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Why Property Rights Matters: The War of Worldviews and the Right to Property

By Dr. Michael S. Coffman

Editor's Note: The following analysis and commentary by my friend, Dr. Michael Coffman, is an excellent overview of the philosophies and cultural drivers that have shaped one of the most important foundations of personal and national development: private property.

While written with America in mind, the lessons found in this article transcends the United States. No matter if you live in Peru, Australia, India, South Africa, Spain, or Canada, the social and economic impact of property ownership and usage is of paramount importance. Hence, this article – originally written a number of years ago – is relevant to all *Forcing Change* readers.

As Karl Marx penned in his *Communist Manifesto*, "the theory of Communists may be summed up in the single sentence: Abolition of private property."

Further Note: Dr. Coffman has granted *Forcing Change* permission to reprint this article.

Dr. Michael S. Coffman is a respected environmental scientist and noted author, and he is President of Environmental Perspectives and the Executive Director of Sovereignty International. During the 1990s, Dr. Coffman played a key role in halting the UN Convention on Biological Diversity in the US Senate, one hour before the Senate was scheduled to vote on the treaty. His books include, *Saviors of the Earth?* and *The Birth of World Government*. More recently, his DVD, Global Warming or Global Governance, has been instrumental in peeling back the propaganda and pseudo-science of climate change.

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Dr. Michael S. Coffman

By Dr. Michael S. Coffman

Our view of reality and the role of government in our lives greatly influences how we view property rights. Our public education system no longer teaches foundational U.S. Constitutional history and the principles that we derive from it. Consequently, we have become a nation of two world-views, and many of us cannot recognize that we are undermining the very form of government that made America the greatest nation on earth.

The two philosophies that have been struggling for supremacy for the past 250 years, those of John Locke and Jean Jacques Rousseau, have divided America. America's Constitution is rooted

This fundamental principle became the cornerstone of the Declaration of Independence.

"That to secure these Rights, [of life, liberty and the pursuit of happiness (property)] Governments are instituted among Men, deriving their just Powers from the Consent of the Governed."

Locke's political philosophy promotes individual rights and limited constitutional government as the basis of freedom and economic security.

Jean-Jacques Rousseau (1712-1778) opposed Locke's model in the name of the wholeness of man, arguing that it divides man by focusing on self-interest, individual rights, and property. Rousseau saw "man as a malleable creature" to be molded by an enlightened government. He "favors primitive man, the noble savage who lives in simple equality with his fellow man, with few needs, a limited appetite, over man in civilized society."[2]

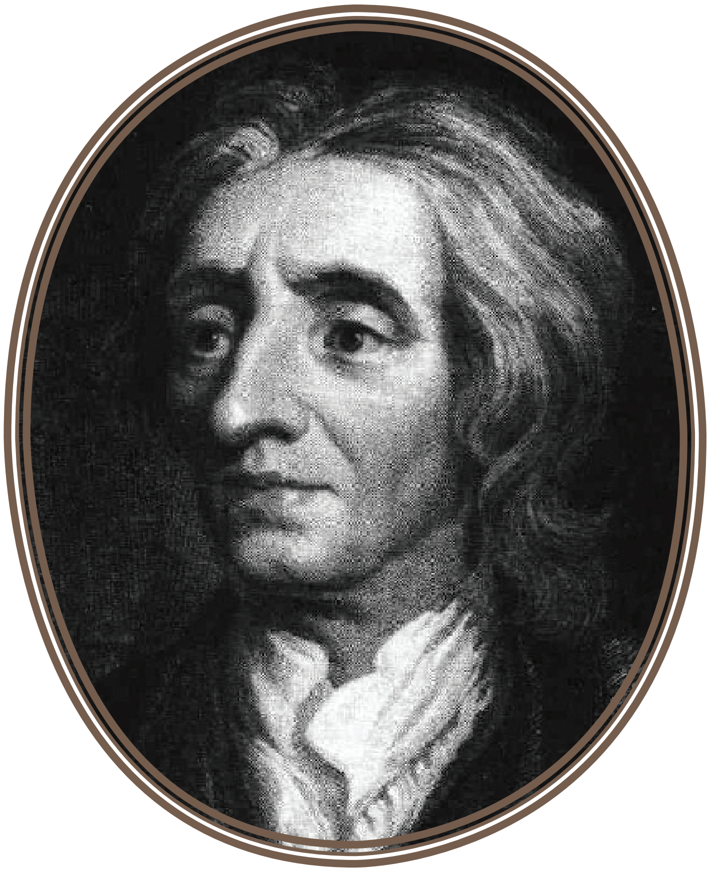
Rousseau wrote the *Social Contract* in 1762, which focused on the abstract "general will" of the people.[3]

Today it is expressed as the "public good" or the "public interest," and forms the heart of socialism. Although Rousseau championed individual freedom from the state and religion, there is nothing to keep the state from defining the "general will." Rousseau's philosophy therefore inevitably leads to a "Statist" approach to government, in which the state is superior to the individual, and all individual rights are derived from the state: including property rights. According to Rousseau, property rights bind the poor, give "new powers to the rich," thereby destroying "natural liberty" and equality, and convert "usurpation into unalterable right."[4]

in the thought of John Locke (1632-1704) whose *Two Treatises on Government* (1689) provided a framework for England's Glorious Revolution of 1688 and the American Revolution of 1776. Locke demonstrated that the foundation of a progressive civilization, as outlined in his *Second Treatise of Government*, begins with natural, God-given rights – rights to what Locke terms "life, liberty and estate." Thomas Jefferson made them the cornerstone of the Declaration of Independence when he penned, "Laws of Nature and of Nature's God."

