

SAYOUT

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Ideas, Facts, and Opinions for Today

Does the Financial System Matter?

High finance is also obscure finance. Do you know where money comes from? Do you know who controls the supply of money in our economy? Do you know why top politicians and business leaders continually claim we don't have enough money to pay for such things as universal health care, infrastructure upkeep, public transit, social welfare and more?

Questions about the well-being of our society arise all around us. Can we afford what we already have? Or must we revert to some sort of bare bones, hard-scrabble existence for everyone but a few?

Much of our political discussion relates to money. And that's where the financial system comes in. In fact, these days almost everything we deal with as a society relates to money.

Do we know where the money comes from? The financial system, our banks and other financial institutions will tell us—in line with their beliefs and practices. But what if their beliefs and practices aren't as perfect as they claim? They are, after all, mostly private corporations sworn to make as much money as possible for themselves. Is it possible that they slant things a bit?

In a truly democratic society we're wise to question our financial overlords. It's just possible that some of what we're told isn't as accurate as we might like it to be. And that could be costing us real money on a large and draining scale.

Who's Got the Hand Basket?

Sometimes it seems that the world is going to you-know-where in a hand basket. We can produce plenty of evidence to show this is so.

If all seems lost, should we just give up and let the wreckage of bad fortune wash over us? Of course not.

As living human beings we have a duty to ourselves and to those around us to keep pushing, to keep active.

The strength of our spirits can prevail. So take your hand basket and . . .

Can You Say "Quadrillion"?

"At \$1.2 quadrillion, the derivatives market is roughly twenty-one times the size of the global GDP. To say that all the money in the world can't stop the derivatives market from imploding wouldn't be an exaggeration. In fact, it'd be a gross understatement."

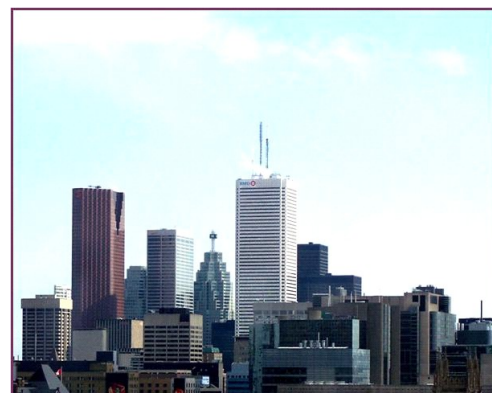
Thom Hartmann
The Crash of 2016, 2013



The Go-To Country for Fraud

"The habit of not questioning economic elites has led to Canada becoming a go-to country for fraud."

Bruce Livesey
Thieves of Bay Street, 2012



Where's all the money?

Benefit Corporations

Unlike the private corporations we're used to, "benefit corporations" aim at providing benefits to society in general as well as to their shareholders.

Over 74 benefit corporations or "B Corps" now exist in Canada in 6 provinces.

A non-profit organization called B-Lab provides certification for companies claiming to be benefit corporations. This certification can assure investors and members of the general public that a corporation is actually performing as a benefit corporation.

B Corps identify as good corporate citizens with a real and transparent commitment to the public good.

We can certainly hope that the benefits will be real and will spread.

What's the Amount?

Someone offers you a job. They say they will pay you one cent for your first work day and then double your rate for each succeeding day. They will guarantee you five weeks of work. Would you accept these terms of pay?

You do some quick mental arithmetic and realize you would end up being paid 16¢ for the day at the end of one 5-day workweek. You strain your brain a little and calculate that you would be paid \$5.12 for the final day of your second workweek. This offer doesn't look like much of a proposition, and you lean towards refusing. If you do refuse, though, you would throw away a lot of money.

Continuing with the math, you would end up being paid \$163 for the final day of your third week. For the final day of your fourth week you would be paid \$5,242.88. Things would definitely be looking up financially at that stage. For the final day of your fifth week you would be paid \$167,772.16!

In the end you would have earned a total of \$335,544.31 for your five weeks of work. This would put you nicely on the path to being rich.

What's going on here? Ah, you've entered the wonderful world of mathematics. The doubling process day-by-day gave you what's called a geometric progression with a common ratio of 2. Other common ratios might apply in

other progressions, to give you even more spectacular expansion results.

When compound interest applies on loans, it establishes a geometric progression as interest piles up on interest. If you pay off the loan quickly, you avoid the ill effects of the progression. If you pay off slowly, however, the workings of geometric progression will accumulate against you. In some cases, you would end up with an impossible total to repay. This process has occurred with many governments around the world. It goes a long way towards explaining why so many developing countries arrive at a point where they no longer can handle their debts.

