States in the throes of Bad Deficits and under the spell of Deficit Hysteria will privatise all they can to collect money destined to balance their budgets. However, because of the Spiral of Forced Economic Deflation they were pushed into by the usual suspects, their public assets are rated at enormous discounts, and consequently sold at enormous discounts. Thus the elites' investors will acquire for cheap public goods that took generations of public labour to be created, sometimes with immense sacrifices. Citizens are placed in a grotesque predicament aptly described by former British Prime Minister Harold Macmillan as "*Tantamount to selling the family silver…*", "*…only to have to rent it back in order to eat dinner*", added some years later another clever commentator (44). And it's exactly the case. In fact, even a cursory look at privatizations, both in Western countries and in the Developing World particularly, will yield an overwhelming picture of pitiful financial returns for the States and thus little impact on reducing deficits, but utility bills increases for citizens in all the privatized services that used to be public ones, many of them formerly provided for free (45).

It is a matter of the simplest logic to understand that most pivotal services like health care or education cannot be run as profitable businesses, if only because of the demographic expansion of the elderly and because of the ever growing educational standards of our youths. Profits in these areas mean one thing only: the exclusion from the ranks of the customers of the more needy and of the less affluent, as in fact is the case in private health care contracts and in private schooling. So, the elites' investors acquire chunks of public assets at a discount, but then their strategy gets more socially devastating, and at the same time more profitable, for (at least) two more reasons: the *slimming down operations*, and *captive demand*. The former is a stock market-lead means to squeeze as much value as possible out of a privatized firm: the new private management will *slim down* the number of employees, firing workers with the excuse of the necessary cuts to return the firm to profitability and to market competition. The State is called in to do Bad Deficit Spending in order to pick up the sorry pieces (the unemployed). The firm, now seen by investors as less burdened by labour costs, immediately sees an appreciation in its share value that will yield handsome bonuses for the new managers. *Captive demand* is instead a matter of smart investing, more and more fashionable among the elites: they rush to buy privatized **essential** utilities and services – those like water, gas for home cooking and heating, motorways, trains, health care, phone companies, even cemeteries – because those are things that people cannot do without, having no choice but to pay for them. You can give up buying an IPad, but you cannot give up tap water or driving to work or burying a dead relative. You then become a *captive* customer of those privatized services, and thus a captive contributor to the owners' coffers whatever price they will charge for them. As economist Randall Wray observed: "*Think, who's the richest man on earth. It's Carlos Slim and he owns Mexican telecommunications. Mexicans are largely poor people, but they can't give up using a phone*".

Let's add an extra bit to this scam: for each large privatization of a State asset, the big investment banks are called in to provide their services and will cash in large fees that always add considerably to the overall costs, and guess who pays for them in the end?

5) GATS finale…

Finally GATS. It is the grand finale that the elites are bringing to this part of their ploy. As we said previously, they always try to enshrine their narrow interests into supranational legislations. GATS stands for General Agreement on Trade in Services, and is one of the most controversial chapters of the World Trade Organization's Agreements, currently under negotiation among the organization's 153 member States. Once ratified, these Agreements become more powerful than any national legislation, and countries contravening them can be forced by a WTO tribunal to backtrack, or pay massive fines (46). GATS deals with trade in services, and of course public services are at the fore of the negotiations. Under GATS, WTO member States are required to submit within certain dates a full list of public services to be privatized. There have been several deadlines so far that have expired with no results, due to international wrangling. However, although in this context we cannot give you an in depth account of the massive scope of this Agreement, a few points must be underlined: GATS serves the ambitions of the Neoliberal elites because its overall aim is to snatch from sovereign States' ownership as many essential services as possible, like education, health, Social Security, water supply, sewage systems, libraries, household utilities, school buses, emergency services of all sorts, etc. It simply provides the future legal framework of the infamous *captive demand* entrapment we detailed above. It also contains rules that will forbid both national governments and single States (US case) or municipalities and regional administrations from enforcing many (if not all) of their consumer, worker or even business protection regulations. This because the very core of all WTO supranational Agreements is the "*least trade restrictive*" principle. It affirms that if a piece of legislation of any member country (or local government) impedes the free flow of trade – due to health or environmental concerns, or in order to promote a job creating national sector, or to protect local businesses from the assault of foreign multinationals – then it can be challenged at the WTO headquarters in Geneva. There, an unelected tribunal has the power to impose huge fines on that member country (so huge that even the Unites States caved in many times). GATS brandishes the "*least trade restrictive*" principle throughout its wording, and once ratified by WTO member countries it will deliver millions of citizens – able or disabled alike, young or old, healthy or sick – into the hands of private essential services providers bent on profits and with no public regulations to safeguard them (47). GATS is yet another clear example of the elites' determination to emasculate States' sovereignty wherever they can.