The purpose of government, according to Locke, is to join with others to,

"…unite, for the mutual preservation of their lives, liberties and estate, which I call by the general name, property. The great and chief end, therefore, of men uniting into commonwealths, and putting themselves under government, is the preservation of their property."[1] (Italics added)



John Locke

Contrary to the Rousseau model of governance which condemns individualism and self-interest, the Locke model *depends* on private property rights and self-interest to motivate individuals to do something a *better way* or create a new product or service that serves a human need. To prevent abuse, both Locke and our founders held that private property rights could not be unlimited. Laws, however, should be only designed to prevent the use of property in ways that cause real harm to other people or to their property, not to achieve some altruistic social goal.

So important is this principle that the U.S. Supreme Court said in Lynch v Household Finance Corporation (1972),

> "[T]he dichotomy between personal liberties and property rights is a false one. Property does not have rights. People have rights. The right to enjoy property without unlawful deprivation, no less than the right to speak or the right to travel, is in truth, a 'personal' right, whether the 'property' in question be a welfare check, a home, or a savings account. In fact, a fundamental interdependence exists between the personal right to liberty and the personal right in property. Neither could have meaning without the other."[5]

Without the right of private, unencumbered property, people cannot have liberty. True freedom is only an illusion if they are dependent upon the state for water, food, shelter, and other basic needs. When the state, rather than individuals, owns the fruits of the citizens' labors, nothing is safe from being taken by *either* a democratic majority or a tyrant.

> "Ultimately, as government dependents, these individuals are powerless to oppose any infringement on their rights…due to the absolute government control over the fruits of their labor."[6]

Jean Jacques Rousseau

Nowhere is this more apparent than in the old Soviet Union, where all property belonged to the state. No one could speak out against the government for fear of his or her family being evicted, or their job taken away, by the local communist commissar.

Another problem arises from state ownership of land. While environmentalists and socialists blame greed and the self-interest of private property owners for the environmental destruction, that is not accurate picture.

Ironically, it was because *no one owned* our air or waterways that they became polluted. It is the natural consequence of the law of the commons; the air and waterways are not property to be owned, but theoretically belong to all people. But since there was no pride of ownership, there was no motivation to care for or optimize property held in common with the millions of other citizens. Everyone sinks to the lowest common denominator, the economic structure stagnates, and the infrastructure collapses. It is called the Tragedy of the Commons.

While property rights motivate individuals to be creative and take risk in finding a better way or product, Rousseau socialism does just the opposite. Rousseau socialism places control in the hands of unaccountable, un-elected government bureaucrats whose primary incentive is to make their regulatory jobs easier and more efficient so they can build bigger empires at the people's expense. Unless there is strong oversight of bureaucrats, something politicians rarely do, there is no accountability to keep them from administering laws in an arbitrary and capricious manner – leading to corruption. While Rousseau socialism does not destroy property rights as effectively as totalitarianism or communism, it nonetheless places a stranglehold on it and reduces economic and personal freedom in proportion to the amount of regulation imposed.

To socialist and totalitarian nations, private property rights are diametrically opposed to their fundamental belief that the state should either control or own those rights. So the Soviets, and others, never allowed private property rights in the great capitalistic venture of the twentieth century. Therefore, capitalism failed. Conversely, every parcel of land, every building, every piece of equipment, every store of inventory in some form as property is documented by law in the West. This legal process takes only a few days at most, and indelibly connects all these assets to the rest of the economy.

This is not the case in developing nations. Registering titles in most developing nations doesn't take days, nor months, and not even years. They often take *decades* as a person must get approval through dozens, if not hundreds of bureaucratic steps and agencies in which the bureaucrats have no incentive to process the application expeditiously. While people in developing nations may actually own property, which the local community recognizes, they rarely register it because of the regulatory quagmire – so it has no legal value for collateral or building of tangible wealth. Therefore, since it has no legal value, it represents vast but dead capital.

This fact either eliminates potential businesses altogether, or forces these businesses to limp along for lack of capital. The bloated and corrupt bureaucracies and overbearing regulatory systems keep the poor from ever getting out of poverty.

Extensive research by the Institute of Liberty and Democracy in Peru has shown that the total value of property held, but not legally owned, by the poor of the developing nations and former communist countries is at least *$9.3 trillion*![7]

This is ninety-three times as much as all development assistance to the developing nations from all the advanced countries during the past thirty years.[8]

Unnecessary regulation kills the asset value of property as effectively as a lack of title, deed, or contract. Without strong property rights, a nation dooms itself to corruption, oppression, mediocrity, scarcity, and even poverty.

The Plundering of Rural America

One thing the Endangered Species Act, wetlands regulations, the Clean Water Act, and various heritage acts have in common is that they are all based on the Rousseau model of the "public good" and state supremacy over private property rights. Environmental activists demand that the state control all private property rights, especially those of rural citizens.

