

T1

"Some of the biggest men in the United States, in the Field of commerce and manufacture, are afraid of something. They know that there is a power somewhere so organized, so subtle, so watchful, so interlocked, so complete, so pervasive, that they better not speak above their breath when they speak in condemnation of it."

~Woodrow Wilson, *The New Freedom* (1913)

T2

"Each and every time a bank makes a loan (or purchases securities), new bank credit is created — new deposits — brand new money."

~Graham F. Towers, *Director, Bank of Canada*

T3

"The process by which banks create money is so simple the mind is repelled."

~John Kenneth Galbraith, *Economist*

T4

"Permit me to issue and control the money of a nation, and I care not who makes its laws."

~Mayer Amschel Rothschild, *Banker*

CHAPTER1:INTRO

Voiceover:

1. Two great mysteries dominate our lives: love and money.
2. "What is love?" is a question that has been endlessly explored in stories, songs, books, movies, and television.
3. But the same can NOT be said about the question "What is money?"
4. It's not surprising that monetary theory hasn't inspired any blockbuster movies. But it was not even mentioned at the schools most of us attended.
5. For most of us, the question "Where does money come from?" brings to mind a picture of the mint printing bills and stamping coins. Money, most of us believe, is created by the government.
6. It 's true (pause) but only to a point. Those metal and paper symbols of value we usually think of as money are, indeed, produced by an agency of the federal government called the Mint.
7. But the vast majority of money is not created by the Mint. It is created in huge amounts every day by private corporations known as banks. (long pause)
8. Most of us believe that banks lend out money that has been entrusted to them by depositors. Easy to picture. But not the truth.

9. In fact, banks **create** the money they loan, not from the bank's own earnings, not from money deposited, but directly from the borrower's promise to repay.

10. The borrower's signature on the loan papers is an obligation to pay the bank the amount of the loan plus interest, or, lose the house, the car, whatever asset was pledged as collateral. That's a big commitment from the borrower.

11. What does that same signature require of the bank? The bank gets to conjure into existence the amount of the loan and just write it into the borrower's account.

12. Sound far-fetched?

13. Surely that can't be true. But it is.

14. To demonstrate how this miracle of modern banking came about consider this simple story:

CHAPTER2: GOLDSMITHS TALE

The Goldsmith's Tale

1. Once upon various times, pretty much anything was used as money.

2. It just had to be portable and enough people had to have faith that it could later be exchanged for things of real value like food, clothing and shelter. Shells, cocoa beans, pretty stones, even feathers have been used as money.

3. Gold and silver were attractive, soft and easy to work with, so some cultures became expert with these metals. Goldsmiths made trade much easier by casting coins, standardized units of these metals whose weight and purity was certified.

4. To protect his gold the goldsmith needed a vault.

5. Soon his fellow townsmen were knocking on his door wanting to rent space to safeguard their own coins and valuables.

6. Before long, the goldsmith was renting every shelf in his vault and earning a small income from his vault rental business.

7. Years went by and the goldsmith made an astute observation. Depositors rarely came in to remove their actual, physical gold, and they **never all came in at once**.

8. That was because the claim checks the goldsmith had written as receipts for the gold deposited, were being traded in the marketplace as if they were the gold itself.

9. This paper money was far more convenient than heavy coins, and amounts could simply be written, instead of laboriously counted one by one for each transaction.

10. Meanwhile, the goldsmith had developed another business. He lent out his gold charging interest.

11. Well, as convenient claim check money came into acceptance, borrowers began asking for their loans in the form of these claim checks instead of the actual metal. As industry expanded more and more people asked the goldsmith for loans.

12. This gave the goldsmith an even better idea.

13. He knew that very few of his depositors ever removed their actual gold. So, the goldsmith figured he could easily get away with lending out claim checks against his depositors' gold, in addition to his own.

14. As long as the loans were repaid, his depositors would be none the wiser, and no worse off. And the goldsmith, now more banker than artisan, would make a far greater profit than he could by lending only his own gold.

15. For years the goldsmith secretly enjoyed a good income from the interest earned on everybody else's deposits.

16. Now a prominent lender, he grew steadily richer than his fellow townsmen and flaunted it. Suspicions grew that he was spending his depositors' money. His depositors got together and threatened withdrawal of their gold if the goldsmith didn't come clean about his newfound wealth.

17. Contrary to what one might have expected, this did not turn out to be a disaster for the goldsmith. Despite the duplicity inherent in his scheme, his idea did work. The depositors had not lost anything. Their gold was all still safe in the goldsmith's vault.

18. Rather than taking back their gold, the depositors demanded that the goldsmith, now their banker, cut them in by paying them a share of the interest.

19. And that was the beginning of banking. The banker paid a low interest rate on deposits of other people's money that he then loaned out at a higher interest.

20. The difference covered the bank's cost of operation and its profit. The logic of this system was simple. And it seemed like a reasonable way to satisfy the demand for credit.

21. However this is NOT the way banking works today.

22. Our goldsmith/banker was *not* content with the income remaining after sharing the interest earnings with his depositors.

23. And the demand for credit was growing fast, as Europeans spread out across the world. But his loans were limited by the amount of gold his depositors had in his vault.