Again: entire societies and economies get poorer via the Spiral of Forced Economic Deflation that the Neoclassical, Neomercantile and Neoliberal ploy inflicts on States; major investors rain in to make super profits out of depreciated former public assets. Then comes the investors' friendly WTO that is trying to encode this plunder into unassailable laws.

Beyond the wildest imagination.

It is a fact of contemporary life that the United States of America has been for the past four decades the Western world's laboratory of almost all political, social, technological and even cultural innovations. America has always been better, faster and newer, with a few notable exceptions. One of these is precisely the Neoclassical, Neomercantile and Neoliberal ploy. Here, astonishingly, Uncle Sam has been outstripped by Europe. As a matter of fact the Old Continent has today reached such heights in the destruction of States, sovereignties, and democracies to push American Neoliberal elites to the lower step of the podium. What we are witnessing in the US right now (as we are drafting this Primer) is a political folly resulting from the many decades of Neoliberal ideological brain washing of both the public and of policymakers, in other words the ploy, as detailed above. Congress is in the throes of a Deficit and Debt Hysterias sanctified into national religion, and is wrecking the American economy with bipartisan agreement, while maintaining the façade of Democrats vs Republicans politicking. The same is happening in Europe, with a crucial and chilling difference however: that the identical political folly has been moulded into a code of supranational laws made by obscure technocrats that no European has ever elected and that all EU parliaments have to bow to.

There is a fitting metaphor to describe the difference between the US and the EU in this respect. Both entities are faced with the dramatic threat to their economic and social survival we call the ploy. Now imagine them as two guys standing in the savannah, the ploy is two lions facing them. The two beasts attack. The US is the guy that **has a gun**, in fact it still has a sovereign currency and is politically sovereign, no supranational law constrains it in any way. According to the MMT school of economics, the US government could simply come to its senses, use its monetary and political sovereignty to dispel most of its economic woes via Good Deficit Spending right now, and could realize that technically it can never default on its sovereign debt. The US authorities **are choosing** not to fire that gun. It's a political decision, taken to comply with the diktats of the Neoclassical, Neomercantile and Neoliberal ploy. In the EU instead, and in the Eurozone States in particular, even if governments came to their senses they **could not fire the gun** of sovereign policy or of Good Deficit Spending because **they no longer have it**. In Europe the ploy caused all Union nations to lose most of their parliamentary sovereignty and to be politically disabled. Then Euro governments lost entirely their sovereign currencies together with their sovereign monetary policy. At this point they truly face the risk of insolvency and default, so forget Good Deficit Spending and any hope to be stable economies, with the catastrophic consequences that we are now witnessing (48).

The long term implications of this difference are immensely important. In the US there is a potential light at the end of the tunnel: for the American people it is only a question of forcing their policymakers to reach for the right switch. In the EU there is no light and no switch to reach for any longer. And worse: in the Eurozone today what MMTers may consider the proper functions of a State are being outlawed (sic). Read on.

It is necessary at this point to briefly recap what we have already explained in several passages of this Primer about the unique European predicament as crafted by the elites in 75 years of planning.