There is a growing realization that urban-suburban citizens have plundered their rural brethren for decades in a way not unlike King George did to the colonialists in the 1700s. A July 26, 2001 *Wall Street Journal* (WSJ) editorial called it "rural cleansing." The *WSJ* claimed that; "The goal of many environmental groups…is no longer to protect nature. It is to expunge humans from the countryside."[9]

Continues the WSJ,

> "The strategy of these environmental groups is almost always the same: to sue or lobby the government into declaring rural areas off-limits to people who live and work there. The tools for doing this are the Endangered Species Act and local preservation laws, most of which are so loosely crafted as to allow a wide leeway in their implementation. In some cases the owners loose their property outright. More often the environmentalists' goal is to have restrictions placed on the land that either render it unusable or persuade owners to leave of their own accord."[10]

The Rousseau-oriented environmental message finds willing listeners in urban America. Although urban areas make up only 5 percent of the land area in the United States, they contain 77.2 percent of the population. Citizens living in large cities usually are disconnected from the realities of rural life and resource utilization. They have no idea what it takes to grow wheat for our bread, livestock for our meat, trees for our paper, or mine minerals for our computers and other metal uses. While they may technically know milk comes from cows, they *think* and act as if it comes from their local supermarket.

This increasing power by the urban-suburbanites within Congress and the various state legislatures is a gold mine for the Rousseau-oriented environmental and public interest lobbies. These well-funded special interest lobbies have easily manipulated the largely uninformed urban masses into believing all kinds of terrible things are happening that can only be solved with big government control.

While we do need to protect the environment, most of the horror stories and accusations made by environmental groups are either greatly distorted, taken out of context, or outright false. These powerful groups have convinced the urban majority and Congress to create an interlocking web of Rousseau-based laws and regulations that usurp local and state jurisdictions, and bestow enormous powers on federal bureaucrats who create one-size fits all regulations, yet have little to no accountability to those they govern.[11]

Very few Americans understand the powerful role foundations and the federal government have in framing and executing the environmental agenda. Ron Arnold in his book *Undue Influence*, warns that "a number of private foundations have become prescriptive rather than responsive" to demonstrated needs.[12]

Many foundations "design the programs, select the funding recipients and direct grant-driven projects for a substantial number of environmental organizations."[13] Arnold goes on to say that through interlocking boards of directors (the same people sitting on several boards),[14] the environmental movement consists of,

> "…a three-cornered structure beginning with tax-exempt foundations which devise multimillion dollar environmental programs to eliminate resource extraction industries and private property rights. The foundations direct their funds to the second leg of the triangle, environmental groups with insider access to the third leg, executive branch agencies. This powerful 'iron triangle' unfairly influences federal policy to devastate local economies and private property."[15] (Italics added)

Under the umbrella of the Rockefeller Family Fund, 136 foundations collectively formed the Environmental Grantmakers Association (EGA) in 1987. At the end of the twentieth century, the EGA had a membership of more than 200 organizations within its structure.[16]

The EGA funds hundreds of millions of dollars of environmental activism annually.[17] When the additional 2,300 foundations that donate to environmental activism are considered, plus the billion dollars or so contracted to environmental organizations by various agencies of the federal government, the *Boston Globe* estimates the total funding for environmental activism to be around four billion dollars annually![18]

Since 1970, Ron Arnold has provided detailed evidence that foundations and federal agencies have spent *billions* of dollars attacking property rights by controlling the activities of big environmental organizations through their funding.[19] In a single dazzling display of raw power, foundations with interlocking directorates funded the Nature Conservancy in 1996 to the tune of $203,886,056, or 60 percent of its annual revenue.[20]

Foundation and environmental leadership have a cold-blooded outlook on destroying property rights and the lives of American citizens. For instance, Donald Ross, head and creator of the EGA in the Rockefeller Family Fund, said that it was futile for environmental leaders to even try to take a pro-job position in light of the enormous unemployment they are creating in rural America. How are we, he asked,

> "…who have no experience of ever running a business, managing a business, or starting a business, gonna go in and advise loggers who have no high school education and are making $40,0000 a year to convert to some other kind of economy in the middle of the woods that is gonna produce $15,000 a year at best, and expect they're gonna embrace it."[21]

Picking up on Ross's theme, another EGA participant said,

> "If it means shutting a plant down, or it means stopping a pulp mill in Sitka or what have you, that's what has to happen…There are local communities that are going to go over the abyss in the short run. It's gonna be either a different kind of economy or it's not gonna be there."[22]

And that is exactly what these foundations have done. The purpose was not to find alternative methods of harvesting that would be more environmentally sensitive; the purpose was to stop all logging, regardless of the brutal cost to people, families and communities. Within three years the mill in Sitka was shut down because of lack of available pulpwood due to forest lawsuits and closures caused by foundation-funded activist groups.

Congressman Richard Pombo (R-CA) laments this heartless attack on America's natural resource-based Industries,

> "Federal policies implemented as a result of environmental advocacy financed by private foundations are trampling on property rights…These policies are creating misery in rural areas dependent on resource production. Small communities and families in rural areas are reeling, while environmental groups are collecting rewards of six figure grants from rich, private foundations. Why is this sort of activity subsidized by the taxpayer?"