24. That's when he got an even bolder idea. Since no one but himself knew what was actually in his vaults he could lend out ***claim checks on gold that wasn't even there!***

25. As long as all the claim check holders didn't come to the vault at the same time and demand real gold, how would anyone find out?

26. This new scheme worked very well, and the banker became enormously wealthy on the interest paid on gold that ***did not exist!***

27. The idea that the banker would just create money out of nothing was too outrageous to believe, so, for the longest time, the thought did not even occur to people.

28. But, the power to just invent money went to the banker's head as you can well imagine. In time, the magnitude of the banker's loans and his ostentatious wealth did trigger suspicions once again.

29. Some borrowers started to demand real gold instead of paper representations. This set off rumours.

30. Suddenly, several wealthy depositors showed up to remove their gold. The game was up!

31. A sea of claim check holders flooded the street outside the closed doors of the bank. Alas, the banker did not have enough gold & silver to redeem all the paper he had put into their hands.

32. This is called a "run on the bank" and is what every banker dreads.

33. This phenomenon of a "run on the bank" ruined individual banks and, not surprisingly, damaged public confidence in all bankers.

34. It would have been straightforward to outlaw the practice of creating money from nothing.

35. But the large volumes of credit the bankers were offering had become essential to the success of European commercial expansion.

36. So, instead, the practice was legalized and regulated.

37. Bankers agreed to abide by limits on the amount of fictional loan money that could be lent out. The limit would still be a number much larger than the actual value of gold & silver in the vault. Quite often the ratio was 9 fictional dollars to 1 actual dollar in gold.

38. These regulations were enforced by surprise inspections.

39. It was also arranged that, in the event of a run, central banks would support local banks with emergency infusions of gold.

40. Only if there were runs on a lot of banks simultaneously would the bankers' credit bubble burst and the system come crashing down.

CHAPTER3: THE MONEY SYSTEM TODAY

The Money System Today

1. Over the years, the fractional reserve system and its integrated network of banks backed by a central bank has become the dominant money system of the world. At the same time, the fraction of gold backing the debt money has steadily shrunk to nothing.

2. The basic nature of money has changed.

3. In the past, a paper dollar was actually a receipt that could be redeemed for a fixed weight of gold or silver. In the present, a paper or digital dollar can only be redeemed for another paper or digital dollar.

4. In the past, privately created bank credit existed only in the form of **private banknotes**, which people had the choice to refuse just as we have the choice to refuse someone's private cheque today.

5. In the present, privately created bank credit is legally convertible to government issued "**fiat**" **currency**, the dollars, loonies and pounds we habitually think of as money. Fiat currency is money created by government fiat, or decree, and legal tender laws declare that citizens **must accept** this fiat money as payment for debt or else the courts will not enforce the obligation.

(Pause – music up and down)

6. So, now the question is... if governments and banks can both just **create** money, then how much money exists?

7. In the past, the total amount of money in existence was limited to the actual physical quantities of whatever commodity was in use as money. For example, in order for new gold or silver money to be created, more gold or silver had to be found and dug out of the ground.

8. In the present, money is literally created as debt. New money is created whenever anyone takes a loan from a bank. As a result, the total amount of money that can be created has only one **real** limit - the total level of debt.

9. Governments place an additional **statutory limit** on the creation of new money, by enforcing rules known as **fractional reserve requirements**.

10. Essentially arbitrary, fractional reserve requirements vary from country to country and from time to time. In the past, it was common to require banks to have at least one dollar's worth of real gold in the vault to back 10 dollars worth of debt money created.

11. Today, reserve requirement ratios no longer apply to the ratio of new money to gold on deposit, but merely to the ratio of new money to existing money.

12. Today, a bank's **reserves** consist of the amount of government-issued cash or equivalent that it has deposited with the central bank, and the amount of already existing debt money the bank has on deposit.

13. To illustrate this in a simple way.... let us imagine that a new bank has just started up and has no depositors at all yet. However the bank's investors have made a reserve deposit of one thousand one hundred and eleven dollars and twelve cents of existing cash money at the central bank and the required reserve ratio is 9:1.

14. Step 1: The doors open and the new bank welcomes its first loan customer. The customer needs \$10,000 to buy a good used car. At a 9:1 reserve ratio, the bank's reserve at the central bank, also known as "high-powered money", allows it to legally conjure 9 times that amount, or \$10,000, into existence on the basis of the borrower's pledge of debt. This \$10,000 is not taken from anywhere. It is **brand new money** simply typed into the borrower's account as bank credit. The borrower then writes a check on that bank credit to buy the used car.

15. Step 2: The seller then deposits this newly created \$10,000 at her bank. Unlike the high-powered government money deposited at the central bank, this newly created credit money cannot be **multiplied** by the reserve ratio. Instead it is **divided** by the reserve ratio.

16. At a ratio of 9:1, a new loan of \$9,000 can be created on the basis of the \$10,000 deposit.

17. Step 3: If that \$9000 is then deposited by a third party, at the same bank that created it, or a different one, it becomes the legal basis for a third issue of bank credit, this time for the amount of \$8100.

