"The study of money, above all other fields... is one in which complexity is used to disguise truth or to evade truth, not to reveal it. . .The process by which banks create money is so simple that the mind is repelled."

John Kenneth Galbraith:
Money, Whence It Came, Where It Went, c1975

Money
Owned and Owed

The Two Faces of Money

Our Money System Is the Most Important Issue

" We are absolutely without a permanent money system......***It is the most important subject intelligent persons can investigate and reflect upon.*** It is so important that our present civilization may collapse unless it becomes widely understood and the defects remedied very soon."

Robert H. Hemphill, Credit Manager, Atlanta Federal Reserve Bank, in foreword to <u>100% Money</u> by Irving Fisher 1936

What is Money?

Money is an agreed upon medium of exchange, a measure of value, or a means of payment. It is also “wealth reckoned in terms of money.”

- Items which have been used as money include sheep, cattle, wheat, corn, tobacco, beads and shells, gold, silver, copper, bronze and iron coins and more.
- S&H Green stamps were at one time acceptable as “money.”
- Hemp was even once used to pay taxes in the American colonies
- All of the above can be thought of as “money of exchange.”
- <u>With the exception of Green Stamps all are also “commodities” - the *individual* value of which can fluctuate widely according to market demand, available supply and monopoly control.</u>

Money has 3 essential functions

1. To activate and encourage the production of goods and services
2. To simplify the exchange of goods and services
3. To provide a standard unit for measuring the value of goods and services and for storing savings
   - *In order for money to serve as a STABLE measuring standard . . . inflation, deflation and economic depressions must be stopped – permanently.*
   - *Because the value of individual commodities fluctuate according to supply and demand and because they are subject to monopoly control, they cannot serve as a STABLE <u>Medium of exchange</u>.*

TWO METHODS OF MONEY CREATION:

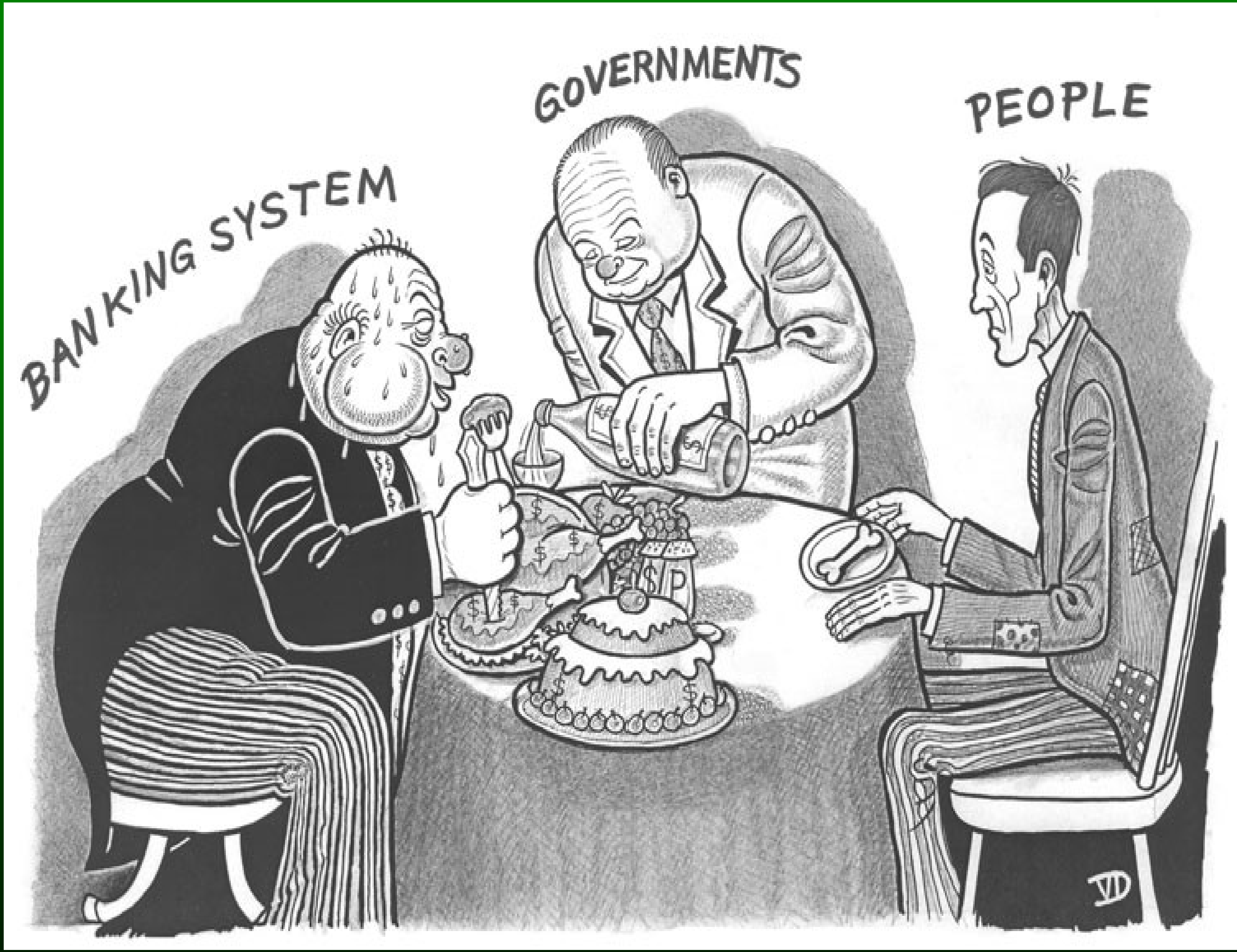
1. One method of money creation is “debt-based”
2. The second method of money creation can be described as debt “free”

****

(Keep in mind that the process of extinguishment is important to both money systems. This process helps ensure that money can serve as a stable measuring standard for the easy exchange of goods and services.)

Debt-based Money

- Created by the banking system when someone takes out an interest-bearing loan.
- <u>It is credit serving as money</u>, which makes it a “money of accounts”.
- Represents the money system we have been laboring under, in whole or in part, since the founding of our country despite Constitutional provisions to the contrary.
- Because we have bank fiat money our government, like the rest of us, is guilty not so much of overspending as it is guilty of over-borrowing, using the labor and assets of We The People as collateral.


GOVERNMENTS
PEOPLE
BANKING SYSTEM

Second, neglected method of Money creation

- Debt "Free" money creation provides for *interest free* money to be created by the monetary authority and spent into circulation.
- We can think of money created through this method as "money of exchange."
- It is what we call "owned money" and "democratic" money.