The same urbanites who believe rural areas are disappearing also demand more "public land," especially in the Western United States. Again, lack of understanding prevails. The federal government already owns one-third of the United States. State and local governments own another 8 percent. Most Americans, including politicians, have no idea that government *already* owns more than 40 percent of America! Since these lands are claimed to be the "people's land," federal agencies act through public pressure, often applied by the big environmental groups flush with foundation money.

Anti-property rights activists use the "perceived good result," or the "public good," to attack the basis for constitutional property rights. Laws and regulations help to advance this agenda, as well as Rousseau-oriented activist judges. Since the 1970s, the courts have been systematically ruling that the use of private property and "the rights of the individual" endanger the rights or the safety of other people. Even if no direct harm could be demonstrated, this land use activity could be classed as a nuisance.[23]

By the 1990s, the definition of a nuisance had become so ambiguous that almost anything qualified. If the government could define land use as a nuisance, then the "good of the many" legally prevails over property rights.[24] Over time the courts shifted the basis for reviewing a "taking" from one of "nuisance," to one of "public good" or "public trust."[25]

This is identical to Rousseau's "general will." Once the concept of the public good prevailed, the government could regulate and restrict use on private property at will, and without paying for it,

> "The public trust doctrine is the perfect tool to avoid paying [for private land]. With no economic penalty to be borne for their actions, the environmental movement's incentive is strong to eliminate every last scrap of private property in America. Environmental lawyers have pressed literally hundreds of cases in recent years invoking the public trust doctrine for environmental protection, expanding the concept of "essential for public use" to encompass virtually all private property."[26]

In the last quarter of the Twentieth Century, regulatory restrictions have taken tens, perhaps hundreds of billions of dollars of property value. Possibly some of these takings were necessary, but most were not. None provided just compensation to the property owner as prescribed by the Fifth Amendment to the Constitution.

The universal right of the state to justify increasing intrusive regulations for the public health, safety, and welfare was first developed in 1837-47 judicial case of Charles River Bridge v. Warren Bridge and the License Cases of 1847. Chief Justice Taney gave the state police power succinct definition, "*The power to govern men and thing*s within the limits of its own dominion."[27]

Even though this 1847 decision was a landmark case, the original reason and intent for property rights as prescribed by America's Founding Fathers remained fairly solid, being eroded only gradually until 1962. With the Goldblatt vs. Hempstead[28] decision in 1962, the Court boldly moved away from the founding fathers' original intent by combining the concept of "nuisance" with that of "police power."[29]

The Court solidified this concept in the Penn Central Transportation Co. vs. New York City decision in 1978. Since then,

> "…courts have deemed themselves free to engage in a balancing inquiry between their view of the intrusion's importance to the public and the burden the regulation places on individuals' property rights."[30]

As long as the regulatory restriction left *some* 'value,' the government did not have to pay the property owner *any* just compensation. Such partial devaluation is tantamount to legally expropriating a citizen's bank account of all but $1 for some "public good," such as reducing the national debt, or condemning all except one acre of a citizen's property for a road.

This basis for finding a "takings" has led to the interpretation that the landowner has no rights at all. In Just vs. Marinette County (1972), the Wisconsin Supreme Court declared in classic Rousseau logic that the state could prevent the Justs from using their property to build a house. Why? Because the Justs had no right to deprive the public of its 'right' to have this property preserved in a "natural" state. In a footnote the court cited (with approval), the motto of the Jackson County Zoning and Sanitation Department: "the land belongs to the people…a little of it to those dead…some to those living…but most of it belongs to those yet to be born."[31]

These decisions, of course, have nothing to do with either Constitutional intent or common law limitations imposed by "nuisance" and "harm" criteria. They do serve, however, to elevate government rights – in the name of the "public good" – above civil rights.[32] It is a Rousseau characteristic shared by all police states. Whether appointed or elected, those chosen few charged with protecting the rights of "those yet born" find themselves endued with growing powers over people living today. Such decisions should put all Americans on notice that no civil right is safe when the Court can wander so far from the reason and intent of our civil rights.

Why should the last owners of wetlands, endangered species habitats, beautiful scenery, or other lands with important environmental and social benefits have to shoulder the entire cost of protection or provision, when the activities of thousands of other people have created the problem? Most Americans would say that they shouldn't. It runs counter to America's well-honed sense of fairness and justice. Yet, that is exactly what is happening to tens of thousands of people.

With this kind of Rousseau logic of the "public good" or "public interest", why not force wealthy New York apartment owners on Park Avenue to "donate" their spare bedroom to the homeless? The bedroom is not being used and it would help solve a tremendous social problem, supposedly created by the greed of the apartment owner. While the public would recognize this as a ludicrous idea, what is the difference between "taking" the spare bedroom and "taking" the right of the Just family to build a home on their own land? There isn't any difference.

Economically powerful "non-profit" foundations, and corrupt courts and politics are systematically destroying the Locke-based foundation of our Constitution. Instead, they are implementing legalized plunder through the destructive application of the "public good" doctrine inherent with the Rousseau model of governance. Since our education, our press, and our environmental propaganda machine are all Rousseau-oriented, most Americans are totally ignorant of what these activists are doing to our children's future.