18. Like one of those Russian dolls, each layer of which contains a slightly smaller doll inside, each new deposit contains the potential for a slightly smaller loan in an infinitely decreasing series.

19. Now, if the loan money created is **not** deposited at a bank, the process stops. That is the unpredictable part of the money creation mechanism.

20. But more likely, at every step, the new money **will** be deposited at a bank, and the reserve ratio process can repeat itself over and over until almost \$100,000 of brand new money has been created within the banking system.

21. All of this new money has been created entirely from debt, the whole process legally authorized by the initial reserve deposit of just one thousand one hundred and eleven dollars and twelve cents, which is still sitting untouched at the central bank!

22. What's more, under this ingenious system, the books of each bank in the chain must show that the bank has 10% more on deposit than it has out on loan. This gives banks a very real incentive to seek deposits in order to be able to make loans, supporting the general but misleading impression that loans come out of deposits.

23. Now, unless each successive loan were deposited at the **same** bank, it cannot be said that any one bank got to multiply its initial high powered money reserve almost 90 times by issuing bank credit out of nothing. However, the banking system is a closed loop, bank credit created at one bank becomes a deposit in another, and vice versa. In a theoretical world of perfectly equal exchanges, the ultimate effect would be exactly the same as if the whole process took place within one bank.

24. That is, the bank's initial central bank reserve of a little over eleven hundred dollars allows it to ultimately collect interest on up to \$100,000 the bank never had.

25. If that sounds ridiculous, try this. In recent decades, as a result of steady lobbying by the banks, the requirements to make a reserve deposit at the nation's central bank have all but disappeared in some countries and actual reserve ratios can be much higher than 9:1. For some types of accounts, twenty to one and thirty to one ratios are common.

26. And even more recently, by using loan fees to raise the required reserve as well as the Principal of the loan from the borrower, banks have now found a way to circumvent reserve requirement limitations entirely.

27. So...while the rules are complex the common sense reality is actually quite simple. Banks can create as much money as we can borrow.

28. Despite the endlessly presented mint footage, government-created money typically accounts for less than 5% of the money in circulation. More than 95% of all money in existence today was created by someone signing a pledge of indebtedness to a bank. What's more, this bank credit money is being created and destroyed in huge amounts every day, as new loans are made and old ones repaid.

T5

“I am afraid that the ordinary citizen will not like to be told that banks can and do create money ...And they who control the credit of the nation direct the policy of Governments and hold in the hollow of their hands the destiny of the people”

~Reginald McKenna, past Chairman of the Board, Midlands Bank of England

29. The banks can only practice this money system with the active cooperation of government.

30. First, governments pass legal tender laws to make us use the national fiat currency.

31. Secondly, governments allow private bank credit to be paid out in this government currency.

32. Thirdly, government courts enforce debts.

33. And lastly, governments pass regulations to protect the money system's functionality and credibility with the public while doing nothing to inform the public about where money really comes from.

CHAPTER4: THE SIMPLE TRUTH

The Simple Truth

1. The simple truth is that, when we sign on the dotted line for a so-called loan or mortgage, our signed pledge of payment, backed by the assets we pledge to forfeit should we fail to pay, is the **only thing of real value** involved in the transaction.

2. To anyone who believes we will honour our pledge, that loan agreement or mortgage is now a portable, exchangeable, and saleable piece of paper. It is an IOU. It represents value and is therefore **a form of money**. This money the borrower exchanges for the bank's so-called loan.

3. Now a loan in the natural world means that the lender must have something to lend. If you need a hammer, my loaning you a promise to provide a hammer I don't have won't be of much help.

4. But in the artificial world of money, a bank's promise to pay money it doesn't have is allowed to be passed off as money and we accept it as such.

5. Once the borrower signs the pledge of debt, the bank then balances the transaction by creating, with a few keystrokes on a computer, a matching debt of the bank to the borrower. From the borrower's point of view this becomes "loan money" in his or her account, and because the government allows this **debt of the bank to the borrower** to be converted **to government fiat currency**, everyone has to accept it as money.

T6

“Thus, our national circulating medium is now at the mercy of loan transactions of banks, which lend, not money, but promises to supply money they do not possess.” —Irving Fisher economist and author

6. Again the basic truth is very simple. Without the document the borrower signed, the banker would have nothing to lend!

(Pause, music up and down)

8. Have you ever wondered how everyone... governments, corporations, small businesses, families can all be in debt at the same time and for such astronomical amounts? Have you ever questioned how there **can be** that much money out there to lend? Now you know. **There isn't.**

Banks do not **lend** money. They simply **create it from debt**. And, as debt is potentially unlimited, so is the supply of money.

9. And, as it turns out...the opposite situation is also true.

CHAPTER5: NO DEBT NO MONEY

No Debt, No Money

1. Isn't it astounding, that despite the incredible wealth of resources, innovation and productivity that surrounds us, almost all of us, from governments to companies to individuals, are heavily in debt to bankers!

2. If only people would stop and think - How can that be? How can it be that the people who actually produce all of the **real wealth** in the world are in debt to those who merely lend out the money that represents that wealth?!!!