****

In the early days, gold and silver were "owned" money because prospectors could have the U.S. mint turn the product of their labors - that is their mined gold or silver - into standardized coins which could then be spent into circulation *by the prospector* (not the mine owners), debt free.

Important Questions

Take a $5 bill out of your wallet and ask: does that $5 bill represent wealth – or does it more accurately represent debt?

Is our money (as a representation of our wealth) “owned” by us, or is it “owed” to someone else?

Is Our Money "Owed" money?

- Robert H. Hemphill of the Atlanta Federal Reserve Bank answered that question when in 1936 he said: *"Someone has to borrow every dollar we have in circulation, cash or credit."*
- *"The dollar is based on credit and every dollar in existence represents a dollar of debt owed by an individual, a business firm, or a government unit."* [From A Primer on Money, U.S. Congress, House, Committee on Banking and Currency, Subcommittee on Domestic Finance, 88th Congress, 2nd Session, Government Printing Office, 1964, page 23.]
- *"Few understand that all our money arises out of debt and IOU operations. . .The banking system as a whole can do what each small bank cannot do: it can expand its loans and investments many times the new reserves of cash created for it, even though each small bank is lending out only a fraction of its deposits."* Economics, An Introductory Analysis by Professor Paul A. Samuelson. (Best selling college economics textbook of all time, c1948.)
- *"Our supply of money. . .is the result of creating money as loans based on the total reserves in the banking system."* Money in the Economy, Federal Reserve Bank of San Fransisco, 1981.

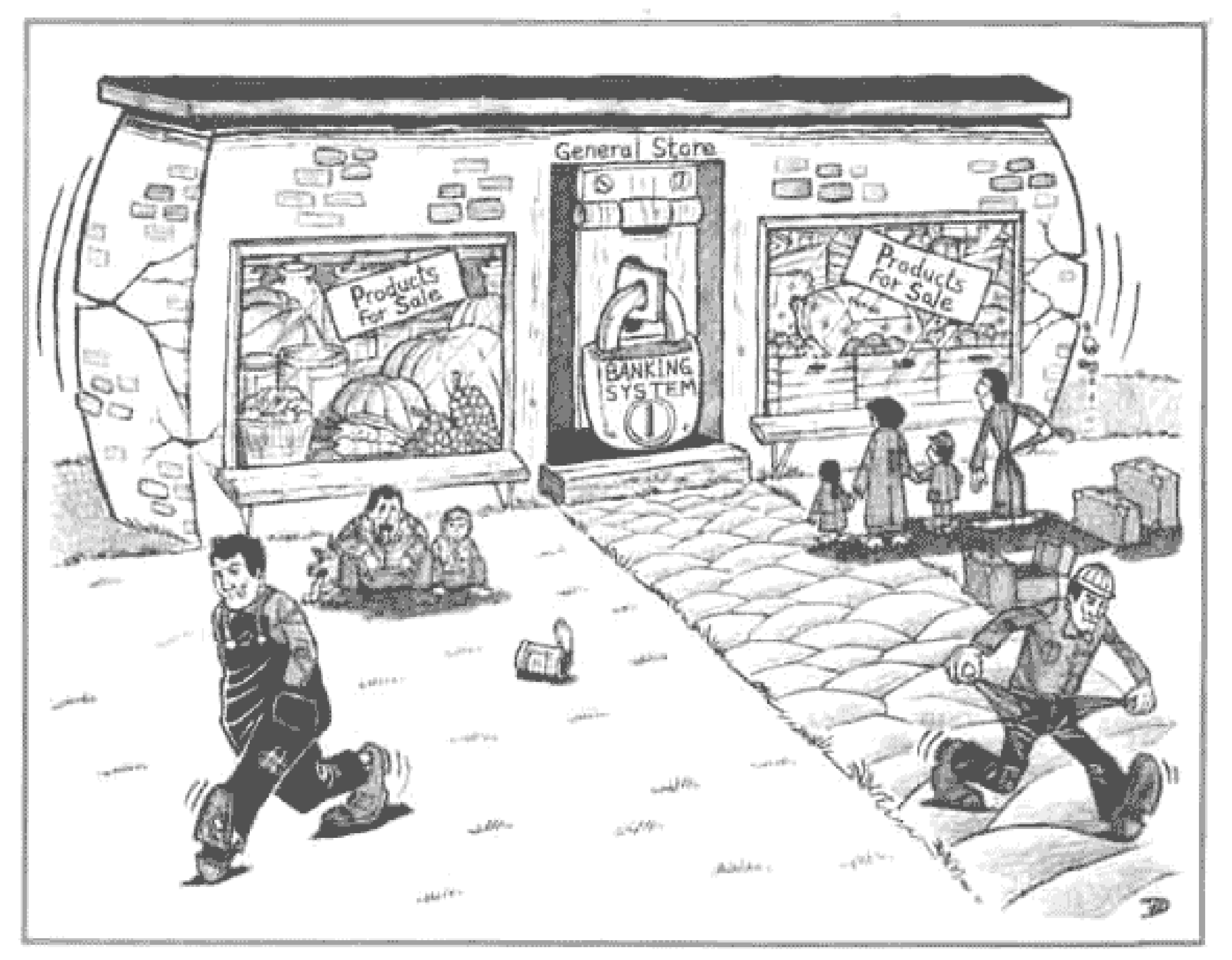
In Our Current Debt based money system:

- *Money is created as loans and thus represents debt*
- The interest associated with this debt/money is NOT created as money when bank loans are made. The interest can only be paid if additional loans are created as money.
- This means there is never enough money in the system to pay bank interest without creating more debt, so this interest is essentially unpayable.
- In this type of money system TOTAL debt grows exponentially and will eventually become unpayable once new debt/money creation can no longer be supported.
- Because money is “extinguished” as loan principals get paid off, attempts to pay off the debt set up a money shortage which triggers demand for more borrowing just to preserve the money supply.

Debt Based Money Systems Inevitably Create CHRONIC MONEY SHORTAGES

"While economic textbooks claim that people and corporations are competing for markets and resources, I claim that in reality they are competing for money - using markets and resources to do so. Greed and fear of scarcity are being continuously created and amplified as a direct result of the kind of money we are using. For example, we can produce more than enough food to feed everybody, and there is definitely enough work for everybody in the world, but there is clearly not enough money to pay for it all. **In fact, the job of central banks is to create and maintain that currency scarcity."**

Former Central Banker Bernard Lietaer in an article titled "Beyond Greed and Scarcity," *YES! Magazine*, Summer 1997.

