

## ECONEWS #219

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### THE ECO-PERSONALS

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\* **Monthly Bulk Raw Food** delivery service in Greater Victoria offering organic raw nuts, fruit, cacao, coconut, superfoods and much more. <http://rawfoodsooke.blogspot.com>

### LESSONS FROM ICELAND

Iceland is a tiny country whose 320,000 people fell for the Wonder of the Free Markets bedtime story hook, line and imported champagne. In 2001, when the country's banks were deregulated they bought so many foreign companies that the value of their assets skyrocketed to 923% of Iceland's GDP. Many Icelanders partied till dawn, flush with consumer goodies, and Europeans loved the 15% interest Iceland's banks were offering.

By July 2008, Iceland's external debt had climbed to \$223,000 per citizen - 80% held by the banks - and when the global crisis hit everything collapsed. The government fell, but instead of bailing out the banks they were allowed to fail, and what was left was nationalized. The value of the krona fell by 50%, imports collapsed, and today 35% of Icelanders are in serious default over their household debts, even after being allowed to tap into their pension funds to keep going. There

has been a small recovery, but there are fears of another collapse.



I gathered this from the Icelandic poet, artist, writer, wikileaks activist and Member of Parliament Birgitta Jonsdottir ([this.is/birgitta](http://this.is/birgitta)) who was so incensed by the craziness that she and some friends formed a new political party, The Movement. Their goal was to articulate one of the central demands of the protests, and re-write the Icelandic constitution. With just eight weeks before the election, they formed a new party and created an agenda based around democratic reform, transparency, and bailing out the people, not the banks.

They won 7% of the vote, which translated into four seats due to Iceland's proportional voting. The Parliament began to create a new constitution by choosing 1,000 people at random, who elected 25 people to put the vision into words. The 25-page constitution was developed using an open-source process using Twitter, Facebook, Youtube and Flickr. Every week the latest drafts were shared through a public website, and live broadcasts of their meetings. The new constitution is currently before the Icelandic Parliament. Among other things, it entrenches health care and education as constitutional rights, makes protecting the environment a constitutional imperative, and makes clean water and clean air a fundamental right. It allows 10% of the people to demand a national referendum, 2% to produce a legislative proposal, and host of other progressive changes.

Is Iceland out of the woods? No way. Is this an encouraging positive response to the crisis we find ourselves in? Clearly. Does it show the value of self-governance in very small units? Maybe. On the other hand, Iceland was the same small unit when they deregulated the banks in the first place, appealing to Icelandic greed and fantasy and allowing the chaos to enter, so there's no comforting evidence here that being small means being wise.

### Wake up

I have seen signs  
the end of the world  
as we know it  
has begun.

Don't panic  
it might look terrifying  
on the surface  
but inside every human being  
a choice  
to go under  
or flow.

Earth is calling  
Sky is calling  
God is calling  
Creation is calling  
wake up, wake up now.

Generate the capacity for love  
for compassion in your heart.

Now is the time  
to wake up  
to the call of growth  
and unlimited love  
to all that life is.

**So wake up, wake up now.**

- Birgitta Jonsdottir, Icelandic MP

### THE PRIEST WHO LEFT HIS RELIGION

We live in interesting time, when as well as those who are angry, confused, or trying to grab every fig leaf they can find to stitch the status quo back together, there are many who are searching for deeper answers. What is the deeper story behind the unwrapping and unraveling that is beginning to occur? What is the gift within the unraveling?

John Shields - who lives here in Victoria - grew up believing he would become a Catholic priest, and he followed it through to become one, God, robes and all, until his world began to unravel as the world-opening promises of one pope fell on the hard stony ground of another, casting John out onto the rip-rocks of bewilderment and loneliness.

For many, the holiday season is a good time to dig into a good read, and John's very personal autobiography, *The Priest Who Left His Religion*, is immensely satisfying, since John is so emotionally open in the sharing of his life, and his journey to a new cosmic spirituality.

Who would have guessed that John would go on to become one of BC's great labour union leaders, or a pioneer for men to explore their hearts, their vulnerabilities and their souls? Read on, and your heart will thank you.

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[www.earthfuture.com/gardenpath/  
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### THE MEN WHO STOLE THE WORLD

If you prefer blood-pumping excitement and insights that make you gasp for your holiday reading, then rush for *Treasure Islands - Tax Havens and the Men Who Stole the World*, by Nicholas Shaxson, an experienced English journalist who has written regularly for the *Financial Times* and the *Economist*.

His work is solid, and solidly shocking. Among other things, Shaxson has discovered \$6 trillion hidden away in tax havens from the Cayman Islands to Delaware - enough to wipe out all the "debt" in the countries of the global south twice over, every last secretive dollar been put there by the world's richest billionaires and corporate executives, high-flying bankers and hedge-fund hiding Wall Street ball-busters.

