



# **Analyst Says Britain's Debt Is So High That, in Effect, The Nation Is Owned by The Banks**

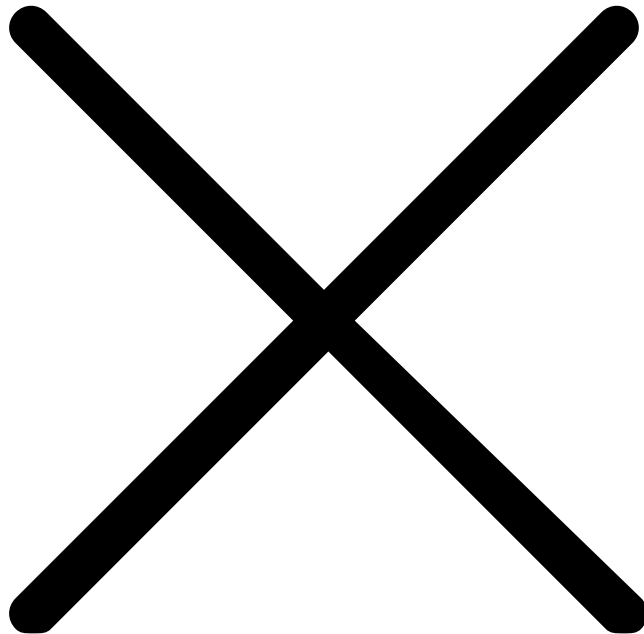
Debt has tripled in the UK since 1980. This means that the banks essentially own Britain, through debt. If you are interested in the charts and statistics that support this conclusion, you will find them all in this article. –GEG

**The ten graphs which show how Britain became a wholly owned subsidiary of the City of London (and what we can do about it)**

Of all the charts I produced for my new book [Can we avoid another financial crisis?](#) (Keen 2017), the one that surprised me the most was the one showing British private sector debt relative to GDP.

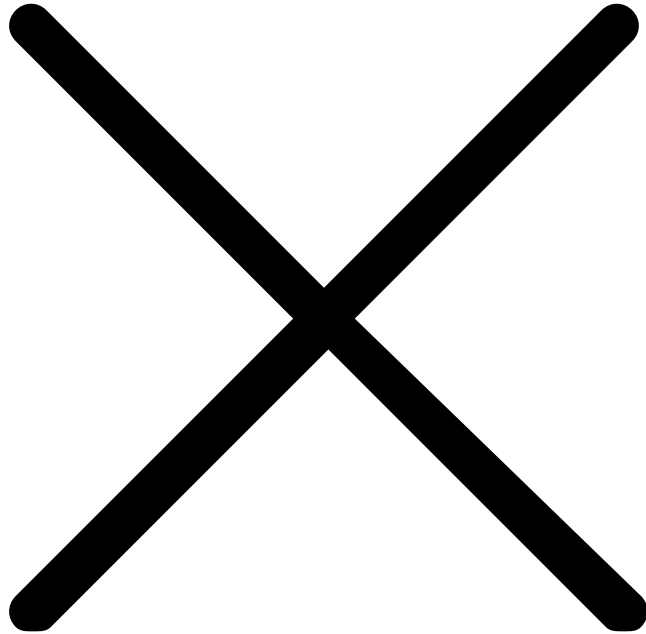
The American data showed a perennial tendency for private debt to grow faster than GDP, followed by financial crises in which debt was written off, only for the process to repeat itself later on. Figure 1 shows the level of private debt as a percentage of GDP in red, and credit – which is the annual change in debt – in blue. There were regular occurrences of negative credit, and therefore a falling ratio of debt to GDP, but the apparently inexorable trend in the USA was for debt to

rise relative to GDP until a serious crash occurred.



I expected a similar pattern for the UK. Instead, I saw the pattern in Figure 2. There was no trend in UK private debt to GDP until shortly after the election of Margaret Thatcher. Then, under both her rule and Tony Blair's, the private debt to GDP ratio more than trebled in less than 30 years.

*Figure 2: Private debt and credit in the UK since 1880*



Private debt never exceeded 72% of GDP in the century from 1880 (when the Bank of England's time series begins) till 1980, and its average value was 57% of GDP. By 2010, when it peaked, private debt had risen from under 60% of GDP to almost 200%. If any chart lets us date when Britain's economy started to become seriously unbalanced, this is it. The decline in manufacturing had commenced much earlier, but the unconstrained ascendance of finance began in 1981. This was the date on which Britain started to become a fully owned subsidiary of the City of London.

This growth in debt gave The City immense power over the rest of the country, in a Faustian bargain that delivered ever growing demand from credit (which is equal in magnitude to the annual increase in private debt) in return for an ever-growing claim by The City on the assets and incomes of the rest of the country.