The reality of compounding interest forms a central danger of a national debt. If this danger is not properly taken into account, disaster can ensue.

Developed countries too now worry about the dangers of compound interest on their debts. What happens if they reach the point where what they owe has become an impossible amount to pay off? A country such as Greece is struggling with that very question today.

Global finance is very much involved with the workings of mathematics. What seems a small and manageable loan today can balloon in a frightening way over time. Does our government have "progressive" loans today? Should we be worried?

Conspiracy You Say?

The word "conspiracy" is an interesting one. It conjures up images of people lurking in dark corners to agree on some sort of dastardly plan designed to harm others.

Historically, conspiracies have certainly existed. Julius Caesar suffered from a nasty conspiracy by Roman senators on the Ides of March. President Nixon conspired to help the Watergate break-in artists escape justice. And, of course, plenty of conspiracy theories exist about the assassination of President John F. Kennedy in 1963.

In legal terms conspiracies require solid evidence, including evidence that something harmful to others actually occurred as a result of two or more people conspiring.

Simply suspecting that a conspiracy exists is not enough. People may have similar thoughts and engage in similar actions, but that does not mean they're part of a conspiracy.

When conspiracies are suspected, care must be taken to gather evidence and to establish in no uncertain terms that people got together deliberately to do something against the interests of others. That takes careful and patient work.



So where are the trains?

Most Significant Global Crisis

"This is the most significant global crisis in eighty years. The crisis is not just a once in a century accident, something that just happened to the economy, something that could not be anticipated, let alone avoided. We believe that, to the contrary, the crisis is man-made: it was the result of mistakes by the private sector and misguided and failed policies of the public."

The Stiglitz Report

Sayout

Sayout gives voice to those concerned about where we are in today's world and where we're headed. Here we can talk about issues affecting us right now—in Canada and around the world.

Agree or disagree, but think. What is really happening, and what do we need to do? Ask questions of those in power, demand action where it's needed, and don't be misled by saccharine promises or golden phrases meant to soothe, but nothing more..

E-versions of this newsletter are available for free. You just have to ask. No selling, no hassles!

Contact Robyn Peterson at:

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Are You Impressed?

One intriguing aspect of management concerns “impression management”. This involves the deliberate management of the impression you or your organization makes on others.

In some ways this can seem a deviant activity. But it’s something we all do—to a greater or lesser extent.

When you prepare yourself for an important interview, you groom yourself as best you can and choose a wardrobe suitable for the occasion. During the interview you will likely watch your speech and the mannerisms you display. And, of course, you will do your best to be courteous and to seem intelligent and knowledgeable.

In preparing for the interview, you’re planning for good impression management.

Our world operates continually and in all sorts of ways with impression management. Successful corporations know this and work hard at managing the impression they create for the world to see and appreciate. This is a central task of public relations. Corporations want the world to think the best of them.

Impression management is certainly a respectable and necessary activity. Any organization would be seriously remiss if it didn’t engage in impression management.

Trouble can stir, however, if the substance behind the impression is lacking. Colloquially: *Does the company live up to its hype? Does it deliver the goods?*

When people or organizations create wonderful impressions, but don’t live up to those impressions with real goods and services, problems ensue.

Cheating on a résumé can bring nasty consequences. Similarly, cheating in the area of impressions created for the public can bring nasty outcomes for any company. That’s an impression worth remembering.

Will There Be Martial Law?

Some people now believe that we are near to a time when martial law will be declared in Canada or the United States, or both. This view seems to arise from dire warnings about catastrophic times ahead. Is this one more weird conspiracy theory or might it have some substance?



Ready to take over?

A young woman recalled being present with protesters near the 2010 meeting of the G20 in Toronto. She said a policeman had informed her that there was a state of “martial law” in effect near the fence protecting the meeting site. She was given to understand that the police were in fact the government in that area.

The police officer involved had spoken nonsense. The concept of martial law means rule by the military, not the police (and the police are not military). The Canadian military operates within the concept of “aid to the civil power”. This means that if the military is called in to help control a given situation, it does so under civilian jurisdiction and as a servant to civilian power. The military itself does not rule.

Canada’s National Defence Act provides for the attorney-general of a province to ask the Chief of the Defence Staff (CDS) to make a direct request for military assistance in case of an ongoing riot or apprehended major civil disturbance. The CDS must respond to such a request. But it is the CDS who decides on the exact nature

and extent of the military response. A provincial attorney-general cannot order the streets to be flooded with soldiers.

