The Navig8or Newsletter

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Welcome to the second issue of The Navig8or for this year. This newsletter comes to you in the midst of a severe economic shock whose repercussions are being felt all around the world. This economic downturn in 'the West' brings into view the ghoulish shadow of *stagflation* which occurs when an economy experiences negative growth, rising inflation and rising unemployment. The Governor of the Bank of England, Mervyn King, offered a warning on 14th May 2008 that the good times were over for the next few years. He said that the ten years of continued economic growth in the UK which had been coupled with low inflation (2.5% and lower) and falling or stable unemployment had come to an end. In the US the picture has been even more bleak with a plummeting housing market, rising unemployment and severe fall in consumer sales.

Given the foregoing it seemed apt to focus this issue on my forthcoming book 'The Colour of Money' - The Institutional, Cultural and Psychological Causes of Afrikan Impoverishment. In this issue I will take some excerpts from this forthcoming book to highlight some key economic issues we need to understand and address.

The Colour of Money

The Economic Impact of Slavery

In discussing the economic impact of the depopulation caused by the enslavement of Afrikans, Walter Rodney tells us:

"An emphasis on population loss as such is highly relevant to the question of socio-economic development. Population growth played a major role in European development in providing labor, markets, and the pressures which led to further advance. Japanese population growth had similar positive effects; and in other parts of Asia which remained pre-capitalist, the size of the population led to a much more intensive exploitation of the land than has ever been the case in what is still a sparsely peopled African continent.

So long a population density was low, then human beings viewed as units of labor were far more important than other factors of production such as land." (Rodney 1982: 97-98)

Some of the other effects of the enslavement process which Rodney suggests had a deleterious effect upon economic development in Africa include:

- Loss of population leading to the abandonment of certain environments (for example where the tsetse fly was present). Rodney suggests that harnessing nature is a fundamental part of the development process.
- Enslavement led to increases in social violence which created instability and insecurity which are incompatible with economic development
- Rodney describes how the enslavement trade was central in undermining the "Gold coast economy and destroying the gold trade." (Rodney 1982: 99)
- The energies of the most developed states in West Afrika were diverted from self-improvement and betterment to dealing with the impact of enslavement.
- Overall, the enslavement trade had a negative overall impact on agricultural production. As an example he cites Dahomey (roughly present day Benin) which "in the sixteenth century was known for exporting food to parts of what is now Togo, but was suffering from famines in the nineteenth century." (Rodney 1982: 99)
- Enslavement affected areas of Africa not directly involved (either in raiding or being raided for captives) in the process since it inhibited trade and positive interaction between these areas and those implicated in the trade.

- The enslavement trade led to technological stagnation in Afrika. The 'technology gap' between Europe and West Afrika - for example in cloth manufacture – in the fifteenth century was relatively small, however by the commencement of the colonial period during the nineteenth century the gap had increased markedly and Africa was "concentrating almost entirely on the export of raw cotton and the import of manufactured cotton cloth." (Rodney 1982: 104)
- The trade removed millions of youth and young adults (aged 15-35) "who are the human agents from whom inventiveness springs." (Rodney 1982: 105)

Rodney also nails the oft quoted myth that Britain and other European powers intervened in Afrika in the nineteenth century to prevent continued enslavement.

Money, Debt, Interest and Bankers

The following information was mainl gleaned from the excellent DVD 'Money as Debt' by Paul Grignon.

In the past the total amount of money in existence was limited to the total amount of the material used as currency i.e. if gold was used to create more money, one could only increase the amount of money in circulation by increasing the amount of gold mined and refined.
Today, money is literally created as debt. New money is created whenever anyone takes out a loan/debt. Therefore the total amount of money created today is limited only by the total amount of new debt created. In 1957 the total US debt (Corporate, personal, Government) was $5 trillion. In 2006 this figure had risen to $45 trillion.

Large volumes of credit had become integral to European economic expansion so instead of outlawing lending against non-existent deposits i.e. inventing money, a limit was placed on the extent of fictional money that could be created. This new wheeze was called the '*Fractional Reserve System*'. So for example a bank might lend (create) $9 for every $1 it has on deposit. In order to manage this system of phantom money procedures were put in place for a regime of unannounced inspections so that banks kept to the limits. This system was managed by Central Banks which were created to oversee private banks and to loan money to individual banks in the cases where there was a 'run' on a bank.