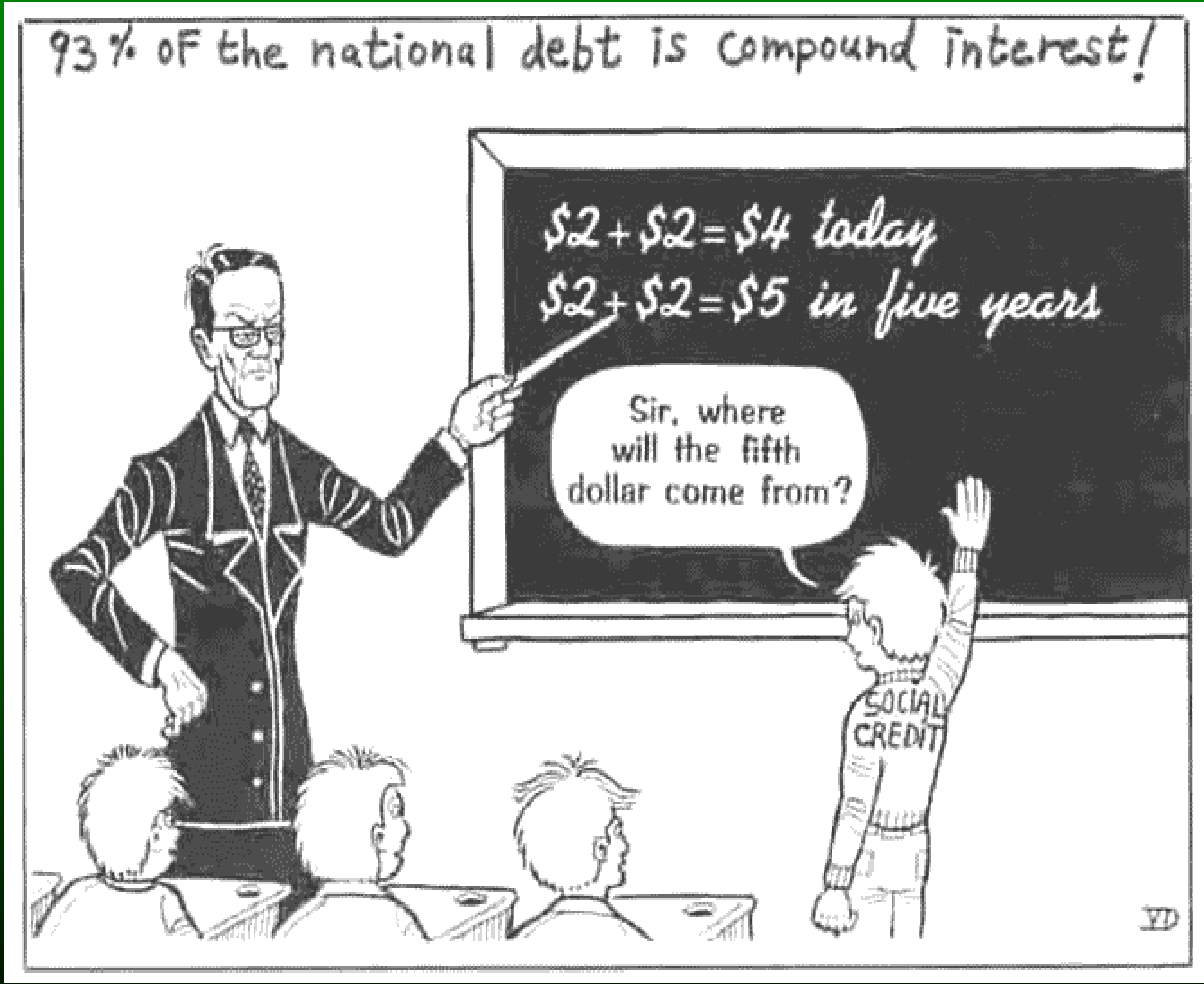

General Store
Products for Sale
BANKING SYSTEM
Products for Sale

Unpayable Interest

A key feature of debt-based money is that it has unpayable interest attached.

This unpayable interest is what makes debt-based money a “money of accounts.”

Accumulating, unpayable interest causes debt to grow exponentially over time.


93% of the national debt is compound interest!
$2 + $2 = $4 today
$2 + $2 = $5 in five years
Sir, where will the fifth dollar come from?
SOCIAL CREDIT
YD

Key Flaws of Debt Based or "owed" Money

Debt-based money systems are inherently unstable because of the need to increase the money supply at ever faster rates as more and more money goes to pay the exponentially accumulating interest, rather than goods and services.

- *Debt growth is governed by the formula for calculating compound interest. This formula is based on the exponential function which is one of the most important functions in mathematics and commonly used in finance.*
- *Debt-based money systems attempt to defy mathematical law. (More details in <u>The Two Faces of Money</u>.)*
- *This inherent instability is a global phenomenon, since some 170 countries now manage their economies through a central bank*

Monetary Instability caused by debt based money is a global phenomenon

"**Your money's value is determined by a global casino of unprecedented proportions**: $2 trillion are traded per day in foreign exchange markets, 100 times more than the trading volume of all the stock markets of the world combined. Only 2% of these foreign exchange transactions relate to the "real" economy reflecting movements of real goods and services in the world, and 98% are purely speculative. **This global casino is triggering the foreign exchange crises which shook Mexico in 1994-5, Asia in 1997 and Russia in 1998.** These emergencies are the dislocation symptoms of the old Industrial Age money system."