The EU is today ruled by an all powerful de facto government that no European elects and that goes by the name of EU Commission. Based in Brussels, the Commission is formed by technocrats heavily influenced by the financial and business lobbies (49). Its pieces of legislation are supranational in power, they can even overrule national Constitutions, emasculating sovereign States (50). The only European political institution that is directly elected by citizens, the EU Parliament, cannot propose legislation and has a lot of trouble blocking the Commission's decrees. Fiscal sovereignty is also destroyed by the EU Treaties, according to the original intention of the elites to prevent States from Good Deficit Spending for the citizens. In the EU this aim was achieved by introducing the Euro (EMU). In fact the Euro is a non sovereign currency that is issued by 17 Central Banks and has to be borrowed by all 17 Eurozone States from the capital markets that directly acquire Euros at their emission. This limits States' fiscal sovereignty in dramatic ways (see the Spiral of Forced Economic Deflation above). Finally, all of this has been cemented into EU law by the above mention EU Treaties like Maastricht (1993) and Lisbon (2007), and these Treaties are themselves supranational in power.

This political and financial Neoliberal coup d'état, as economist Michael Hudson once described it (51), has now been perfected to unimaginable levels. Obscure titles like *The Stability and Growth Pact, The European Semester, Preventing Macroeconomic Imbalances, The Europact*, hide a shift of powers from sovereign States to unelected elites that has no precedent in modern democracies. EU citizens haven't got the faintest idea of what is being cooked in the exclusive rooms of the Commission in Brussels. The mainstream media only reports short summaries of these massive regulations hidden in the economy pages of newspapers. Nothing ever appears on TV. But what is happening exactly?

The following is a touch technical for the sole purpose of illustrating authoritatively to what extremes the ploy has gone to in Europe. It is also a stern warning of possible times to come in the United States.

The unelected EU Commission, complying with the recommendations of the two most powerful European Neoliberal lobbies, has ruled

- to tighten the supranational and non-democratically chosen EU budget rules that are paralysing States from any residual Good Deficit Spending for the people
- to take full control of EU States' budgets **before** they are even submitted to the sovereign parliaments
- to interfere in national tax, social, labour, wage policies of EU governments with supranational powers
- to impose harsh monetary penalties on contravening States
- to discharge the costs of its pro-elites policies onto the weaker sections of European citizens and to impose competitiveness rules that only rely on wage deflation
- to make it illegal for EU States to run socially centred fiscal policies beyond extremely tight limits.

All this, let's remember, by means of binding EU laws and Treaties. As a European academic put it, these actions "*will have a regulatory effect on fiscal policy comparable to the effect on security policy of the nuclear bomb*" (52) . We must now see them more in details.

The Stability and Growth Pact, part of the supranational Treaty on the Functioning of the European Union (TFEU), requires European member States to limit their deficits to 3% of GDP and total public debt to 60% of GDP. It was the brainchild of the former German Finance Minister Theo Weigel and placed the adhering governments in what the financial press now calls "*the straightjacket*". The reader will have already spotted the familiar consequences of these rules: States are severely limited in their spending capacity. This "*straightjacket*" is far too tight for any proper government to retain any trace of sovereign fiscal policy, which again is what the ploy aimed to achieve. And it's not just a question of tight rules, it is also a question of being constrained by severe penalties: a 0,2% of GDP fine is being proposed. These sanctions will be voted into action by a 'reverse majority', another of the European elites' undemocratic masterpieces: EU Ministers must find a majority to reject the Commission's penalties. No sovereign parliament can intervene. Again, this is the paradox of sovereign officials that must struggle to contain the power of the unelected technocrats.

However, by far the more dire consequences of non compliance with the Stability and Growth Pact come at the hands of the rating agencies. First they will murmur concern for the wrongdoers, sparking the well known spiral of market panic and rising borrowing costs for the 'ill-disciplined' government. Then come the downgrades, and the rest of the slide into the Spiral of Forced Economic Deflation will inevitably ensue.

The European Semester is a harmless sounding title that hides a major step in the financial coup d'état that is seizing Europe. According to the new rules drafted by the Commission, EU member governments will have to submit their budgets to both the Commission and to the European Council in April of each year. The two bodies will discuss them, and will send back recommendations. Only **after** this procedure are the governments allowed to debate the budgets with their sovereign parliaments. This is by itself so serious a development that prompted even the conservative Italian Finance Minister Giulio Tremonti to berate it as "*a colossal transfer of responsabilities (…) budget policies cannot be national policies anymore*" (53).