Once a military response occurs, it would be under the direction of the civilian authorities in the province concerned. Here is the essence of “aid to the civil power” in practice.

In 1990, at the request of the attorney-general of Quebec, troops were deployed to contain a dangerous armed confrontation at Oka. Up to 3700 soldiers took to the field.

Under Section 23.03 (Position of the Canadian Forces in Relation to the Civil Power) of the National Defence Act (2005), the following two points are made concerning the role of the Canadian Forces in providing aid to the civil power:

- (1) Where a part of the Canadian Forces is on service in aid of the civil power, it does not replace the civil authorities but assists them in the maintenance of law and order.
- (2) The responsibility for the reading of the proclamation prescribed in the Criminal Code, commonly known as the “Proclamation Under the Riot Act”, or of making any other proclamation required by law, rests entirely with civil authorities and not with the Canadian Forces.

We can see from these excerpts that “martial law” as commonly understood is not provided for. The military does not take charge and rule.

Does all of this mean that the military could never take over in Canada? One can say that anything might be possible. But, given our traditions, laws, and inclinations, this possibility is a remote one.

The rumour mills can churn and conspiracy theories can keep arising, but the chances of martial law occurring in this country are slim to the point of being non-existent.

Bring on Lawlessness!

"The richest countries are the biggest promoters of lawlessness in international trade and finance."

Raymond W. Baker
Capitalism's Achilles Heel, 2005

Free Trade is Good for Everyone — Right?

The term, "free trade" has become a mantra of those claiming it will shower benefits on all. Benefits do flow, and in large amounts, but for whom?

In theory, free trade means you open up your borders completely, with no tariffs or restrictions on foreigners selling whatever they want. It also includes allowing foreigners to buy whatever they please inside your country.

In practice, of course, free trade does not exist in its theoretical sense. What we have are trade deals, pure and simple. Nations do find ways of controlling certain aspects of trade, even if they pronounce themselves as supporting 'free trade'.

The question is: *Who benefits from the controls that are applied? Is it you?*

"Transnational" What?

Peter Drucker, the noted American management authority, often used the term "transnational". He preferred this term to such words as "international" or "multinational" to describe large corporations operating on a global scale.

In essence, a transnational corporation has escaped the bounds of national limitations. It can have its de facto headquarters in any country it chooses. Given today's communications capabilities, it can shift its command of operations fairly quickly.

Crucially, perhaps, the transnational has no allegiance to any one nation.



So prove it's yours

Our Noble Rulers

In the long sweep of English history struggles arose regularly among the nobles and between the nobles and the King. In a great historic moment, the nobles forced King John to sign the Magna Carta at Runnymede in 1215. From that time it was clear that the power of the King and his Council could be curbed, even blocked.

Who are the nobles today? In England they're often high level business magnates, many of whom are appointed to be peers of the realm in recognition of their services.

In Canada, top business leaders can aspire to be nobles as well, although they won't likely obtain noble titles. Lords Beaverbrook, Thomson and Black were exceptions.

Still, the top CEOs in Canada can really be seen as the equivalent of the nobility of old. They have power, a lot of power, and they can bring governments to heel—discreetly of course. Their opinions and their desires matter a great deal.

The Canadian Council of Chief Executives (CCCE) has become like a part of government, just like the old House of Lords. It does not have that position in our constitution. But it does have that position in terms of everyday reality.

When the CCCE speaks, the prime minister and the premiers listen—carefully. Quite often they obey. Just as King John did all those years ago.

Is That Shrinkflation?

"Shrinkflation" is a fairly new word to describe a pricing manoeuvre that a number of people have identified. It's a form of inflation in our economy that goes by without most of us noticing it. And it isn't counted in our official statistics related to inflation.

When a company offers you slightly less than they did before, but at the same price and in the same-size container, they've engaged in shrinkflation.

Suppose you like hot chocolate. You buy a can of it in the store for, say, \$4.35. The can contains 225 grams of hot chocolate. But that same product used to contain 230 grams. The size of the can hasn't changed, but the amount of hot chocolate it holds has shrunk. Who notices the 5 gram shrinkage?

Because you're paying the same price as before, but for a lesser amount, you are, in effect, paying more for your hot chocolate.

Add up little shrinkages on different products here and there, and soon you've got a significant amount of inflation. But it occurs quietly and without us really noticing.



Is that the path forward?

Psychopaths are with Us

"... based on many anecdotal reports and on our own observations, it is likely that psychopathic individuals make up much more than 1 percent of business managers and executives."

Paul Babiak and Robert D. Hare
Snakes in Suits, 2006