Future of Money, published in 2001 by Bernard Lietaer, former Central Banker

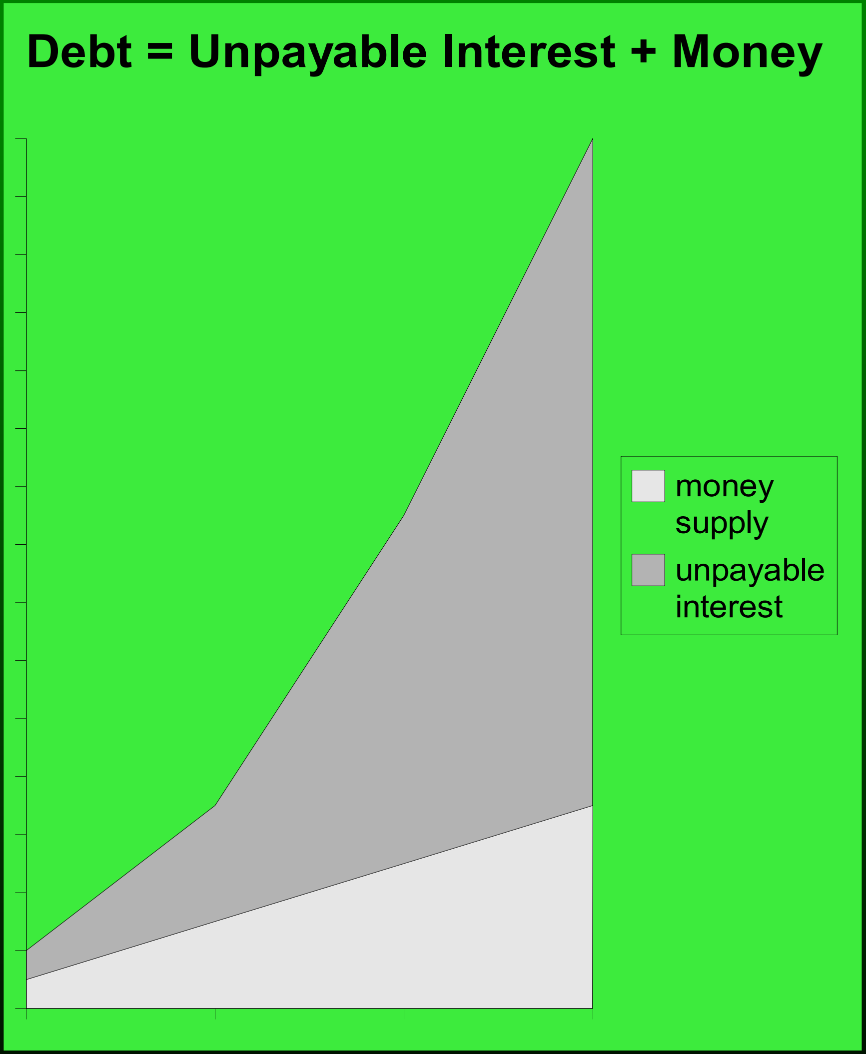
Unpayable Interest and The DUM Equation or D=U + M

The DUM chart, where "D" = Debt, "U" = Unpayable interest and "M" = Money Supply, follows the exponential growth curve because of the effects of accumulating interest. The exponential formula for calculating compounding, or accumulating, interest is:

$$D = P(1 + r)^n$$

where D = total debt, P = the loan principal, r = the interest rate and n = the number of years in question

From The Truth in Money Book.



The Federal Reserve System

- 170+ countries “manage” their economies through a central bank system, all of which are “coordinated” by the Bank of International Settlements in Basil, Switzerland.
- The Federal Reserve is the “de facto” leader.
- It is the SYSTEM which is at issue – NOT the employees or the individual banks within the SYSTEM.

Three Key Points:

WHAT **we use for money is not nearly as important as** ***HOW*** **that money is brought into circulation.**

We currently have private BANK FIAT – NOT GOVERNMENT FIAT – money, meaning that the banking system creates our money. In other words we have private bank credit, or interest bearing loans, serving as money, and it is why we have increasing levels of national (or public) debt.

If the government created our money we would have NO PUBLIC DEBT. However, we MIGHT have lots of inflation if no attention were paid to the rules and principles of monetary science and the process of extinguishment. But if this were to be done, we would have a true, inherently stable "money of exchange."

The Federal Reserve

- Not a bank. Acts as a “banker's bank”.
- Currently functions as the “de facto” leader for central banks around the world, all of which are coordinated by the Bank of International Settlements in Switzerland
- A privately owned cartel with a corporate structure
- Creates money (U.S. Legal tender) by buying government, or other types of securities, through Open Market Operations with money it does not have – but is allowed to “create out of nothing.” <u>The Fed provides our currency by buying it, at the cost of production</u> (less than four cents a bill, regardless of denomination) from the Bureau of Printing and Engraving. It then issues the money at face value to commercial banks as needed, by reducing that bank's "reserves" at the Fed by the same amount. (The profit on the difference between the cost and face value of the bills is called seniorage.)
- Helps commercial banks create ten times (or more) in "debt money" through the Fractional Reserve Expansion System.
- Has never been fully audited and makes policy decisions in private with only partial minutes of meetings released 3 weeks later. Verbatim minutes are never released, nor are they kept.

Many design flaws in our current UNSTABLE debt-based money creation system

*Unpayable, accumulating interest

*Exponentially increasing debt

*Growing shortage of "money" relative to debt (DUM)

*Inherent instability caused by the attempt to defy mathematical law

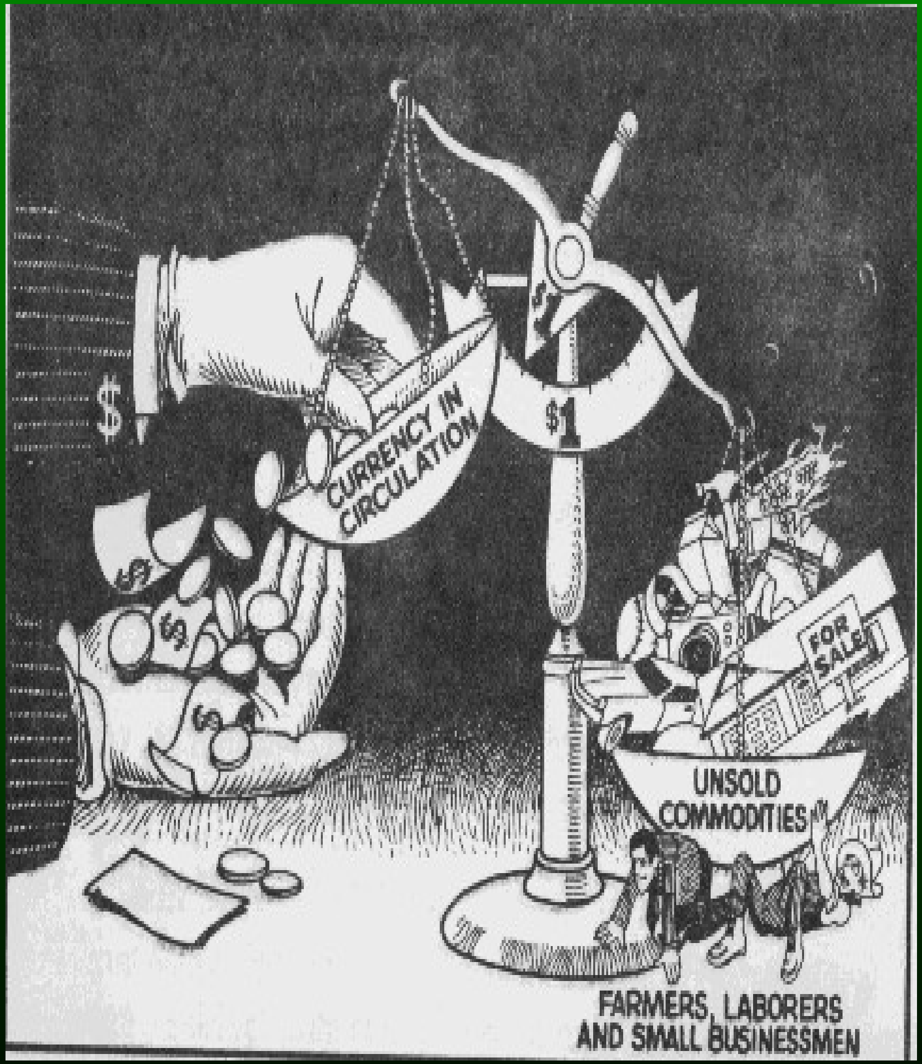
AND. . .