Then, what happens if the Commission objects to parts of these national budgets and fiscal policies? A procedure called *Preventing Macroeconomic Imbalances* kicks in. It grants the Commission and the EU Council ample powers to intervene on issues such as labour markets, taxation, social security, essential services and wages. They can demand changes in all of these areas. Of course, the prescriptions are cuts to all social expenditures and a rise in selected taxes. As one of the unelected Commission technocrats peremptorily said, "*When wages in the public sector damage competitiveness and price stability then the country will be requested to change this policy*". So much for what was left of sovereign fiscal policy, let alone Good Deficit Spending (54). Also, under the pretext of enhancing competitiveness the same prescriptions will be forced on member States in the same policy areas. In October 2010 the European Trade Union Confederation issued the following comment on these rules: " *(…) Everyone is cutting, even the strong, real wages are falling, pensions are being reduced; all these are cutting demand for goods and services. This is pro-cyclical economics that risks a return to deep recession*" (55). Again, sanctions are ready to bite any rebellious State if the contravening government is a member of the Eurozone; if it is a member of the rest of the EU then the denial of further EU funds can be applied (56).

Finally, the *Europact*. Adopted by Eurozone heads of State on March 24, 2011, it establishes the following Neoliberal and Neomercantile friendly rules that match to perfection the already mentioned tenets of the ploy: 1) the unelected EU Commission is confirmed as the chieftain in control of all final rulings in Europe and in charge of monitoring their full implementation. 2) competitiveness is assessed in relation to wage containment and rising productivity, with a warning that "*large and sustained increases in Unit Labour Costs may lead to erosion of competitiveness*". 3) public wages must be kept in check not to hurt competitiveness, "*bearing in mind the important signalling effect of public sector wages*". 4) national debt sustainability is judged according to States' presumed profligacy in health care, Social Security and benefit payments (not a hint at capping other money swilling policies like military expenditure). 5) pension and social benefits must be reformed by "*aligning the pension system to the national demographic situation, for example by aligning the retirement age with life expectancy*". This clearly transfers the burden of restraining Good Deficit Spending onto ageing workers and to the weaker sections of society. 6) deficits that exceed the already suffocating limits of the Stability and Growth Pact (the "*straightjacket*") are to be made illegal by member States that will create national ad hoc legislations with "*sufficiently strong binding and durable nature*". This simply means that any use of Good Deficits to promote full employment and growth will be unlawful. Again, in the Eurozone today what MMTers may consider the proper functions of a State are being made illegal (57).