3. Even more amazing is that once we realize that money **really is DEBT**, we realize that **if there were no debt there would be no money!!!**

T6

["That is what our money system is. If there were no debts in our money system, there wouldn't be any money." ~Marriner S. Eccles, Chairman and Governor of the Federal Reserve Board](#)

4. If this is news to you, you are not alone.

5. Most people imagine that if all debts were paid off, the state of the economy would improve. It's certainly true on an individual level. Just as we have more money to spend when our loan payments are finished, we think that if everyone were out of debt, there would be more money to spend in general. But the truth is the exact opposite. There would be no money at all!

T7

["This is a staggering thought. We are completely dependent on the Commercial Banks. Someone has to borrow every dollar we have in circulation, cash or credit. If the Banks create ample synthetic money, we are prosperous; if not, we starve. We are, absolutely, without a permanent money system.](#)

When one gets a complete grasp of the picture, the tragic absurdity of our hopeless position is almost incredible, but there it is.”

~Robert H. Hemphill, Credit Manager of Federal Reserve Bank, Atlanta, Georgia

6. So you see we are totally dependent on continually renewed bank credit for there to be any money in existence. No loans, no money - which is what happened during the Great Depression, the money supply shrank drastically as the supply of loans dried up.

CHAPTER6: PERPETUAL DEBT

Perpetual Debt

1. Let us now note that bankers create only the amount of the Principal. They do not create the money to pay the Interest. Where is that supposed to come from?

2. The only place borrowers can go to obtain the money to pay the Interest is the general economy's overall money supply. But almost all of that overall money supply has been created exactly the same way –as bank credit that has to be paid back with more than was created!

3. So everywhere, there are other borrowers in the same situation, frantically trying to obtain the money they need to pay back both Principal and Interest from a total money pool which contains only Principal.

4. It is clearly impossible for **everyone** to pay back the Principal plus the Interest because the interest money does not exist. This can even be expressed by a simple mathematical formula. (pause)

5. The big problem here is that for long term loans such as mortgages and government debt, where the total Interest far exceeds the Principal, unless a lot of extra money is created to pay the Interest, it means a very high proportion of foreclosures, and a non-functioning economy. (pause)

6. To maintain a functional society the rate of foreclosure needs to be low. And so, to accomplish this, more and more new debt money has to be created to satisfy today's demands for money to service the previous debt. But, of course, this just makes the total debt bigger. And that means more interest must ultimately be paid, resulting in an ever-escalating and inescapable spiral of mounting indebtedness.

7. It is only the time lag between money's creation as new loans and its repayment that keeps the overall shortage of money from catching up and bankrupting the entire system. However, as the bankers' insatiable credit monster gets bigger and bigger, the need to create more and more debt money to feed it becomes increasingly urgent.

8. Why are interest rates so low? Why do we get unsolicited credit cards in the mail? Why is the US government spending faster than ever? Could it be to stave off collapse of the entire monetary system?

9. The rational person has to ask: Can this really go on forever? Isn't a collapse inevitable?

T8

“One thing to realize about our fractional reserve banking system is that, like a child's game of musical chairs, as long as the music is playing, there are no losers.” ~Andrew Gause, Monetary Historian

10. Money facilitates production and trade. As the money supply increases, money just becomes increasingly worthless (inflation) unless the volume of production and trade in the real world grows by the same amount to soak it up.

11. Add to this the realization that when we hear that the economy is growing at 3% per year, it sounds like a constant rate. It is not. This year's 3% represents more real goods and services than last year's 3% because it is 3% of the new total. Instead of a straight line as is naturally visualized from the words, it is really an exponential curve getting steeper and steeper.

T9

“The greatest shortcoming of the human race is our inability to understand the exponential function.”
—Albert A. Bartlett, physicist

12. The problem, of course, is that perpetual growth of the real economy requires perpetually escalating use of real world resources and energy. More and more stuff has to go from natural resource to garbage every year ...forever, just to keep this system from collapsing!

T10

“Anyone who believes exponential growth can go on forever in a finite world is either a madman or an economist.” —Kenneth Boulding, economist

13. What can we do about this frightful situation?

14. For one thing, a very different concept of money is needed.

15. Perhaps it is time more people asked themselves and their governments four simple questions.

16. Around the world, governments borrow money at interest from private banks. Government debt is a major component of total debt and servicing that debt takes a big chunk of our taxes.

17. Now, we know that banks simply create the money they lend...
and that governments have given them permission to do this.

18. We also know that government creates fiat currency and certainly has at least the same right as

the banks to create its own money.

19. So the first question is... why do governments choose to borrow money from private banks at interest when **government could create all the interest free money it needs itself?**

20. And the second big question is: **why create money as debt at all?** Why not create money that circulates permanently and doesn't have to be perpetually re-borrowed at interest in order to exist?

21. The third question is: How can a money system that can only function with perpetually accelerating growth be used to build a sustainable economy? Isn't it logical that **perpetually accelerating growth and sustainability are incompatible?**

22. And finally: **What is it** about our current system that makes it totally dependent on perpetual growth? What **needs to be changed** to allow the creation of a sustainable economy?