The fact that the Fed can increase or decrease the money supply through policy decisions made in secret

How The Fed Controls the Money Supply

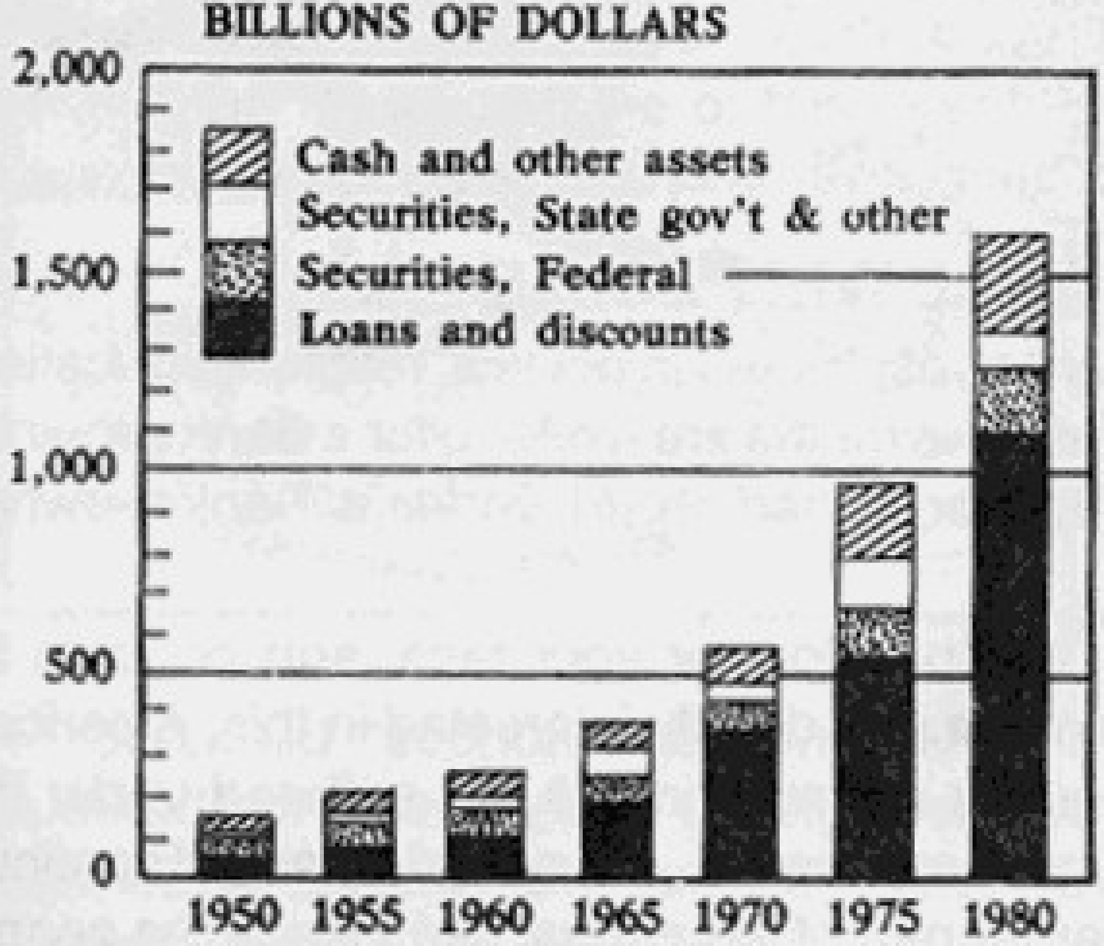
- Increases the money supply by purchasing government (and other) securities through Open Market Operations when it "buys" outstanding securities from 21 authorized dealers - with "money" it creates itself "out of nothing". This then <u>increases the overall "reserves" available to the biggest banks first</u>, because that is where the dealers always deposit their money.
- Can also increase or reduce the money supply by raising or lowering reserve requirement, <u>which effects all banks</u> in all districts.
- Sets the Fed Funds interest rate (the rate banks pay each other for loans to each other). Raising the Fed Funds rate tends to lower loan demand and lowering it tends to increase loan demand.
- Decreases the money supply by selling government securities during Open Market Operations, which decreases overall "reserves" available to the system.

The Great (Engineered) Depression



The money supply was deliberately contracted by the Fed during the Great Depression, according to economist Milton Friedman and others. During this time there was an "oversupply" of goods and services and not enough money to pay for them. People went hungry while the cartel bankers "cleaned up."

PRINCIPAL ASSETS OF ALL COMMERCIAL BANKS: 1950 TO 1980



Bankers produce no usable product or any "wealth," yet their usury robbery almost doubles their net assets (wealth) every 10 years!

Is it possible another generation under their "System" will make them "legal" owners of the entire United States and 200 million citizens will be their bond-slaves on the continent our fathers colonized and developed?

SOURCE: Statistical Abstract of United States

1982: Since 1950 the Bankers' "assets" (obtained by fraud) have risen from $160 billion to almost $2,000 billions. They are stealing America with their debt-usury system!

What about the assets of the Twelve Federal Reserve Banks, you ask?