Through this process of fractional lending £1111.12 deposited in a bank becomes £10,000 if a 1:9 ratio is applied. The extra money is simply created by computer with the bank crediting the borrower with £10,000 in their account. Through this multiplication process which is applied to bank lending but not deposits, for every £1111.12 deposited, eventually, £100,000 of new debt money can be created. Banks must show they have 10% more on deposit than in loans. This is an illusion. Most people think that loans come out of deposits. This is misleading.

"I am afraid that the ordinary citizen will not be told that banks can and do create money. ....And they who control the credit of the nation direct the policy of Government's and hold in the hollow of their hands the destiny of the people."
Reginald Mckenna – past Chairman of the Board, Midlands Bank of England

The equations below sets out the proportion of people who will fulfil their debt obligations and the proportion that will be unable to fulfil their debt:

$P/(P + I)$ will fulfil their loan contract

$I/(P + I)$ will be foreclosed

P = Loan Principal
I = Loan Interest

In a more sane financial world government's alone would create money and they would work to preserve the value of that money. There would be no taxpayers money paid out on interest, because government would not be borrowing their own money from private banks. Hence there would be no national debt. The following quotes reinforce the reality of financial slavery that rules the Earth.

"The modern banking system manufactures money out of nothing. The process is perhaps the most astounding piece of sleight of hand that was ever invented. Banking was conceived in iniquity and born in sin. Bankers own the Earth. Take it away from them, but leave them the power to create money and with the flick of a pen they will create enough money to buy it back again....Take this great power away from them and all great fortunes like mine will disappear and they ought to disappear, for then this would be a better and happier world to live in. But if you want to continue to be the slaves of the banks and pay the costs of your own slavery, then let bankers continue to create money and control credit."

Sir Josiah Stamp – Director, Bank of England 1928-1941 (reputed to be the second richest man in England at the time of the quote)

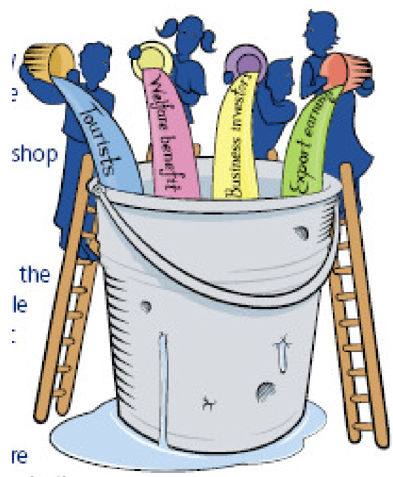
<u>There is a hole in our bucket - The Local Multiplier effect</u>

The New Economics Foundation (NEF) in the UK has done some excellent work around explaining how local economies work and creating tools to assist local people to take greater control over their economic lives. In their highly informative and practical publication; 'Plugging the Leaks - Making the most of every pound that enters your local economy' (Ward & Lewis 2002), they provide two clear examples of the local multiplier effect in action.

The first relates to a study of Tayside in the UK which showed that tourists who stayed in Bed & Breakfast accommodation brought greater local economic benefits than those who stayed in hotels even though the latter group spent on average 70% more than people staying in B & Bs. The reason for this was because most of the money spent in hotels immediately leaked out of the local economy in the shape of non-local staff and owners, services provided by non-local firms and so on.

The second and even starker example relates to a small predominately Afrikan district of Baltimore, USA. This community is characterised by extremely high levels of unemployment after the closure of traditional heavy industries. Virtually all the money that comes into the community, predominantly in the shape of welfare payments (social security) is imme*diately spent outside the community at discount* food stores. There is no recycling or re-circulation of money and locals estimate that the 'local multiplier effect' is exactly 1.0. The NEF publication compares this multiplier score with the community development corporation target circulation of 8, which they reckon is the average for a predominantly white, predominantly employed suburb in the USA.

The African-Caribbean community in the UK and the African-American community are two examples of Afrikan communities that are almost obsessively concerned with money inflows (earnings/regeneration money etc.) and which pay precious little attention to money outflows e.g. with whom they spend their money, who the recipients of their money employ, co-operative activity to reduce food, energy and other costs etc.



The foregoing discussion can be broadened to consideration of inward investment into Afrikan countries by foreign nation states or corporations. Once again we see the failure to develop local capacity as with much of the current wave of Chinese investment into Afrika which normally involves large scale infrastructure projects delivered by Chinese companies using Chinese labour. The Afrikan countries get roads, railways, electrification, power plants etc. And the Chinese get the energy supplies (oil and gas) and raw materials such as copper, coltan, uranium, zinc, gold, etc. which are needed to fuel their rapidly expanding economy.