Government intrusion into the right to own and use property under the Trojan horse of the "public good" is beginning to cause great harm to American citizens, and is undermining the very foundation that has made America the greatest nation in human history. We can continue to blindly convert to the Jean Jacques Rousseau model of governance where the state is supreme and the taking

of private property is by the whim of bureaucrats, or we can return to the model of John Locke where private property is *protected* by government through law. In the latter approach, property owners would be
restricted only by laws and regulations that keep them from activities that clearly cause harm to their *neighbors* or their property. If property is taken for the public good, the public pays just compensation.

It is clear from a myriad of examples that the Rousseau model will lead to corruption in government and a decline in the human condition, while the Locke model leads to freedom, prosperity and environmental protection. Which one would you choose? FC

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BRIC Minus China

By Leonard Melman

Editor's Note: The following article, written by Leonard Melman – a financial and political analyst from British Columbia – touches on a very important topic; the relationship between geopolitics and global economics, primarily as it relates to the strength of energy and metals resources in the BRIC nations.

A few years ago I was introduced to the BRIC concept through one of Mr. Melman's articles in *Resource World Magazine*. Since then, I have watch with interest as his work has highlighted the shifts and trends of global energy, metals, and currency plays, and the continuing importance of the BRIC model: the combined and independent influence of Brazil, Russia, India and China upon the world's marketplace.

For those unfamiliar with the BRIC factor, this short item will be of value in helping put together the larger economic picture. Indeed, the China angle is constantly in our news media. However, the other part of the BRIC equation is often lacking. Mr. Melman's article brings these other players back into focus.

"BRIC minus China" was originally published in the March 2008 issue of *Resource World Magazine*. Mr. Melman has graciously granted *Forcing Change* permission to make this item available to FC subscribers.

Leonard Melman's website is www.themelmanreport.com, and I would encourage *Forcing Change* readers to check out the other articles on his webpage.

By Leonard Melman

For the past several years, much of the discussion regarding the enormous leap in fundamental demand for various natural resources which have such an important impact on our world of precious and base metals mining has been centred on China. It is as if that nation is the only important consideration outside the developed economic world. But that is not at all the case.

Several years ago, one of the major international investment banking houses coined the term 'BRIC' reflecting the rapidly escalating importance of several rising new economic powers. The acronym stands for 'Brazil, Russia, India and China.' The bank reasoned that each of these countries was destined to play an ever-increasing roll in the world's supply/demand equation.

With the United States clearly headed for an economic slowdown, the great debate is now centred on whether the growing economies can sustain sufficient internal domestic demand in order to offset the effects of an American recession. The question is one of considerable importance. The term being bandied about so often now is 'decoupling' and relates to whether the other economies are sufficiently 'decoupled' from America.

Many analysts have posed the question in terms of China alone, since that country is now a true economic giant. But the other three, in my opinion, should not be ignored. Each of their economies has special features that are worth considering.

Brazil – Once just a South American country known mostly for the Amazon jungle, Brazil's economy has emerged as an agricultural, manufacturing and natural resource powerhouse. Of course, everyone is familiar with Brazilian coffee, but Brazil's other major agricultural crop, soybeans, has become an enormous cash earner for that nation as the price has exploded upward from US $5 per bushel to over US $13 per bushel at present and it has become a major wheat producer as well. Mining is also growing rapidly with substantial reserves of gold, iron, bauxite and copper, among others. Plus, Brazil is a force to be reckoned with in automobile and aircraft manufacturing.

Russia – With the demise of the old Soviet Union in 1991, Russia began to transform itself into a capitalist economy. Its most important resource is fossil-based fuels and the country has used production from huge reserves of natural gas and petroleum to earn monumental amounts of foreign currency, now estimated at US $250 billion per year.

In addition, Russia has world-class reserves of gold, copper, chromium, PGMs [platinum group metals], iron and one-fifth of the earth's forests. Consumer demand has been rapidly escalating and once they solve two important problems, namely controlling crime and instilling confidence in their judicial system, Russia has the potential to attain a truly dynamic level of prosperity.

India – If China has become the world's leader in the production of consumer goods, India (almost as populous with 1.2 billion inhabitants compared to China's 1.3 billion) has become one of the world's leaders in the production of advanced ideas in technology and in the provision of information services. India has become a centre for customer call services, for computer programming services and for specialized information products. Indians are emerging from poverty by the tens of millions each year, creating demand for all manner of consumer goods, most particularly low-priced automobiles, which are becoming more readily available.

Combined, India, Russia and Brazil have populations totalling close to 1.8 billion, far larger than China's 1.3 billion. These countries are becoming more productive, more prosperous and more consumer-conscious and therefore, combined, represent a formidable addition to the world's economic picture, particularly on the demand side. Their thirst for consumer goods of the widest conceivable variety has become part of their national identity and they now have the wage-earning capacity to satisfy that thirst.

It is clear that the world's economic balance is shifting once again. From the industrialized world alone, to the industrialized world plus China, we appear to be now entering an era when it is the industrialized world, plus China, as well as the other BRIC nations.

It would appear that the combined demand from these four nations will likely be able to provide sufficient resource demand to offset any reductions from America. If this is true, and the recent resurgence of the base metals prices following substantial selling waves would suggest that this is the case, a bullish stance on both the precious and base metals could be profitable.