According to monetary analyst S. W. Adams:
“The assets of the twelve Reserve Banks jumped from $15,581,000,000 in 1938 to $52,827,000,000 [in 1953].”

And, as of November 14, 2007, according to the Federal Reserve's own report, their total assets are now $925,309,000,000.

Constitutional Questions

The FED effectively controls the nation's money supply and interest rates, and thereby manipulates the entire economy.

Many argue that this is in direct violation of Article 1, Section 8 of the United States Constitution that expressly charges Congress with the *"Power to coin money and regulate the value thereof."*

Note that the dictionary definition of coin is to “make” or “create.”

Fractional Reserve Money Creation

- The first tier of the money/debt creation chain starts with the Federal Reserve and the second tier occurs in the commercial banks.
- The mechanism used by the banks is the Fractional Reserve Deposit Expansion System.
- Essentially and in both cases new debt must be incurred before money can be created.

Fractional Reserve Math

- The maximum amount of money which the banking system *AS A WHOLE* can create is governed by the reserve requirement, which is expressed as a percent.
- By dividing the amount of new reserves deposited into the banking system by the reserve requirement, you can find the amount of new money which the banking system could create as loans.
- Formula: 1 divided by the Reserve requirement multiplied by the Excess Reserves in the banking system equals the maximum possible expansion of “checkbook” money.
- If the Fed creates checks totaling $1 billion and deposits them in commercial banks and sets the reserve requirement at 15% - then the banks could create $5.667 billion in new debt/money for a total of $6.667 billion when the Fed's Billion is added.

Fractional Reserve Deposit Expansion through the Commercial Banks

- Under the present debt-dominant money system, most money is created as debt by the commercial banks when they make loans.

- The commercial banks get the "reserves" they need to make loans from the Federal Reserve.

- Money created through the Reserve system is known as "high-powered" money.

- The Federal Reserve Board alone determines reserve requirements.

- Lower reserve requirements allow a greater expansion of the money supply. Higher requirements contract the money supply.

- A 10% reserve requirement allows the system of commercial banks – given an original $1 billion deposit - to create a maximum of $10 billion in new loans – or "debt/money."

Farming the Fractional Reserve Way

"Thinking about that as a rancher, I put it in ranching terms, using a 10% reserve requirement. For instance, if I had a cow and she had a calf, I could sell that calf nine times and still have the calf to butcher and eat. I could have a full stomach all winter, have all my bills paid and have a good profit too."

- Byron Dale, <u>Bashed by the Bankers.</u>

In other words, the system can create ten times the amount of the original deposit (in this case a calf) given a 10% reserve requirement.

How Your Money – and PUBLIC DEBT - Is Created Through The Government/Banking Partnership

STEP ONE: The congress must legalize a higher federal debt limit so that the prior one can be exceeded when necessary.

STEP TWO: If the Treasury needs $1 billion, it offers government securities to designated bond dealers. If these dealers cannot raise the money by selling bonds to the public, then the Federal Open Market Committee can “purchase” these outstanding bonds by entering digits on a spreadsheet or computer, which thereby creates the "money" to "buy" the securities. The taxpayer, of course, is liable for any Treasury debt and must pay the accumulated interest to whomever ends up owning this new $1 billion in bonds.

STEP THREE: When the public buys government bonds, public debt is increased but NOT the money supply. However, when the Fed purchases these bonds, it begins the money creation chain. With a Fed purchase of $1 billion in government securities and a 10% reserve requirement a total of $10 billion in new money could be created by the banking system as a whole, beginning with the big commercial banks.

- Some of the new reserves may even "trickle down" from the big banks, where "debt-money" creation always begins, to the small and medium sized local banks. Then they become part of the "debt-money" expansion process - in most cases without really understanding that they are also now creating money "out of thin air."

Private Debt is Created through Commercial Banks via Fractional Reserve Deposit Expansion

Steps One through Three in the previous slide shows how money is created through the government/banking partnership. (Note that money can also be created by the Fed purchase of other securities, including foreign debt and corporate stock, with "money" it creates out of nothing).

After the Federal Reserve creates new so-called "reserves" by "buying" government securities through Open Market Operations, the fractional reserve expansion through the private commercial banks takes place thus creating private debt.

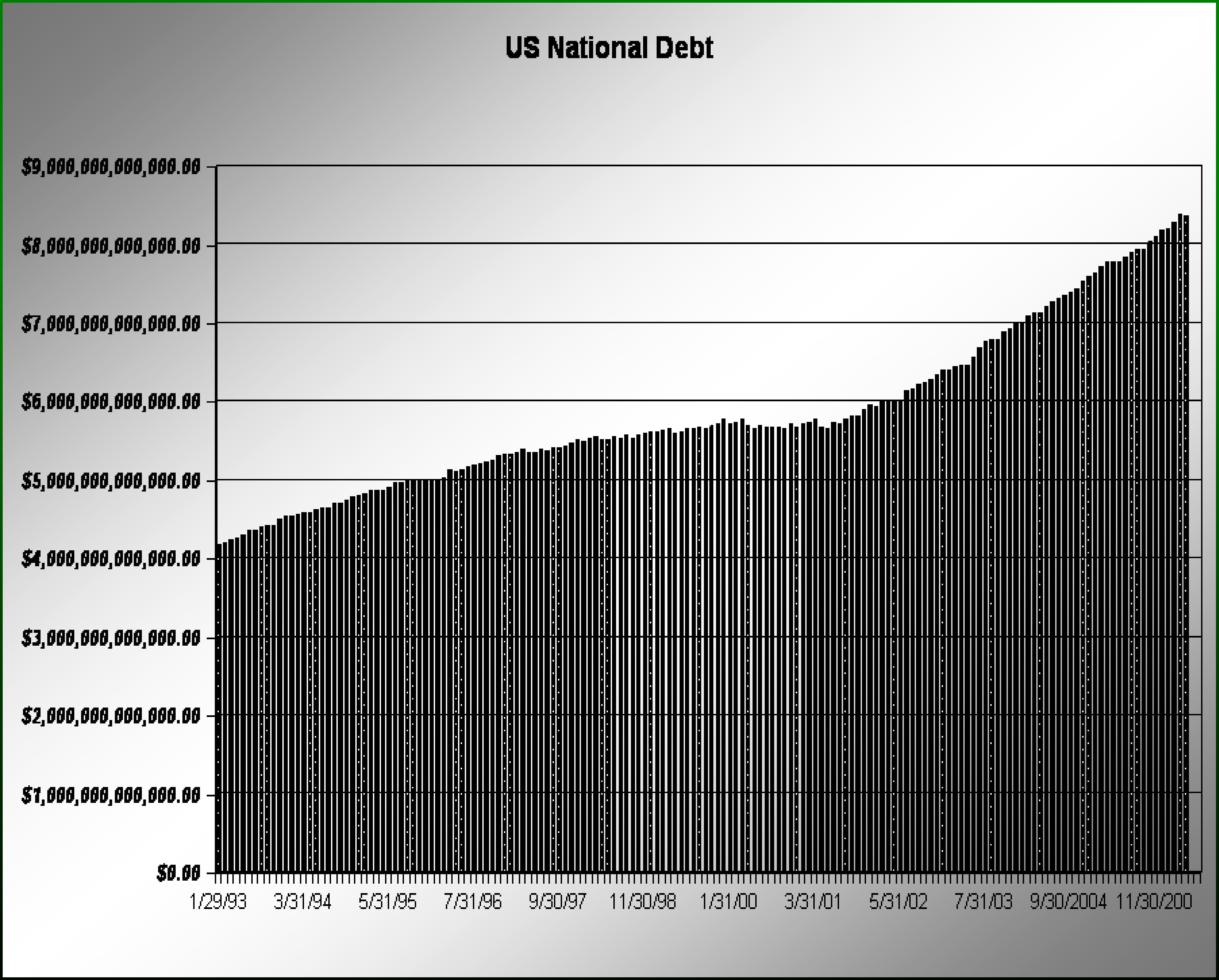
This then is how all new "debt-money" is created, almost all of it created "out of nothing" by the privately owned commercial banks.

