

Here is an excellent overview of the system:

<http://www.guardian.co.uk/business/dan-roberts-on-business-blog/interactive/2009/jan/29/financial-pyramid>

Click each time on the 'next' button. But it forgets the land question. The usual is happening now, all sorts of suggestions on how to strengthen the financial system, or explain it, to stop yet another financial crisis from happening again. The G20 think they now have the answers. This is done in the belief that the banks were the problem.

Of course banks are a part of the problem, but not *the* problem. The creation of credit is a positive development for the economy. But when it is created against the capitalised rent, then we get a cycle. Like this:

<http://www.bloomberg.com/apps/news?pid=20601087&sid=a5IB119a5kiw>

"Simon Halabi loses control of 7 London office towers". Note the cycle. See too, how such persons buy the towers, with other people's money, to capture the rent, then list themselves as 'billionaires'. They love counting the asset, but somehow the amount owing is never publicised. And everyone then thinks they are rich! The property is never quite "yours" whilst you owe a debt. Timing is everything...

Here is a summary of what authorities tried after each of the other land price induced downturns, in the belief that banks and the banking system in general was the problem and cause of the recession / depression / crisis:

from *Secret Life*:

after 1819:

debtors laws were repealed to allow those who had bought land at the top, not to have to make payment to the banks, who clearly had "ripped off" the populace, forcing them to borrow at exorbitant rates, then creating the depression so they could get all the land back whilst bankrupting the people....

after the 1840's:

"So bad was the downturn, every state was prepared at least to attempt some banking reform to avoid another panic. Some thought forbidding the issue of small-denomination notes might help, by forcing the use of gold and silver coins which ought not to depreciate. Others introduced legislation to control banks' reserve ratios, compelling them to maintain a certain level of specie to support the notes issued. Some states went so far as to control the banks through state (public) ownership. There were even suggestions to do away with banks completely as those distraught by what they saw as an utterly corrupt system took a fervent, almost religious, stand. Some states, like New York, went for 'free-banking'."

The quote is from page 107 of the book

from the 1860's:

After the 1857 panic and down turn, "The dual problems of free banking and how to pay for

the Civil War led to the creation of a new banking system, the result of the National Banking Act of 1864." That's on page 133, and chapter 7.

after the 1873 downturn:

The 1873 downturn lasted four years, the bankers weathered the storm better than the workers: "As a result of the panic of 1873, a bitter antagonism developed between workers and the leaders of banking, railroads and industry. Labour unrest, with mass strikes, was the general rule for several decades. On occasions federal troops were brought in to break the strikes. A land and rail monopoly (and banking) was acceptable; striking workers were not.

after the 1890's collapse:

I refer you to chapter ten, page 197.

Then page 205: "A desire was developing amongst the wealthier bankers and financiers for a central bank to moderate the effects of downturns, especially runs on banks that couldn't pay out." The panic of 1907 sealed the decision of course, from which we have the Fed.

From the US President, June 2009:

"the most sweeping changes to the US financial regulatory system since the 1930's in an attempt to prevent last year's financial crisis from happening again."

From the dust jacket of *The Secret Life of Real Estate*, published September 2008:

"The American experience over the last 200 years is used as a case study to illustrate the cycle... then each phase of the cycle is repeated, varied only by the new ways bankers find to avoid the regulations put in place after each collapse to ensure 'it will never happen again'..."

**Know this: the crisis was not first and foremost a financial crisis, it was a land crisis. Banking reforms cannot fix this issue. Present actions to strengthen the banking system guarantee us another real estate cycle. It's preserving the same system is it not: banks creating credit backed by government granted licenses, the largest of which is the capitalised land rent.**