CHAPTER7: USURY

Usury

1. At one time, charging **any interest** on a loan was called usury and subject to severe penalties, including death. **Every major religion forbade usury.**

2. Most of the arguments made against the practice were moral. It was held that money's only legitimate purpose was to facilitate the exchange of **real** goods and services. Any form of making money from simply **having** money was regarded as the act of a parasite or thief.

3. However, as the credit needs of commerce increased, the moral arguments eventually gave way to the argument that lending involves risk and loss of opportunity to the lender and therefore attempting to make a profit from lending is justified.

4. Today, these notions seem quaint. Today, the idea of making money from money is held as the ideal to strive for. Why work when you can get your money to work for you?

5. However, in trying to envision a sustainable future, it is very clear that the charging of interest is both a moral and a practical problem.

6. Imagine a society and economy that can endure for centuries because, instead of plundering its capital stores of energy, it restricts itself to present day income. No more wood is harvested than grows in the same period. All energy is renewable: solar, gravitational or geothermal, magnetic and whatever else we discover. This society lives within the limits of its non-renewable resources by reusing and recycling everything. And the population just replaces itself.

7. Such a society could never function using a money system utterly dependent on perpetually

accelerating growth. A stable economy would need a money supply at least capable of remaining stable without collapsing.

8. Let's say the total volume of this stable money supply is represented by this big circle. Let us also imagine that moneylenders must actually have existing money to lend. If some people within this money supply begin systematically lending money at interest, their share of the money supply will grow. If they continually re-loan at interest all the money that gets paid back what is the inevitable result?

9. Whether it is gold, fiat or debt money doesn't matter. ***The moneylenders will end up with ALL of the money!*** And after the foreclosures and bankruptcies are all filed, they will get all the real property too!

10. Only if the proceeds of lending at interest were evenly distributed among the population would this central problem be solved. Heavy taxation of bank profits might accomplish this goal. But then why would banks want to be in business?

11. If we were ever able to free ourselves of the current situation, we could imagine banking run non-profit service to society, disbursing its interest earnings as a universal citizen dividend, or lending without charging interest at all.

T11

"I have never yet had anyone who could, through the use of logic and reason, justify the Federal Government borrowing the use of its own money... I believe the time will come when people will demand that this be changed. I believe the time will come in this country when they will actually blame you and me and everyone else connected with the Congress for sitting idly by and permitting such an idiotic system to continue."

~ Congressman Wright Patman.

CHAPTER8: CHANGING THE SYSTEM

Changing the System

1. If it is the fundamental nature of the system that causes the problems, tinkering with the system cannot ever solve those problems. The system itself must be replaced.

2. Many monetary critics clamour for a return to gold-based money, claiming that gold has a long history of reliability. They ignore the many scams that can be played with gold: shaving coins, debasing the metal, cornering the market, all of which were abundantly practiced in ancient Rome, and contributed to its fall.

3. Some advocate silver, it being more abundant than gold and therefore more difficult to corner.

4. Many question the need to bring back precious metals at all. No one wants to go back to carrying

heavy sacks of coins to go shopping. It is a certainty that paper, digital, plastic or more likely biometric ID money would be the real medium of trade with the same potential for creating unlimited debt money we have now. Beyond that, if gold again became the sole legal basis of money, those who have no gold would suddenly have no money!

5. Other monetary reform advocates have concluded that greed and dishonesty are the main problems, and that there may be better ways to create an honest and equitable money system than returning to silver or gold.

6. Inventive minds have proposed a variety of alternative ways to create money. Many **private barter systems** create money as debt much as banks do, but it is done openly and without charging interest. An example is a barter system in which debt expressed as pledges of hours of work, all work being valued equally at a dollar figure that then allows hours to be equated with the dollar price of goods. The system charges fees to cover its costs, not interest for profit.

7. This kind of money system can be set up by anyone who can devise a way to do the accounting and find willing and trustworthy participants. Setting up a local barter money system, even if it were little used now, would be prudent emergency planning for any community.

8. Monetary reform, like electoral reform, is a big topic, and one that requires a willingness to change and to think out of the box. Monetary reform, like electoral reform will not come easily because the enormously powerful interests that benefit from the existing system will do their utmost to maintain their advantage.

9. Now that we have seen that money is just an idea and that, in reality, money can be whatever we make it; here is one very simple alternative monetary concept to consider. This model is based on systems that have worked in the past, in England, and America, systems that were undermined and destroyed by the goldsmith-bankers and their fractional reserve system.

10. To create an economy based on permanent, interest free money, money could simply be created and spent into the economy by the government, preferably on long-lasting infrastructure that facilitates the economy, such as roads, railroads, bridges, harbours, and public markets.

11. **This money would not be created as debt.** It would be created **as value**, that value being in the form of whatever it was spent on. If this new money facilitated a proportional increase in trade requiring its use, it would cause no inflation whatsoever.

12. If government spending **did** cause inflation, there would be two courses of action available.

13. Inflation is equivalent in effect to a flat tax on money. Whether the money goes down in value 20% or the government takes 20% of our money away from us, the effect on our buying power is the same. Viewed this way inflation in place of taxation might be politically acceptable if well spent and kept within limits.