Whilst these construction projects definitely brings short and medium term benefits; how will these countries be able to maintain this infrastructure without the creation of local capacity? Or will they end up like the numerous grand houses of the colonial period that can be found in so many Afrikan cities and that have fallen into disrepair with insufficient resources and skilled personnel available for their upkeep?

<u>PERSONAL ATTITUDES AND GROUP PSYCHOLOGY</u>

George Subira in his often overlooked book 'Black Folks' guide to Business Success' identifies 11 Black attitudes to wealth creation that he feels impedes business success.

These attitudes are:

1. **Black People are a Poor People**.
2. **Money Is the Root of All Evil, or The Love of Money is the Root of All Evil**.
3. **Money is Only Possible Through the Exploitation of Other People**.
4. **You have Got to Have Money to Make Money**.
5. **White Folks are Not going to Let Black People Make Any Real Money.**
6. **I Don't Need Money to Enjoy Life (Money is Only For Material Things).**
7. **Money Weakens Your Character, Makes You Soft and Spoils an Otherwise Good Human Being.**
8. **Religious and Political Fatalism.**
9. **You Just End Up Paying More In Taxes.**
10. **I'm Too Old Now to Make Any Money.**
11. **The Super Star Syndrome.**

THE ROLE OF NATIONAL CULTURE IN THE ORGANISATION OF PRODUCTION

In considering the role of national or group culture Chinweizu, in his powerful book, 'Decolonising the African Mind' makes reference to the development of what he terms *Cargo Cult Consumerism.* He tells us that Cargo Cults "arose in Melanesia in the days of European colonial rule. The Cargo Cults believed that the gods and their spirit agents were packing manufactured goods into crates, labelling them with Melanesian names and addresses, and loading them into the holds of ships and planes.......To induce these spirit agents to bring the cargo, cult members had to perform rituals involving military parades, flag raising and lowering, and meticulous observation of the rules of club organisation. And in preparation for the expected cargo, airstrips, wharves, and immense warehouses were built. Thereafter cult members would wait, and wait, and wait. Eventually the failure of the cargo to arrive would be blamed on the malice of Europeans who, it was held, had intercepted the shipments, altered the addresses, and diverted the cargo elsewhere.
These Cargo Cults arose among those peoples who had a magico-religious world outlook, who had marginal contact with industrial civilisation, who saw how the few European colonisers in their midst obtained manufactured goods, but who were unable to see, let alone understand, the nature of the manufacturing of and commerce which created and brought these goods to their shores. Fixing upon some aspects of the behaviour of the Europeans, they interpreted them as rituals for obtaining material goods from the gods. By re-enacting them, they fully expected to be rewarded, just like the Europeans." (Chinweizu 1987: 15-16)

Chinweizu identifies "attitudes and organizational modes which were conducive to the new type of culture and society. The processes and their results, whether capitalist or socialist, share some fundamental characteristics:

1. An acceptance of the nation state as the paramount focus of the loyalties of citizens,....
2. An ideological commitment to the desirability of national wealth and power,....
3. An ethos in which scarcity is treated as an inspiration to creativity and productivity, and not as an excuse for fatalistic sloth, prayer, idle hope and national beggardom.
4. A devotion to vigorous productivity.....
5. A high value on efficiency that is harnessed to productivity through the cultivation of a work and performance ethic.
6. A constant nurturing of the habit of saving and productive investment, together with the elimination of customs and social expectations which hinder it.
7. The cultivation of a rationalist world outlook and a problem solving approach to life.
8. An industrial mode of organising production and distribution with appropriate family ad social

structures to support and benefit from industrial organisation.

9. A system of effective state institutions to provide guidance, support, and arbitration services to economic organisations."

(Chinweizu 1987: 20)

Kwame Agyei Akoto & Akua Nson Akoto in their insightful book 'The Sankofa Movement' clearly articulate "the increasing acceptance amongst diverse range of analysts of the importance of culture in determining racial/ethnic success in an increasingly competitive world.

The concept of civilisation corresponds in large measure with culture, race, ethnicity and nationality. They are each expressions of essentially five factors. Those factors are:

1. Common historical background, the most substantive being three or more millennia in duration
2. Phenotypic affinity, indicating a shared genetic pool of phylogenetic proximity and linkage
3. Common psychological construct
4. Shared geographical origins
5. Shared cultural/cosmological formations and spiritual sensitivities

It is clear that culture will be the foundation of the new regional and world political and economic entities. Kotkin's conception of global tribes and Huntington's conceptualization of clashing civilisations echo a theme enunciated by Garvey eighty five years ago and confirmed with John Henrik Clarke's final mandate to the Afrikan world." (Akoto & Akoto 2000: 70)