Anger and astonishment aside, Shaxson does such a good job of telling how this state of affairs came to be, and how the City of London and Wall Street are at the centre of this octopus of secret theft, out of control and out of reach of the governments that seek to regulate and tax them. We all need to know this - every journalist, every economics and MBA student, every Minister of Finance, every change-the-world activist who yearns to piece things together.

If there are five major pieces to the global financial puzzle, this is one of them - and it's a great read, into the bargain. See [www.treasureislands.org](http://www.treasureislands.org).

## ETHICAL INVESTING

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### THE NATURE OF MONEY

Five major pieces - if that's so, what are the other four? I'm no economist, having struggled with it at university as a subsidiary to my sociology degree, but the urgency of the global situation and the need to know what the future has in store for a major new book that I am writing set in the year 2032 has forced me to dig in, and try to piece things together.

### #1: Restore fair taxation

The first is that we need to restore fair taxation, and prevent the rich from keeping far more than their fair share. Linda McQuaig's newly co-authored book *The Trouble with Billionaires* spells this out very thoroughly, and *The Spirit Level - Why Great Equality make Societies Stronger* by Richard Wilkinson and Kate Pickett shows how deeply damaging the growing inequality is for everyone.

**#2: Close the world's tax havens**, as Shaxson's book outlines.

**#3: Separate the regulations from the regulated.** When the full history of the way Wall Street took over the reins of financial governance is finally revealed, systematically eliminating everything that stands in the way of greater profit, we will all be truly shocked.

**#4: Redefine growth, wealth and GDP**, so that our accounting takes equal measure of the wealth of nature, community and human intelligence, alongside the wealth of money.

**#5. Change the way we create money.** It is this that has given me the greatest mental headache, and still does. It concerns the mystery of the way money is created, and the hard-to-believe reality that the private banks conjure it up out of thin air by creating loans as a line item on a borrower's balance sheet. It's called 'fractional reserve banking', and it has created the pinch-me-is-it-real situation in which only 3% of the money supply is backed by anything of any real value. The rest is backed only by the belief that "it'll all work out OK", even though many, from the Wall Street's occupiers to Europe's top politicians, are beginning to fear it will not be so.

The solution is not to take away the power of the banks to lend, and to create all new money by having the government print it, wiping out their debts by so doing. All that this would achieve would be to wipe out everyone's wealth by massive inflation.

It was when I came across the British organization Positive Money and the recent work of the New Economics Foundation that a solution began to become clear. For their paper *Towards a Twenty-First Century Banking and Monetary System*, the four authors (who include Professor Richard Werner, Chair of International Banking at the University of Southampton) worked their way through 500 Bank of England documents to reassure themselves that

they have really understood how the system works.

Their proposed solution is to change to a system of Full Reserve banking in which our individual bank accounts are separated into ordinary Transaction Accounts, which will never be lent out, earn no income and be 100% backed by the publicly owned Bank of Canada, and Investment Accounts, which are loaned out to a real venture, at risk to the investor. In this way the control of the money supply is removed from the private banks and performed instead by the government through the issuance of new money for government projects, controlled by an independent arms-length Monetary Supply Committee. If we add ecological and social criteria to the issuance of loans, Sustainable Full Reserve Banking becomes the name of the solution we all crave.

The topic is complicated, but it lies at the heart of a future system of socially and ecologically sustainable banking, so we do we need to wrap our heads around it. I am currently trying to understand from the folks in London how the transition could be achieved. See [www.bitly.com/vidMSY](http://www.bitly.com/vidMSY)

### MUNICIPAL ELECTIONS

Many congratulations to all who retained or won seats! But in the rush, we must not forget those who have given true devoted service to the cause of a green sustainable future, only to lose their seats. In Victoria, stand up Philippe Lucas, John Luton and Lynn Hunter. Your work has been appreciated, and I hope that your freedom from municipal office will free up your talents for some great new forms of service. Every disappointment has a shining reverse side in the opportunities it opens up.

### ACTION OF THE MONTH

#### COSMETIC PESTICIDES

December 16<sup>th</sup> - that's our deadline to respond to the government's call for public input on whether they should regulate the cosmetic use of pesticides.

**Action:** Please go to [www.leg.bc.ca/pesticidescommittee/questionnaire.asp](http://www.leg.bc.ca/pesticidescommittee/questionnaire.asp), and fill in the questionnaire. The Canadian Cancer Society has a model response at [www.cancergameplan.ca](http://www.cancergameplan.ca), but the more you make it personal, the better. The chair of the committee thinks we're all being terribly unscientific, and purely political. So please speak up!