For a while, this bargain felt win-win for both sides: as the Bank of England recently acknowledged, bank lending creates money at the same time as it creates debt (McLeay, Radia et al. 2014). This money is then spent, either to buy assets, or goods and services. It therefore adds to total demand, and to incomes and capital gains. So, as banks created “money from nothing”, and the UK private sector spent that money that it got for doing nothing, prosperity seemed to abound. The rising credit-based demand substituted for the decline in demand from actually producing goods and services, and the additional financial claims against the UK’s physical resources grew from a relatively low level. The decline in manufacturing employment was offset by a rise in employment in finance, where the main output was not goods but credit-based money and its Siamese twin, debt. While the debt continued to grow, it boosted both economic activity (see Figure 3) and asset prices (see Figure 4).

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# Taxpayer Money Used to Stop Deportation of Illegal Aliens in Sacramento, California

10% of the population in the city of Sacramento, California, are illegal aliens, and the city council just voted to allocate \$300,000 in taxpayer funds for their legal defense and to stop their deportation. Taxpayers are complaining that there are two standards, with one set of rules for law-abiding Americans and another, far more favorable set of rules, for illegal aliens. –GEG

There's outrage over a new plan by the city of Sacramento to allocate up to \$300,000 to set up a legal defense fund for illegal immigrants and refugees.

Mayor Darrell Steinberg emphasized that the plan, [approved by the city council](#) last week, is not intended to help criminals.

“This is not about protecting people who have been accused of or who have committed serious crime,” he said.

The money would help those whose legal status may be challenged by the Trump administration.

Todd Starnes reacted on “Fox & Friends” this morning, explaining that about 10 percent of the capital city's population are undocumented immigrants.

He noted that a local Republican argued the money could instead be used to help homeless people who are in the country legally.

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## **Trump to FBI Director James Comey: “You’re fired!”**

There are many apparent and some speculative reasons for the dismissal, but the unspoken question has been: What took Trump so long to do this? –GEG

[Read Trump’s Letter Here...](#)



## **Half of Canadians Have Less Than \$200 in Savings**

50% of Canadians are living within \$200 per month of not being

able to pay their bills. That means any unexpected bills or loss of income of \$200 per month could wipe them out financially. 31% of Canadian polled said they already don't make enough to meet their debt obligations. Citizens of most other countries are in the same situation One does not have to be a rocket scientist to know where this is headed.—GEG

## Half Of Canadians Have \$200 Or Less In Savings

Two [months ago](#), when quoting the CEO of cell phone insurer Assurant, who appeared on Bloomberg TV to discuss business trends, [one of his quotes caught our attention](#): “the reality is, half of Americans can't afford to write a \$500 check,” Colberg said. We decided to look into the CEO's claim about the woeful state of US finances. What we found is that according to a recent [Bankrate survey](#) of 1,000 adults, 57% of Americans don't have enough cash to cover a mere \$500 unexpected expense. Turns out the CEO was right. And while that may appear dire, it is a slight improvement from 2016, when 63% of U.S. residents said they wouldn't be able to handle such an expense.

The Bankrate survey findings echoed [research published last year by the Federal Reserve](#), which found that 46% of respondents said they would be challenged to come up with even less, or \$400, to cover an emergency expense, and would likely borrow or sell something to afford it. When the Fed asked what types of emergency expenses Americans had actually faced in the last year, more than one out of five cited a major unexpected medical expense. The average expense: \$2,782, or almost seven times higher than the Fed's hypothetical \$400 surprise bill.

How does this stunning statistic compare to some other developed nations?

It turns out that the state of half of US finances, deplorable as it may be is positively shining, not to mention “twice as good”, when compared to the country's neighbor to the north,

where a recent Ipsos survey on behalf of accounting firm MNP, found that more than half of Canadians are living within \$200 per month of not being able to pay all their bills or meet their debt obligations. Needless to say, if \$500 in savings is bad, half that amount is outright bizarre.

“With such a small amount of wiggle room, any kind of unanticipated hardship, such as a job loss or even a car repair, could send an already struggling family into financial despair,” Canada’s [Global News](#) quoted Grant Bazian, president of MNP’s personal insolvency practice, which is one of the largest in Canada. He also revealed that for 10 per cent of Canadians, the margin of error when it comes to household finances is even thinner, at \$100 or less.

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## California Lawmakers Push to Approve Communists in Government

The California Assembly voted in favor of a bill to repeal a law from the 1950’s that prohibits communists from holding state government jobs. The previous law recognized that the Communist movement is, not merely a political party seeking influence through fair elections, but a militant organization



seeking to create a one-party, totalitarian system in which elections are meaningless. Californian voters should pay close attention to who is supporting this legislation. –GEG

## **California Lawmakers Seek To Repeal Ban On Communists Taking Government Jobs**