14. Or, government could choose to counter inflation by collecting tax monies that it then takes out of use, thus reducing the money supply and restoring its value.

15. To control **deflation**, which is the phenomenon of falling wages and prices, the government would simply spend more money into existence.

16. With no competing private debt money creation, governments would have more effective control of their nation's money supply. The public would know whom to blame if things went wrong. Governments would rise and fall on their ability to preserve the value of money.

17. Government would operate primarily on taxes as at present, but tax money would go much, much further as none of it would be required to pay interest to private bankers. **There could be no national debt** if the federal government simply created the money it needed. Our perpetual collective servitude to the banks through interest payments on government debt would be impossible.

T12

“Money is a new form of slavery, and distinguishable from the old simply by the fact that it is impersonal—that there is no human relation between master and slave.” —Leo Tolstoy

T13

“None are more enslaved than those who falsely believe they are free.” —Goethe

CHAPTER9: THE INVISIBLE POWER

The Invisible Power

1. What we have been taught to believe is democracy and freedom has become, in reality, an ingenious and invisible form of economic dictatorship. As long as our entire society remains utterly dependent on bank credit for its supply of money, bankers will be in the position to make the decisions on who gets the money they need and who doesn't.

T14

“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 the 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 slaves of the banks and pay the cost 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 2nd richest man in Britain at the time)

2. Few people are aware today that, America's history since the Revolution in 1776 has largely been the story of an epic struggle to get free and stay free of control by the Rothschild-dominated international banks. This struggle that was finally lost in 1913, when President Woodrow Wilson signed into effect the Federal Reserve Act, putting the international banking cartel in charge of creating America's money.

T15

"I am a most unhappy man. I have unwittingly ruined my country. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation, therefore, and all our activities are in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated Governments in the civilized world, no longer a Government by free opinion, no longer a Government by conviction and the vote of the majority, but a Government by the opinion and duress of a small group of dominant men."

~ Woodrow Wilson

3. The power of this system is deeply ingrained. So is the educational and media silence on the subject.

4. Years ago, for a book he wrote, a Canadian Deputy Prime Minister informally surveyed scores of non-economists, both highly educated professionals and common sense people on the street and found that **not one of them** had an accurate understanding of how money is created. In fact it is probably safe to say that most people, including the front line employees of banks, have never given the matter a moment of thought in their entire lives. How about you?

T16

"All of the perplexities, confusion, and distress in America arises, not from the defects of the Constitution or Confederation, not from want of honor or virtue, so much as from downright ignorance of the nature of coin, credit, and circulation."

~ John Adams, Founding Father of the American Constitution

5. The modern money as debt system was born a little over three hundred years ago, when the first Bank of England was set up with a royal charter for fractional lending of gold receipts at a modest ratio of 2:1.

6. That modest ratio was just the proverbial foot in the door. The system is now worldwide, creates virtually unlimited amounts of money out of thin air, and has almost everyone on the planet chained to a perpetually-growing debt that can NEVER be paid off.

7. Could it have all just happened by accident? Or is it a conspiracy? Obviously, something very BIG

is at stake here.

T17

“Whoever controls the volume of money in our country is absolute master of all industry and commerce...and when you realize that the entire system is very easily controlled, one way or another, by a few powerful men at the top, you will not have to be told how periods of inflation and depression originate.”

~James A. Garfield, assassinated president of the United States

T18

The Government should create, issue, and circulate all the currency and credits needed to satisfy the spending power of the Government and the buying power of consumers. By the adoption of these principles, the taxpayers will be saved immense sums of interest. The privilege of creating and issuing money is not only the supreme prerogative of government, but it is the government's greatest creative opportunity.”

~Abraham Lincoln, assassinated president of the United States

T19

Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of sovereignty of Parliament and of democracy is idle and futile... Once a nation parts with control of its credit, it matters not who makes the nation's laws... Usury once in control will wreck any nation.

~ William Lyon Mackenzie King Prime Minister of Canada who nationalized the Bank of Canada

T20

"We are grateful to the Washington Post, the New York Times, Time magazine and other great publications whose directors have attended our meetings and respected the promises of discretion for almost forty years. It would have been impossible for us to develop our plan for the world if we had been subject to the bright lights of publicity during those years. But, the world is now more sophisticated and prepared to march towards a world-government. The supranational sovereignty of an intellectual elite and world bankers is surely preferable to the National autodetermination practiced in past centuries"--David Rockefeller in an address to a Trilateral Commission meeting in June of 1991

T21

Only the small secrets need to be protected.

The big ones are kept secret by public incredulity.”

~ Marshall McLuhan, media “guru”

moneyasdebt.net

CREDITS

1. Money as Debt was created & produced by Paul Grignon

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5. Digital Music Production & 3D Modeling

Paul Grignon

6. Additional 3-D Models

Courtesy of “free stuff” at 3dcafe.com and help3d.com

7. “Money as Debt” owes its origins to the work of many dedicated educators and advocates of monetary reform.