With the exception of coins, all of our "money" is really debt acting as a substitute for real, Constitutional money. Real money would be created and spent into circulation by the government, tax free and interest free. Instead we continue to let private corporations use the government's own power to create money and loan that money to us and charge us interest for the use of our own money.

**See “Modern Money Mechanics” published by the Federal Reserve Bank of Chicago available online, for more details

The National Debt

- Today over $8.9 TRILLION dollars
  - In 1910 the federal debt was $1 BILLION dollars, and state and local debt virtually non-existent
- Today's debt averages out to $28,000 PLUS for every US citizen (man, woman AND child)
  - *<u>Interest</u> on the National debt for FY 2003 was $318,148,529,151.51.*
  - *This <u>averages</u> out to **$1057.26** in taxes per citizen for FY2003*
- *In FY2003, <u>PRIVATE DEBT</u> totaled over $40 TRILLION*


US National Debt
$9,000,000,000,000.00
$8,000,000,000,000.00
$7,000,000,000,000.00
$6,000,000,000,000.00
$5,000,000,000,000.00
$4,000,000,000,000.00
$3,000,000,000,000.00
$2,000,000,000,000.00
$1,000,000,000,000.00
$0.00
1/29/93
3/31/94
5/31/95
7/31/96
9/30/97
11/30/98
1/31/00
3/31/01
5/31/02
7/31/03
9/30/2004
11/30/200

How Our National Debt grows

Let us say that the yearly interest on the national debt is approximately $400 billion dollars.

Even without an increase in the total debt, in ten years at the same interest rate, $4 trillion worth of *interest* will be added to the debt.

This illustrates how the essentially unpayable, exponentially accumulating interest eventually creates unpayable debt. All of this is governed by mathematical law!

Unpayable Interest and your mortgage

Example:

A 30 year $100,000 mortgage at 8 1/2% interest has a Monthly Payment of $721.57 (excluding R.E. Taxes and insurance).

You make payments over 30 years totaling $270,456.00.

BUT . . . Only $100,000 created as “money.”

You must pay the principal PLUS interest of $170,456.00.

PLUS, as the principal is paid off, the debt AND [debt]money associated with it is “extinguished” - or goes away. ***NO DEBT, NO MONEY.***

Unless enough new money is created as debt, there is not enough money in the system to pay the interest and the principal.

Over time, more and more money must be created as debt, in order to pay the increasing debt, caused by accumulating, unpayable interest. (DUM!)

Former central banker Bernard Lietaer on the effects of unpayable interest and your mortgage:

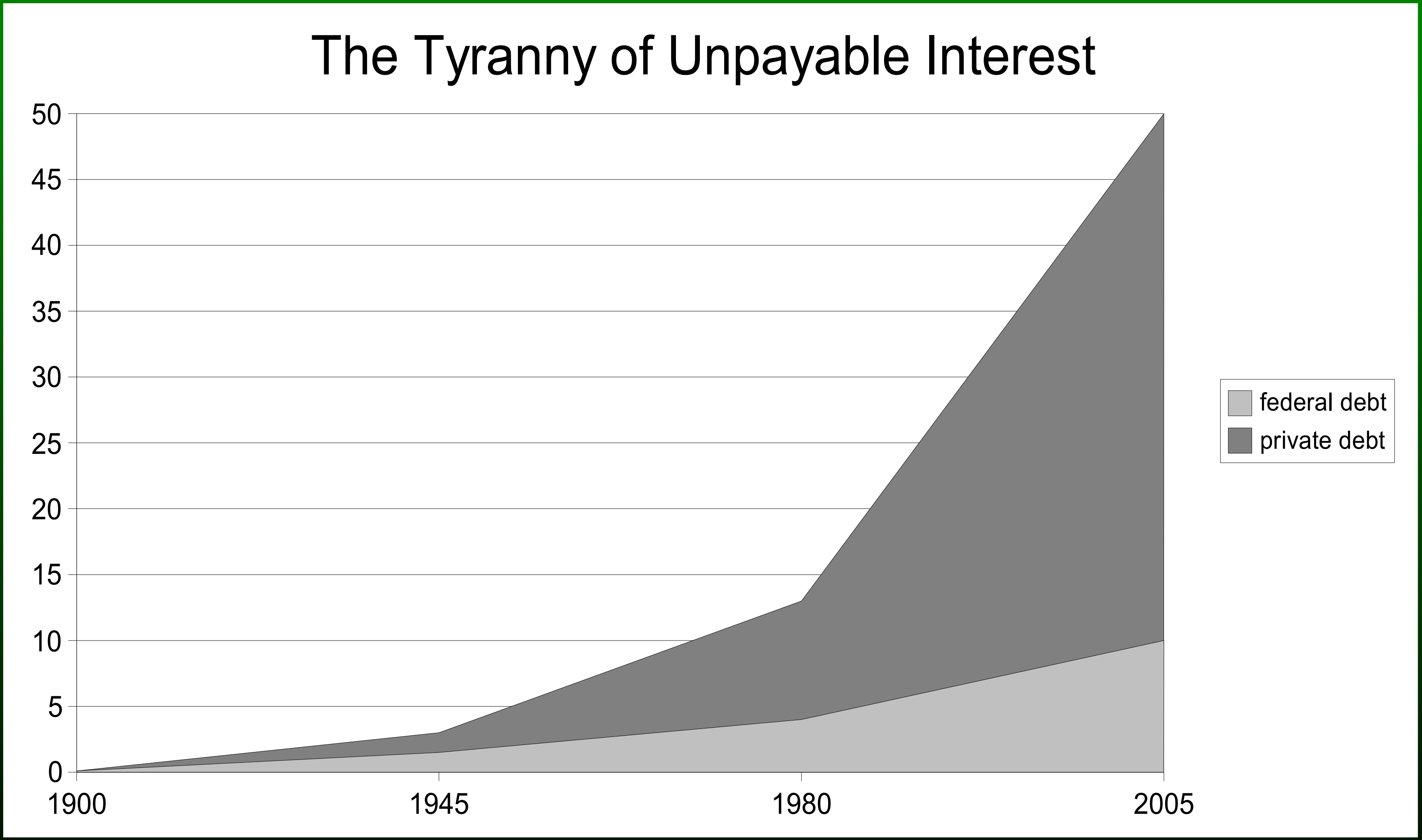
"Money is created when banks lend it into existence When a bank provides you with a $100,000 mortgage, it creates only the principal, which you spend and which then circulates in the economy. The bank expects you to pay back $200,000 over the next 20 years, but it doesn't create the second $100,000 - the interest. Instead, the bank sends you out into the tough world to battle against everybody else to bring back the second $100,000."