That is the speculation. ***FC***

Leonard Melman has been a long-time contributor to *Resource World Magazine* and the California-based *ICMJ's Prospecting and Mining Journal*. He is a speaker in the Canadian-wide Cambridge House Conferences, and has travelled to four continents researching mines, energy, and other economic issues. For more information, go to www.themelmanreport.com.

Bank of the South: Gearing up for South American Integration

By Carl Teichrib

It's amazing how some of the most significant news stories are barely glanced over, or completely overlooked by our major media. Take for instance the Bank of the South.

In December 2007, the nations of South America took a quantum leap towards developing a unified, continental monetary policy – they formed a regional bank.

Hold it! Stop the presses…we have to cancel this story. Nobody in the Western world wants to hear about monetary policy or banking in the Western Southern Hemisphere.

I can just hear it. Editors from London to Toronto to Los Angeles must be screaming, "If we run this story, our readership will die of boredom."

Granted, banking and monetary news sounds dreadfully dull. With that in mind, I can't blame our major newspapers for ignoring this item, even though the Bank of the South represents a significant geopolitical development at the global level.

So what is this new bank, and how will it impact the bigger picture?

Initiated by Venezuela's Hugo Chávez, the Bank of the South is the current front-piece of a growing economically and politically aligned Western Southern Hemisphere. The agreement, signed on December 10, 2007, will see Caracas as the home for this new institution, with branch offices in Buenos Aires and La Paz. And just as the European Central Bank ties the euro and European integration together in a meaningful way, so too the Bank of the South is being designed as an anchor for continental unification in South America.

Reporting on the event, the *Venezuelan Analysis* wrote,

> "…the new bank will permit the nations of the region to use their reserves for development and investment in the region and will mark the beginning of true union among the nations of South America."[1]

Hugo Chavez

At the present time, the Bank of the South is primarily being touted as a way for South American nations to circumvent the onerous loan requirements of the International Monetary Fund (IMF) and World Bank. When the Bank of the South becomes operational, so the theory goes, nations from Venezuela to Argentina will be able to access regional economic capital to fund major infrastructure projects, such as transcontinental pipeline and road system projects. And the IMF, which has traditionally been a considerable source of infrastructure funding, will be bypassed – along with IMF conditionality agreements and other constraints.

South America, following the European model of economic union, is seeking to fulfill its own destiny.

But problems exist. Just as Europe can't get its act together in forming a common constitution, South American countries are torn between regional rivalries, particularly between political juggling regarding its two hemispheric associations – the Andean Community of Nations and the Southern Cone Common Market. Not everything is coming up roses, and the world press *has* picked up on these problems.

However, in a recent paper published by the Jean Monnet Chair of the University of Miami, with the support of the European Union Commission, a larger picture comes into focus.

> "While these headline-grabbing problems have received a great deal of public attention, and indeed are cause for concern, the day-to-day workings of regional integration in Europe and South America **have not been interrupted**. In fact, they continue with the declared support of the majority of the regions' leaders and with significant progress in certain areas of regional competence."[2] (bold added)

And the Bank of the South is part of this continued process, problems notwithstanding.

Not surprisingly, there isn't a large amount of general literature on this development. Some technical banking papers and specialized reports detail the creation and potential ramifications of the Bank of the South. But even in the current literature there's a real sense of information scarcity. Touching on this dilemma, Vince McElhinny, author of the November 2007, Bank Information Center *Info Brief*, penned the following statement,

> "What little information has leaked out about

the core agreements and philosophy of the Bank of the South has raised as many new questions as they've answered."[2]

However, McElhinny does give us some sense of what the Bank of the South might eventually become in relationship to continental unification.

"Bank of the South represents the cornerstone to a more wholesale renovation of the regional financial architecture long dependent on Northern banks [ie, the World Bank and IMF]. A regional monetary fund, a common regional currency, a regional network of state development banks, regional stock and commodities exchanges, a regional Parliament (based in Cochabamba) and a regional Social Fund are only some of the new institutions imagined by the current crop of South American Presidents. Whether these institutions emerge under the auspices of the Union of South American Nations (UNASUR), Bolivarian Alternative for the Americas (ALBA), Community of Andean Nations (CAN) or the Southern Common Market (Mercosur) is unclear."[4]

McElhinny also reminds us that South America is looking at energy in a different light; "New energy cartels are also under discussion, and in some cases forming."[5]

Although strengthening energy positions under a united front is a major part of the South American equation, the actual situation is disheveled. Nations are operating independently as opposed to a unified manner, especially with Liquid Natural Gas projects.[6] However, as the world faces greater energy usage and higher energy costs, South America – as a continent with vast natural resources – will find itself in a stronger collective bargaining position.

Watch as the energy card will be repeatedly played in the geopolitical sphere, both at the individual country level and through regional arrangements.

According to the Americas Program at the Center for International Policy, the Bank of the South "is an ambitious and strategic gambit in regional integration, one that could result in a truly regional development bank."[7]

Yes, the Bank of the South is certainly gearing up to be *the* development bank for the continent. But its creation is also a significant step toward greater regional integration, an overall move that has been endorsed by the European Union.[8]

Will a new single currency emerge for South America? It certainly seems that the road towards a revived continental economy is being prepared, and a single currency for this zone is being considered. How it finally comes about, and through what banking structure it will ultimately emerge has yet to be determined. Ecuador has already expressed its hope that the Bank of the South becomes that vehicle.[9]

Will this impact other parts of the globe? Without a doubt: South America's growing energy clout, its developing natural resource base, and its growing agricultural industries are all shaping up to make South America a serious contender on the world stage.