Major chunks of this Neoliberal edifice taken to an extreme were conceived by the powerful Neoliberal lobbies Business Europe (BE) and European Roundtable of Industrialists (ERT), and were presented to the EU Commission months (if not years) before they landed on March 11, 2011 on the desks of the European Heads of State and Government. The arrogance of these two lobbies, drawn from a solid awareness of how far the ploy had gone, can be detected in ERT's former chairman Daniel Janssen's words pronounced during the 2000 Tokyo meeting of the Trilateral Commission. He boasted unambiguously that "*On the one hand we are reducing the power of the State and of the public sector in general through privatization and deregulation. (…) On the other we are transferring many of the nation States powers to a* *more modern and internationally-minded structure at European level. European unification is progressing and it helps international businesses like ours*". (58) Coming closer to the European financial coup d'état we have just detailed, it must be pointed out that already in 2002 the ERT had requested that "… *at the drafting stage, the implications of national budgets and of major national fiscal policy measures are reviewed at the level of the Union*" (59). This is precisely what the *European Semester* later ruled. Business Europe is to be found in 2010 openly calling for "*strong enforcement mechanisms to ensure compliance*", coupled with "*a system of gradual penalties and sanctions in case of repeated indiscipline*" (60). The sanctions chapter in the EU *Preventing Macroeconomic Imbalances* dutifully obliged only a few months later. The BE group was involved in the drafting of the *Europact* to an even larger extent. The Dutch think tank Corporate Europe Observatory has compiled a comparison between BE's desiderata, as they were submitted to the EU top technocrats, and the actual text of the *Europact*. It makes compelling reading, as in many parts the official text seems to be a cut and paste operation of BE's recommendations. For example, the role of the Commission as supreme ruler was advocated by BE in a letter dated 4th of March 2011, twenty days before the Heads of States agreed on it in the actual *Europact* text. The lobby's exact words had been "*We emphasize the need to give a prominent role to the Commission and to limit room between Member States in the Council*". As for wages, in Autumn of 2010 BE's recommendations had stressed "*the importance of greater flexibility of wage bargaining structures*", which translated into the *Europact* text as "*review the wage setting arrangements and, where necessary, the degree of centralization in the bargaining process*". The idea of aligning the retirement age with life expectancy was spelled out by BE in the clearest manner already a year before the *Europact* proposed action "*by aligning the retirement age with life expectancy*". The wording used by Business Europe in that memo had been virtually identical: "*link the effective retirement age with life expectancy*". Most glaringly brazen are BE's diktats requesting that any Good Deficit Spending above insignificant amounts be made illegal by EU sovereign governments and parliaments. Between June 2010 and March 2011 Business Europe issued two position papers where words like "*transposition of debt and deficit rules into national law*", "*public debt brakes should be introduced into national laws*" and other sentences of the sort can be read (61).

Concerning this last point, it may be interesting for American readers of this Primer to note that some of the more extreme fringes of the political arena in the US are vociferously calling for precisely the same regulations in Congress. "*Amend the Constitution to make deficits illegal*", screamed the Tea Partiers in DC.

… and all the pieces of the puzzle will fall into place.

Broadly speaking, there are two possible interpretations of how policies, economies and societies evolved in the contemporary Western world. The first is the most commonly shared among people. It sticks to the belief that what we witness is the result of an enduring tug of war between many opposite social forces. They in turn produce a disorderly mix of political events and economic trends either fortunate or unfortunate according to the ability of our political rulers. They will be rewarded or punished at the ballot box. Sometimes, exogenous events brewing in the complex world of globalized markets will cause problems or even disasters which we call economic crisis, downturns and recessions. Peoples and governments are believed to have very little control over their appearance and must then toil hard to overcome them.

Alternatively, there is another way to look at all this: nothing of what we are seeing today in the way our economies and societies have been run has materialized by chance or through a dialectical social process. It couldn't have, too much was at stake, namely the appropriation of the larger slice of the world's wealth for the foreseeable future, no less. With such an immense reward coming within reach of either the peoples or the elites in the second half of XX Century, it cannot possibly be imagined that the race could have been allowed to start on a level playing field. Nothing, not even the most minute detail, could have been left to accidental developments. Hence the ploy. This interpretation is the lens we strongly advise our readers to look through if they want to grasp the economic realities of our times, and the tragedy unfolding before us. Then all the pieces of the puzzle will fall into place.

We can judiciously state that the grand design of the elites' comeback in the last 75 years has now produced results that could defy an Orwellian scenario for the third millennium. The sight of billions of people around the world holding their breath as the clock was ticking towards an American default in July 2011 is just an example. It was precisely as if billions of modern people had been holding their breath for the next ship to fall off the edge of the earth, since everyone had been told that the earth is flat after all. Madness, a collective folly of epic proportions. The US could technically default on its debt obligations only by choice, never because of an economic inevitability, just as a ship will never fall off the edge of the planet (62). But 75 years of the ploy have managed to convince entire nations and masses of learned human beings in all sort of executive roles that it could have happened. The result has been President Obama's decision to starve an already wrecked American society of another 2.5 trillion dollars or more for the exclusive benefit of a tiny elite of investors and corporations. The human suffering that will ensue is horrifying, piling on top of the already exiting one. This is a Democratic President outstripping all previous administrations in his two years drive to fabulously enrich a 1% of Americans. As US economist Warren Mosler said, "*They call Obama a 'socialist' who's taking from the rich and giving to the poor, but the facts show that instead he's presided over the largest transfer of wealth from poor to rich in the history of the world*". Again, it hasn't happened by chance (63).