8. It is intended as a general introduction to the conceptual basis of money.

9. To learn more visit: moneyasdebt.net

VISUALS

1. Debt

2. Love me!

3. What is money?

4. Coming Soon!

5. Bank

6. The Term depositor (*Terminator movie: joke works only in English?*)

7. he'll demand your interest (*double entendre in English*)

8. monetary theory will NOT be studied

9. where does money come from?

10. loans mortgages

11. mortgage

12. In return for the Lender's agreeing to lend the Principal Amount to the Borrower, the Borrower grants and mortgages the Land to the Lender as security for payment of the Mortgage Money and the fulfillment of all the Borrower's other promises and agreements as set out in this Mortgage until the Borrower has performed all the Borrower's obligations under This Mortgage.

13. By the privilege of our corporate bank charter

14. The borrower's pledge of debt
15. Becomes
16. Our money to lend
17. A brief and broadly allegorical history of banking
18. The Goldsmith's Tale
19. Fresh buffalo
20. Tipi warming tonight *(new home celebration)*
21. Ye Olde Goldsmith
22. No vacancy
23. Clerk
24. Gold withdrawal clerk *(I'll take Maytag man out)*
25. I promise to pay the bearer of this claim check 1 Ducat of gold
26. We accept claim checks
27. Luigi's Fruit Stand
28. No more heavy bags of coins
29. Get your paper money wallet!
30. Loans-R-Us *try* Goldsmith Loan Co.
31. I'll take it in paper please! *(joke about supermarket bags, pun?)*
32. The Town Crier
33. Trade & Industry Expanding
34. Capital Investment needed immediately
35. Repaid
36. What they don't know won't hurt them
37. % of my own gold
38. % of my depositors' gold
39. hmmmmm.
40. Today's rates: deposits 3% loans 7%
41. Europeans spread across world
42. Demand for credit growing fast
43. Before
44. After
45. No peeking
46. Oh yeah!
47. Goldsmith Banker
48. I'm so-o-o-o rich!
49. No claim check thank you. Fill her up the old-fashioned way.
50. Closed
51. Paper cash
52. Gold
53. Law courts
54. Banker Jokes
55. They are so bad!
56. Don't do it!

57. The fractional reserve system
58. 9 to 1
59. loans
60. central bank
61. money used to represent value
62. money now represents debt
63. valuable commodity *(Do you have an Gold or Silver notes from your country? Email picture)*
64. central bank credit *(Do your central bank notes have legal tender notice? Email*
65. Take a check?
66. Not a chance sonny
67. Jewelry sale
68. If legal tender was offered, the court considers the debt discharged. Next.
69. Banks & government
70. How much money exists?
71. Daily Wrap up
72. Gold hoarding causes money shortage
73. Gold mine
74. Cash back
75. Easy credit
76. No money down
77. Total American Debt
78. Trillion
79. bank inspector
80. That's your limit
81. Fractional Reserve Requirements
82. Announcing New Federal Banking Regulations
83. New rules better than the old rules
84. debt money : gold
85. new money : existing money
86. reserve
87. deposits only
88. Our deposits are actually loans to the bank.
89. Grand Opening
90. New Bank
91. high-powered money
92. current account
93. Let's "make" some money!!!!
94. Step 1
95. For sale
96. Reserve ratio
97. Loan agreement
98. All the money in existence at this moment
99. New Credit Account

100. Commercial Bank Deposit
101. new loan : reserve
102. I will pay you back darling.
103. New Loan of
104. Total Money Created
105. Amount of each loan
106. Number of times money is deposited and reloaned
107. Total approaches \$100,000
108. Banking system
109. Deposits Loans
110. We are the really friendly bank
111. Save your money with us
112. We've been misled?
113. Big Bank #1
114. Central Bank Reserve
115. Bank collects interest on almost \$100,000 it never had.
116. Banks loan money they do not have!
117. In some countries Central Bank Reserve Requirement = \$0
118. no reserve at all in some cases
119. Loan Fees
120. Sum it all up for us will you?
121. Bank credit
122. Government-created money
123. The amount of the loan (Principal) is created from the borrower's promise to pay.
124. Principal payments "un-create" the loan, ceasing to exist as money.
125. PAID
126. Loan agreements
127. Cash
128. Portable, exchangeable and saleable
129. The borrower's promise to pay is a form of money
130. Real World
131. Can I borrow a hammer?
132. That only works at the bank Dad
133. Money World
134. Basic Truth
135. Governments, corporations, small businesses, families
136. Where does it all come from?
137. I ponder no longer!
138. Foreclosed
139. Soup kitchen
140. Resumé
141. Will invent for food
142. Who took all the money?