For North America, this will mean harder bargaining as it relates to imported energy and food stocks. It may also increase Europe's leveraging power in the Western Hemisphere as the EU has been, and continues to be, a guiding influence in South American integration processes. Asia too will be further drawn toward South American shores in the quest for energy and mineral resources, and China's interest in the region's petroleum fields will only increase.[10]

With the Bank of the South now established and soon operational, South America's unification hurdles could very well be replaced by the realization that the continent now stands poised to make its mark on the world.

Even if the newspapers of North America and Britain don't notice, it would be prudent to watch the south. FC

Endnotes:

[1] Chris Carlson, "South American Leaders Launch Bank of the South," *Venezuelanalysis.com*, December 10, 2007.
[2] Aimee Kanner, *Governance in South American Integration: Insights and Encouragement from the European Union* (Miami - Florida European Union Center, Jean Monnet/Robert Schuman Paper Series), Vol. 7, No. 5, April 2007, p.3.
[3] Vince McElhinny, *Info Brief*, Bank Information Center, November 2007, p.1.
[4] Ibid, p.2.
[5] Ibid.
[6] Ibid.
[7] Raúl Zibechi, *Bank of the South: Toward Financial Autonomy*, Americas Program, Center for International Policy, July 6, 2007.
[8] See the European Commission report, *The European Union, Latin America and the Caribbean: A Strategic Partnership*, 2004.
[9] Raúl Zibechi, *Bank of the South: Toward Financial Autonomy*, Americas Program, Center for International Policy, July 6, 2007.
[10] In 2006 I attended the Heavy Oil forum at the Global Petroleum Show in Calgary, Alberta. China's interest and interaction with South American petroleum producers was very evident.

The National Education Association *By Dennis L. Cuddy, Ph.D.*

Editor's Note: No matter what country you live in, education is key to social change. The following article, written by my friend Dennis Cuddy, illustrates how America's largest teachers union is engaging in major social change concepts. It's a stark reminder about the importance of maintaining a sound and balanced educational system.

About Dennis Laurence Cuddy: Mr. Cuddy is an historian and political analyst, with a Ph.D. from the University of North Carolina at Chapel Hill (major in American History, minor in political science). Dr. Cuddy has taught at the university level, has been a political and economic risk analyst for an international consulting firm, and has been a Senior Associate with the U.S. Department of Education.

By Dennis L. Cuddy, Ph.D.

The National Education Association (NEA) is perhaps the most powerful labor union in the United States, but it is rarely investigated by the major news media. Both Bill and Hillary Clinton have attended the NEA's annual convention and expressed their appreciation for the union's political support.

At the NEA's July 1993 convention, President Clinton stated,

> "I believe that the president of this organization (NEA) would say we have had the partnership I promised in the campaign of 1992, and we will continue to have it...You and I are joined in a common cause, and I believe we will succeed."

A few months later, on December 15, 1993, *Education Week* reported that, "Debra DeLee, the former director of governmental relations for the NEA, has joined the Democratic National Committee as its executive director."

A clear majority of the public school teachers in the nation belong to the NEA. Yet probably very few have known what their own union has stood for throughout the years of the 20th century. The following is a chronology of just a few of the revealing activities and published statements of the NEA during that time.

October 19, 1929 – The NEA presents John Dewey ("Father of Progressive Education") with a "Life Membership." This is the same year Dewey published *Individualism, Old And New*, in which he proclaimed, "We are in for some kind of socialism." Less then a year before, Dewey, in the December 5, 1928 *New Republic*, praised the Soviet Bolsheviks' "marvellous development of progressive educational ideas and practices," and their counteracting "the influence of home and Church."

1932 – The NEA makes Dewey honorary president of its organization, and its Department of Superintendence division publishes its tenth yearbook subtitled *Character Education*. In this yearbook, the NEA criticizes the church for employing "outworn dogmas of the past" and states that, "relativity must replace absolutism in the realm of morals," and that, "the citizen of the future must be a citizen of the world."

July 1934 – At the 72nd annual meeting of the NEA, Willard Givens (who will be executive secretary of the NEA from 1935 to1952) says,

> "A dying laissez-faire must be completely destroyed and all of us, including the 'owners,' must be subjected to a large degree of social control…An equitable distribution of income will be sought."

January 1946 – *NEA Journal* publishes "The Teacher and World Government," by Joy Elmer Morgan (editor of *NEA Journal* from 1921 to1955), in which he proclaims,

> "In the struggle to establish an adequate world government, the teacher...can do much to prepare the hearts and minds of children for global understanding and cooperation…At the very top of the agencies which will assure the coming of world government must stand the school, the teacher, and the organized profession."

October 1947 – *NEA Journal* publishes "On the Waging of Peace," by NEA official William Carr, who advocates that teachers "teach those attitudes that will result ultimately in the creation of a world citizenship and world government."

November 23, 1956 – Former teacher, communist, and organizer of the New York Teachers' Union, Dr. Bella Dodd, states in an interview in the Los Angeles *Tidings*,

> "I learned that the function of the Communist Party was to be the lead donkey pulling the drift of American life to the left. Most of the programs we advocated, the National Education Association followed the next year or so."