Then there is the sight of 17 European nations – the very cradles of modern democracy with an economic history dating back centuries – willingly euthanizing their own parliamentary sovereignty and committing fiscal suicide. They did it at the behest of a bunch of unelected technocrats for the benefit of yet again a minute cabal of billionaires. A development that would have stunned the British author of *1984*. As you know by now, this shocking predicament hasn't come about by chance either.

We live in times where a blend of mass manipulation and shrewd deceptions in almost every field of policymaking have, in the words of the American academic turned activist Edward S. Herman, "*made plausible the unimaginable*". The field of economics is no exception, thanks to the workings of the Neoclassical, Neomercantile and Neoliberal ploy. *Unimaginable-made plausible* is the fact that Ireland was forced to pawn a large part of its National Pensions Reserve Fund as collateral for being partly propped up by the very people that had lured it into fiscal suicide. In other words, first we chop your legs off, then you must pawn your pension for us to provide you with a rickety wheelchair. It's *unimaginable-made plausible* that in the nation that used to boast the strongest unionized workforce on earth, Italy, those same Unions have now joined the Italian Neoliberal corporate elites in calling upon the government for "*tough measures to enhance competitiveness*". They don't realize that in a country that no more has no sovereign currency and thus cannot devaluate it, the only way to enhance competitiveness is wage devaluation. Make workers poorer, that is. Italian Unions are that dim nowadays, and have hardly batted an eyelid when the government introduced, as part of the elites' imposed austerity package, a 200 Euro tax on any worker seeking the help of Italy's Labour Tribunal in mobbing or unlawful firing disputes. The *unimaginable-made plausible* part of the present financial crisis is not just the lavish bailout (and total impunity) of the Wall Street criminals that conned millions and wrecked just as many lives driving half the world over the cliff. It's the fact that these gangsters were saved because "*too big to fail*", which means that if governments had not been bailed them out they would have gone on destroying not just half the world, but all of it. It's like you have to pay to bail out the thief that smashed your car into a wall otherwise he's going to wreck your whole house. *Unimaginable-made plausible* are 50 millions human beings, 17 millions of which are children, that could not get enough to eat last year… no, not in Somalia, but in the richest country on earth, the United States. This the place where at the same time the number of billionaires shot from 793 to 1,011 thanks to the financial crisis, with their aggregate wealth increasing by 50%. In the United Kingdom, the cradle of the Welfare State, the *unimaginable-made plausible* are the tents put up by Médecins du Monde in the borough of Hackney to provide British citizens with at least the most basic healthcare. No wonder, in a country where even the Financial Times lambasted the "*nationalization of banks' losses that left households facing cuts in their standard of living as steep as any since the 1920's*". In the London borough of Haringey, where the 2011 Tottenham riots started, there were 54 unemployed workers for each vacancy, a "*reserve army of the unemployed*" alive and kicking one and a half centuries after Marx's death.

Most despairing of all is the *unimaginable-made plausible* that is painted on our faces, arms and legs, that has gripped our minds: it's called apathy. When in November 2009 the commander in chief of the financial vampire squids' army, Lloyd Blankfein of Goldman Sachs, grinned at a reporter and said he was just "*doing God's work*", there should have been uprisings all over America. There are no words in the English vocabulary to describe the obscenity of that statement in the face of the horrendous pain that he and his partners in crime have inflicted upon millions of decent families. Alas, no uprisings, not even a hint. What is left of us? What is left of our dignity? Why are we so hopelessly succumbing to the instructions of Lippmann and Huntington?

A call to action.