CREATING ECONOMIC EMPOWERMENT FOR AFRIKAN PEOPLE

Basic Areas in need of Attention:

There are four areas of personal and community economics that we need to address immediately. These are:
Consumption– Spending and the use of material resources
Saving – Ringfencing money or material resources to be used for future consumption or investment purposes
Investment – Directing money, time and labour towards the creation of wealth/additional resources
Production – The creation of goods or services that people need or want and are prepared to pay for with money or via the exchange of other goods and services

I would suggests that it is Culture; and the values, worldview and strength of group loyalty which flow from culture; that ultimately leads to the creation of group enhancing behaviours with respect to the four components, or legs, of our economic stool. At present our economic stool has four broken legs, hence why we constantly seem to have splinters in our batty!

COMMUNITY SOLUTION - LETS (Local Exchange Trading System)

A LETS operates by Mutual Credit (i.e. currency is created by the members themselves as they transact) in a local currency equivalent to the national currency. A LETSystem is quite similar to commercial barter, but in a LETS scheme the organisers work according to a co-operative self-help model. They publish Offers & Wants listings, arrange Events, and share the administrative tasks.

A LETSystem is a trading network supported by its own internal currency. It is self-regulating and allows its users to manage and issue their own 'money supply' within the boundaries of the network.

The key points include:

- **co-operation:** no-one owns the network.
- **self-regulation:** the network is controlled by its users.
- **empowerment:** all network users may 'issue' the 'internal currency'.
- **money:** money, as a means of exchange, is an integral feature.

Is a LETSystem a type of barter system?
LETSystems use their own type of 'money' - they are money systems.

Barter is a type of exchange where we swap goods and services without using money - I give you a loaf of bread and you give me two cabbages. You fix my car and I'll cook you dinner. But you may not like my cooking.............

Money overcomes the limitations of barter. I give you money for your goods and services and you can spend it elsewhere. In a LETSystem you can use your account to buy what you want from one person and then sell what you can to another.

What are the benefits to individuals?
Individuals can benefit through greater access to goods and services; through more affordable training and education; additional employment; starting a business - there are many possibilities. In addition there are more intangible benefits which also improve the quality of life, such as the widening of social networks.

ENDNOTE

Afrikan people are (generally) currently stuck in the behaviour psychology and material circumstances of a conquered, oppressed, victimised and victim minded people. The wheel of group fortune turns too slowly for most of us. We are desperate to see the transformation of our people's lives within our lifetime. However most people simply cry, moan, pray, shout and bleat for change, without acting to bring it about.
Be the change you want to see in the world and since there is no time like the present; get to work.

BECAUSE FREEDOM ISN'T FREE!

And Finally..

I hope the foregoing excerpts have given you a flavour of some of the issues covered in my forthcoming book which need to be addressed if Afrikan people are to transform their material condition. One of the key purposes of the book is to highlight that our current group impoverishment – I realize there are many affluent Afrikan individuals – is as a result of a variety of interlocking and overlapping reasons and is not the result of magic, curses or innate inferiority, all of which are believed to a greater or lesser extent by some Afrikan and non-Afrikan people. If we are in a hole, then we need to build a human ladder to get out. This ladder will find stability when grounded in the best of Afrikan culture and therefore the task is one of bringing forth 360° of knowledge. The Dogon people of West Afrika conceptualise four degrees of philosophical knowledge and transformation which are:

1. "Giri So, or Foreword. Giri So philosophical truths are conveyed through degrees of Nommo or Words…Giri So Words are foreword because they are simple foundational truths..
2. Benne So or the Side Word. Benne So philosophical Nommo truths are seen from the side or through peripheral sight. They are simple truths that are more developed than Giri So truths;
3. Bolo So or the Back Word. Bolo so Nommo truths are behind the person, hence the back word. These truth are hidden and hence can only be understood through tying together Giri So, Benne So and Bolo So truths through a system of synthesis;
4. So Dayi, or the Clear Word or Good word. So Dayi Nommo truths represent the edifice of knowledge, the highest stage of wisdom, transformation and human growth and development."

(T'Shaka 2005: 39-40)

I am not talking about rose tinted romanticism, but rather critically building on the best of our traditions, or what Maulenga Karenga refers to as Kawaida Theory. Cultures are supposed to serve the people not the other way around. Cultures, at their essence are group responses to environmental/ecological/sociological challenges. If these factors change then the cultural response will have to change for the group to function effectively.

Look out for 'The Colour of Money' book in July and the accompanying DVD. It will be available from www.houseofknowledge.org.uk and all good bookshops where you can also buy my other publications DVDs/CDs.

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