1962 – *Issues In (Human Relations) Training* is published by the National Training Laboratories of the NEA. In this book the editors write that human relations or sensitivity training "fits into a context of institutional influence procedures which includes coercive persuasion in the form of thought reform or brainwashing…"

September 23, 1968 – NEA president Elizabeth Koontz addresses the American Association of Colleges for Teacher Education and states,

> "The NEA has a multi-faceted program already directed toward the urban school problem, embracing every phase, from the Headstart Program to sensitivity training for adults – both teachers and parents."

Keep in mind the reference immediately above concerning "sensitivity training" and "brainwashing."

1971 – *Schools for the '70s and Beyond: A Call to Action*, is published by the NEA, and declares that

> "...teachers who conform to the traditional institutional mode are out of place. They might find fulfillment as tap-dance instructors, or guards in maximum security prisons, or proprietors of reducing salons, or agents of the Federal Bureau of Investigation – but they damage teaching children, and themselves by staying in the classroom."

February 10, 1973 – In the *Saturday Review Of Education*, NEA president Catherine Barrett pronounces,

> "Dramatic changes in the way we will raise our children in the year 2000 are indicated, particularly in terms of schooling…We will need to recognize that the so-called 'basic skills,' which currently represent yearly the total effort in elementary schools, will be taught in one-quarter of the present school day…When this happens – and it's near – the teacher can rise to his true calling. More than a dispenser of information, the teacher will be a conveyor of values, a philosopher…We will be agents of change."

February 1979 – The NEA holds its 17th annual Conference on Human and Civil Rights in Washington, DC, and the keynote speaker is New Ager Jean Houston. She states that many teachers have opened,

> "…the minds of children from darkness to illuminist humanity…The moral mandates…the standard brand governments, religions…are breaking down…The New Age is seeded and created…And who is it done by? I suggest largely by educators..."

February 1980 - June 1984 – John Lloyd is executive director of the Kansas National Education Association (an NEA affiliate). He says that Saul Alinsky's *Rules For Radicals* is the NEA's "bible." In this book, Alinsky has an "acknowledgment" to Lucifer, and further states that the radical organizer…

> "…dedicated to changing the life of a particular community must first rub raw the resentments of the people of the community; fan the latent hostilities of many to the point of overt expression. He must search out controversy and issues…An organizer must stir up dissatisfaction and discontent…He knows that all values are relative…Truth to him is relative and changing."

April 5, 1983 – *The Washington Post* editorial, "Political Teaching," accuses the NEA of preparing curriculum materials on nuclear weapons, atomic war, and the American arms build-up, which are "political indoctrination." The NEA curriculum is called *Choices: A Unit on Conflict and Nuclear War*.

March 1991 – *NEA Today* publishes an interview conducted by NEA staffer Stephanie Weiss with Planned Parenthood president Faye Wattleton, in which the latter expresses her support for school-based distribution of contraceptives and "comprehensive sexuality education," which would begin "well before...kindergarten age."

1994 – *Dictatorship Of Virtue: Multiculturalism And The Battle For America's Future by New York Times* reporter Richard Bernstein is published.

In this book he writes that as long ago as 1973, the NEA proclaimed that "all whites are racists," and in 1991 *NEA Today* declared that, "never again will Christopher Columbus sit on a pedestal in United States history. Christopher Columbus brought slavery to the hemisphere."

July 1997 – Kansas Education Watch Networks "Update" states that the following are actual excerpts from a transcript of an audio-cassette tape used to train NEA labor negotiators in the Midwest,

> "In order to apply pressure tactics properly, your negotiating team needs to know and understand your board and its negotiating team thoroughly. Uncovering information about the board, the superintendent and the board negotiating team, are critical to your success in negotiations...The suggested data to be gathered on board members is the following...religious affiliation. His estimated income...and don't forget to check into his politics...wear down the board physically and psychologically..."

January 5, 1999 – *Investor's Business Daily* publishes "The NEA's Political Lesson Plan," by staff writer Michael Chapman, in which he explains,

> "The nation's largest teachers union wants the U.S. to nationalize health care, start a nuclear freeze, adopt national energy policies and pass more gun-control laws. Yet it doesn't want teachers tested or schools privatized... The NEA has long backed a left-wing political agenda."

Many more revealing facts about and quotes by the NEA can be found in my expose, *NEA: Grab For Power*. Since the beginning of the 21st century, the NEA has continued its radical leftist agenda.

The following are excerpts from the NEA's July 2007 *Advancing NEA's Legislative Program*,

> "NEA supports: (1) repeal of the so-called right-to-work provision of federal labor law (2) a tax-supported, single-payer health care plan for all residents of the United States (3) the addition of the Equal Rights Amendment to the Constitution (4) reproductive freedom without governmental intervention (5) comprehensive immigration reform that rejects the criminalization of undocumented immigrants and includes a path to permanent residency, citizenship, or asylum. NEA opposes: (1) the use of vouchers or certificates in education (2) federally mandated parental option or 'choice' programs (3) the testing of teachers as a criterion for job retention, promotion, tenure, or salary increments (4) any constitutional amendment imposing limitations on taxes or the federal budget." *FC*

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