What follows may be an odd way to end a Primer that is steeped in power politics and economics, but we would like to leave you with a compelling metaphor. It is drawn from a wildlife scene that has fascinated viewers around the world, with over 62 million hits just on Youtube (64). In that short clip a massive herd of giant African buffalos is going about its every day life along a riverbed in the South African savannah. Unknown to them, four lionesses are lying in ambush not too far away. The big cats attack, the herd is overcome with panic and stampedes in all directions. The sight of a hundred huge mammals armed with deadly horns and muscles of steel fleeing four scrawny felines, leaves one dismayed. Even more so when the lionesses manage to grab hold of a calf, and with savage fury drag it into the water, tearing the poor thing's flesh with their claws. The scene gets even more anguishing when, incredibly, a crocodile shoots out of the river and sinks its jaws into the calf's rear. What follows is an excruciating tug of war between the felines and the reptile, and one cannot bear to imagine the pain that the victim is experiencing. Why aren't those mighty buffalos coming back to the rescue of one of their own? It would take only a few in that herd to crush the attackers, don't they realize their own strength?

Just as one is tempted to give up watching the inevitable bloody ending, the camera zooms back and those questions are stupendously answered. At first tentatively, then decisively, and finally with awesome power the male buffalos charge back to save the agonizing calf. The scene simply overwhelms: the herd forms a black wall of mounting fury that surrounds the four lionesses, whose bodies now twist in fear. One of them is butted by a charging buffalo and is sent flying meters into the air as if it was a kitten, the others are chased away in seconds. The crocodile disappears into the river. Unbelievably, the calf is still alive and manages to struggle back to safety as the herd closes around it.

We trust that this metaphor needs no explaining. Only one question remains: **if buffalos can do this, why can't we do it any longer?**

True, part of the answer was provided a few chapters back (from Lippmann onwards), we are well aware of it. However, we believe that another explanation is worth considering, also because it constitutes the rationale for this Primer.

A good way to start is by quoting a statement recently made by the American investigative reporter Matt Taibbi. Commenting on the subprime-backed securities fraud he said: "*The only reason why people aren't angrier about this is because they don't really understand what happened. If these were car companies that had sold a trillion dollars' worth of defective cars to the citizens of the United States, there would be riots right now*" (65). Let's not waste time and words: one of the major reason why citizens, and especially progressives, have not found so far the necessary impetus to confront the Neoclassical, Neomercantile and Neoliberal ploy is that they don't understand it. They view this criminal endeavour – and the exploits of the financial and corporate elites – as a series of *opportunistic* rides by billionaire Globocrats feasting like vultures on our societies whenever they spot a chance to do so. Wrong. In some cases, they may acknowledge the existence of a global conspiracy to exploit the masses, what they often call "*The System*". Better, but not there yet.

What they don't realize is that we are all facing something of an entirely different order: a 75 year effort during which **almost every pillar of what is today considered 'sane economics' was crafted by the elites to hide the exact opposite**, namely their means to accomplish a *permanent structural* feasting on our common wealth. It was a spectacular deceit. This has had far reaching and disruptive consequences that hinder any attempt to confront the Neoclassical, Neomercantile and Neoliberal ploy.

First and sadly, most people and even progressives unwittingly bought into many of those pillars, and they uphold them vigorously. In fact, the elites' deceit was able to fashion as intuitive, as common sense and even as socially beneficial most of its greed-inspired economics. Citizens and progressives naturally adopted them, and today cannot connect the dots between what they consider 'sane economics' and the elites' grand design. They have been massively duped, it is as shocking a realization as that, no less. This is especially the case for the universally sanctified Debt/Deficit reduction mantra and of the whole political framework of the contemporary European Union. Progressives in particular will typically uphold that governments must cut Deficit spending, balance the budgets and rely on taxation in order to find money for social expenditures. Some of them even long for a return to the Gold Standard, where sovereign currencies are pegged to gold; in their view this arrangement would make for a sound use of governments' fiscal policy. MMTers know very well that a peg would be yet another '*straightjacket*' for Good Deficit Spending with the usual terrible outcomes.

Second, citizens and progressives may think that they are fighting the System, while they actually feed it because of the above.