143. Kill the banks!
144. Crowd control
145. Big
146. News
147. National Debt Skyrocketing
148. Final Payment 30-year mortgage
149. Last payment honey!
150. Yay! No more cat food.
151. Individual debts paid off leave individuals with MORE money
152. ALL DEBTS paid off leaves society with NO MONEY!
153. Bank Credit Economy
154. NO LOANS NO MONEY
155. MONEY SUPPLY
156. 27% reduction 1929-33
157. your loan
158. Overall Money Supply
159. Principal Principal + Interest
160. Treadmill of Perpetual Unpayable Debt
161. Foreclosed
162. will fulfill their loan contract
163. will be foreclosed
164. household
165. state & local
166. federal
167. corporate
168. financial
169. MONEY OWED
170. MONEY CREATED
171. time lag
172. CAN interest rates GO lower?
173. Low, low interest rates
174. NO Money Down!
175. Preferred
176. You are invited to Apply
177. Record Deficits!!!
178. Federal Debt Ballooning
179. RED INK
180. Huge Influx of Spanish Gold causes massive INFLATION
181. money supply
182. volume of trade
183. ANNUAL ECONOMIC GROWTH HAS BEEN STEADY AT 3%
184. STEADILY ACCELERATING THAT IS...
185. LAST YEAR'S TOTAL

186. THIS YEAR'S TOTAL
187. STEADY AT 3%?
188. EXPONENTIAL CURVE
189. resource & energy use
190. There can be shortages of resources and skills but why should there ever be a shortage of money?
191. 4 Simple Questions
192. Create money backed only by debt
193. Question 1
194. Why do governments CHOOSE to borrow money from private banks at interest when gov't could create all the interest-free money it needs itself?
195. Why create money as DEBT?
196. Why not create money that circulates permanently?
197. How can a money system dependent on perpetually accelerating growth...be used to build a sustainable economy?
198. What specifically needs to be changed?
199. We'll not tolerate Usurers in this Kingdom
200. Just say NO to Usury
201. To profit from money alone is like unto thievery
202. Pope says NOPE to Charging Interest
203. Canal Street Journal
204. Interest Rates from just 8%
205.
 - Loans
 - Bonds
 - Stock Market trading
 - Currency speculation
 - Real Estate flippingthe list goes on
206. And... I did it all without producing one actual useful thing
207. Wall Street Journal
208. Sustainable
209. World Oil Supply
210. Boom Bust
211. Solar Input
212. • solar • wind • tidal • hydro • biomass • geothermal
213. Full recovery of non-renewable resources
214. Stable Population
215. Money supply real world economy
216. ALL the money in existence
217. NO creating money as debt
218. Lending at interest
219. Taxes
220. Oh what's the point?

221. So simple
222. Gov't announces interest free loans for municipalities
223. Strangely, no matter how I adjust it, it always does the same thing!
224. Honest Money =
225. Lead (*the metal*)
226. Silver
227. Commodity Money:
 - distorts the value of the commodity
 - is easily stolen
 - supply cannot be controlled beneficially
228. paper digital plastic
229. Jane Doe (*Make up name and address for anonymous female citizen in Hungarian*)
230. licensed to spend
231. credit history on infostrip
232. Have a nice day
233. They still fall for it
234. Air today, gone tomorrow (*sound alike joke: Here today gone tomorrow*)
235. Gov't & Corporate Dishonesty Stretching the Imagination
236. Pirate Headquarters
237. Local Exchange Trading System
238. LETS
239. Monetary Reform
240. Electoral Reform
241. Money is an IDEA
 - symbolic
 - commodity
 - receipt for commodity
 - bogus receipt
 - fiat (gov't cash)
 - debt (bank credit)
 - debt (pledge)
242. Tally Stick System
243. Colonial Scrip
244. We must put a stop to this!
245. This interest-free currency *must* be destroyed
246. If people catch on...
247. We will be OUT OF BUSINESS!
248. Permanent Interest-Free Money
249. Banker's Magic Hat (now extinct)
250. Public Market
251. Opening Soon
252. VALUE
253. Public Market NOW OPEN
254. Buying Power
255. Reduction of
256. INFLATION = TAX
257. Shrinks
258. Minus 20%
259. Right now we have both inflation AND taxes!!
260. Tooooo much!
261. Infrastructure Renewal predicted to cause 8% INFLATION

262. ELECTION BATTLE LOOMS!
263. New Gov't committed to 0% INFLATION
264. ...raises Sales Tax to 12%
265. Wages & Prices show signs of decline
266. Nicely timed before ELECTION
267. Oh man... how hard (*difficult*) is that?
268. Banker's Magic Hat (now extinct)
269. Museum
270. Money added through gov't spending
271. Money removed through added taxation
272. This government is to blame!
273. We caused half the inflation your party did
274. But we got BETTER VALUE for it!
275. Wheels of gov't
276. FUEL
277. Tax Revenue
278. Medical Facilities
Road Renewal
Bridges
Sewage Treatment
Recreation Centers
Emergency Shelters
Subsidized Housing
Daycare
279. No more interest payments
280. Gov't Debt (now extinct)
281. VOTE for BOB
282. INDUSTRY
283. Direction of Society
284. What was the question again?
285. depressions
286. Inflations
287. bank panics
288. war
289. infiltration
290. media ownership
291. mass deception
292. assassination
293. "education"
294. Anonymity is essential
295. government corporate household
296. 13 YEARS NOT ONE CLASS ON MONEY CREATION
297. and not ONE word about it on TV... EVER!
298. Charity CAR WASH
299. You are stepping on the carrots
300. Bank of England 1694
301. That's the way it happened
302. Just grew like Topsy
303. lucky for us
304. Secret Order of the Very Special
305. Making things "happen" since 1776