Thus, if one approaches them with *real sane economics*, like Modern Money Theory, one is met with disbelief and even scorn. MMT runs contrary to most of the elites inspired economic dogmas, and as a logical consequence it will clash with most people's and with progressives' core economic convictions. MMT chief economist Randall Wray once put it in the most vivid manner: "*When I start explaining Modern Money, they all look at me like I sprouted two horns*".

It all comes full circle and goes a long way to explain why citizens and progressive organizations are today incapable of contrasting the Neoclassical, Neomercantile and Neoliberal ploy.

At this point we think that an urgent wake up call for active citizens and folks is in order. They should realize

a) That what we are facing is much more of a structural and comprehensive ploy than we normally imagine.

b) That by far the most devastating attack on democracy is not a political one, as many believe. Democratic institutions are being demolished first and foremost by the ideological or even physical removal of States' fiscal sovereignty and of their legislative powers. In fact, once States become unable to preserve the wellbeing of the majority, the game is over for any hope to preserve the common good, and will tilt in favour of the elites. Preserving the common good is what democracy is all about.

c) That consequently, in order to preserve our democracies, we must as a priority address the elites' driven destructive economic dogmas. It can only be done with a set of economic principles that will claim back the primacy of peoples centred fiscal policies to defend the common good. **This is what MMT can do**, as it addresses full employment and full Welfare for all, maintaining price stability. At the same time we must reaffirm that the duty of our elected representatives is to legislate in a fully sovereign manner first and foremost in the interest of the majority.

However, as we have just explained, MMT will not be readily understood by ordinary or active citizens, and this greatly hampers our effort. It is precisely here that the rationale for this Primer becomes manifest:

To provide our organizers with solid arguments to carry out the essential eye-opening task that we hope will empower families, workers, firms and progressives to comprehend A) the real origins of their social and economic woes B) the deception hidden in what they believe to be 'sane economics' and C) how MMT can help them, preserving our democracies.

It is from this mass communication effort that a bottom-up movement should ideally materialize, aimed at putting pressure on our elected Representatives for the realization through MMT of *Sane Economics for a Just and Safe Coexistence in Democracy*. In other words: MMT as government policy.

Conclusions.

Let's leave our MMT friends here, and dedicate a few final words to those that are reading us for the first time on this occasion. We don't know if you belong to the millions of Western families that in the last forty years saw their hopes and plans for a better future dissolve before their eyes. They were millions of decent human beings, totally unaware that their lifelong sufferings were mostly the result of a premeditated mass social crime for the triumph of some privileged elites. Perhaps you have been one of the many children that one day saw mum prepare breakfast stoned faced, as dad that morning inexplicably did not leave for work. Were you the kid that on school-trip day always faked a fever because he didn't have the money to go? Did your elder brother, the one that always dreamt to be a doctor, end up working at a gas station because at home money was so hard to get? Have you lived through the anger that now scars his personality? Are you one of the many young people temping for a minimum wage that will never allow them to plan a marriage, let alone buy a house? Or worse? Did you see you father die in pain after spending his last years having to choose between medication and enough food to feed his family? Are you the pretty employee that cannot escape the lurid attentions of her boss simply because there is no other work around? Maybe you know what it feels like to be her, to have to wake up every morning with a fit of nausea in your stomach as you approach to office. Did you ever abort your child because your husband had just lost his job and there was no way you two could then afford to raise the baby?

Perhaps you have read this Primer from the comfort of a nice house where, thank God, no one ever endured those terrible experiences. Whoever you are, you will come to your own moral conclusions on the Neoclassical, Neomercantile and Neoliberal ploy, as we have drawn ours. Instead, we would like to leave you with a fundamental proposition:

Millions of insecure, strained, trapped, impoverished citizens will never make for a safe and prosperous society. A tiny elite of greedy oligarchs who hold a majority stake on our common good will never make for a functioning democracy. The mix of these two very real predicaments is explosive, they must be redressed. The means are available, we call them **Modern Money Theory** for full employment and price stability. It's sound economics for a just coexistence, not charity, not political rhetoric. You are welcome for any further enquiry you may have. Thank you for reading this.

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