Article titled "Beyond Greed and Scarcity," *YES! Magazine*, Summer 1997.

The Universal Law of Exponential Debt Growth

- The creation of money as interest bearing loans serves to exponentially expand debt.
- This is governed by mathematical law, using the exponential function commonly used in finance.
- We can call the phenomenon expressed by formulas using the exponential function the *Universal Law of Exponential Debt Growth*.
- This law shows that overall debt, including interest and principal grows slowly at first and then exponentially in later years - or by bigger and bigger amounts as the years go by - due to the effects of compounding interest, as the next graph shows.

Total Debt, Federal and Private



Total debt in Numerical form

<u>In 1981</u>

- the Federal debt was $1.029 Trillion
- the Private debt was $4.171 Trillion
- for a total debt of $5.2 Trillion

<u>In 2005</u>

- the Federal debt was $8.3 Trillion
- the Private debt was @ $40 Trillion
- for a total debt of approximately $48 Trillion

INFLATION

Economists argue over the cause of inflation, but they agree on these points:

- Sustained, long term increases in the price of goods and services is inflationary
- An increase in the amount of money in circulation is related to inflation
- The dollar is devalued by inflation

Inflation Correctly Defined

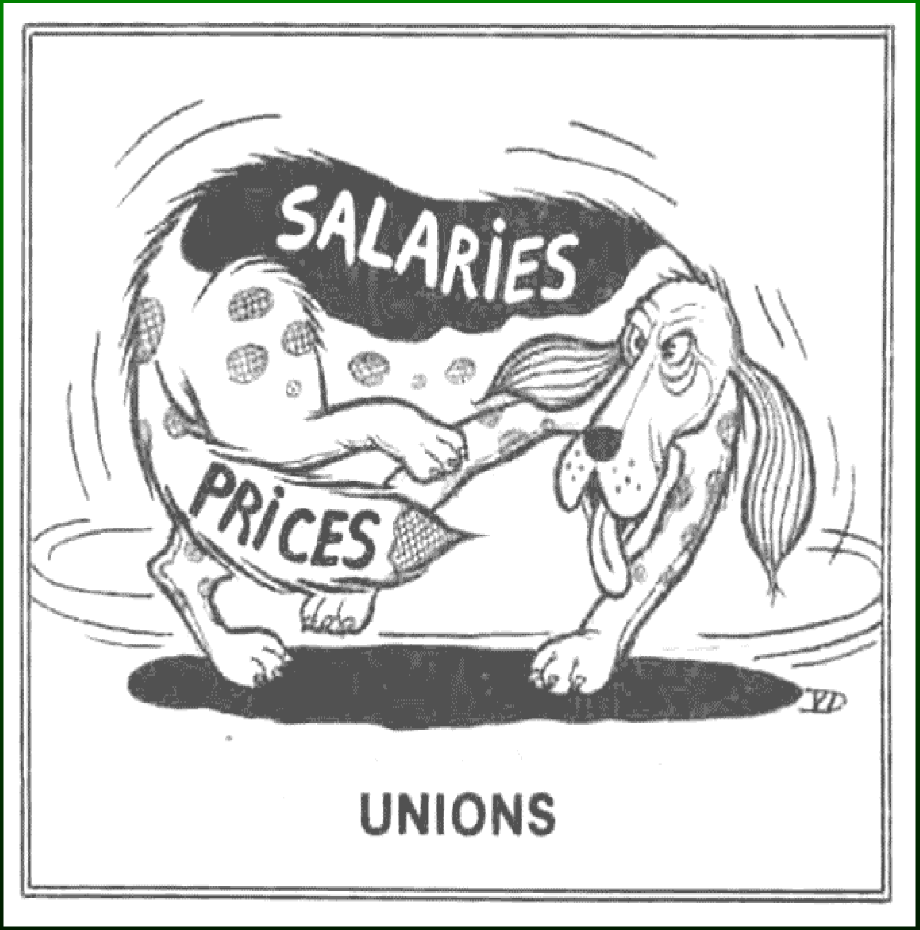
Recall that as the debt grows exponentially due to the accumulating interest, more and more money must be created just to pay the interest for the debt - which is expanding exponentially.

This process sets up a chronic and ever-worsening shortage of money relative to debt, as the DUM equation shows.

Over time, wages and prices must rise just to pay the interest costs, never mind the ACTUAL cost of goods and services.

Therefore inflation in a debt dominant money system, such as the Fed, is correctly defined as: ***Debt-induced currency devaluation***

A Vicious Cycle Created by Accumulating, Unpayable Interest



Debt forces consumers to shop for bargains and businesses to seek out those areas of the globe with the lowest costs of production. Both must do so or face bankruptcy.

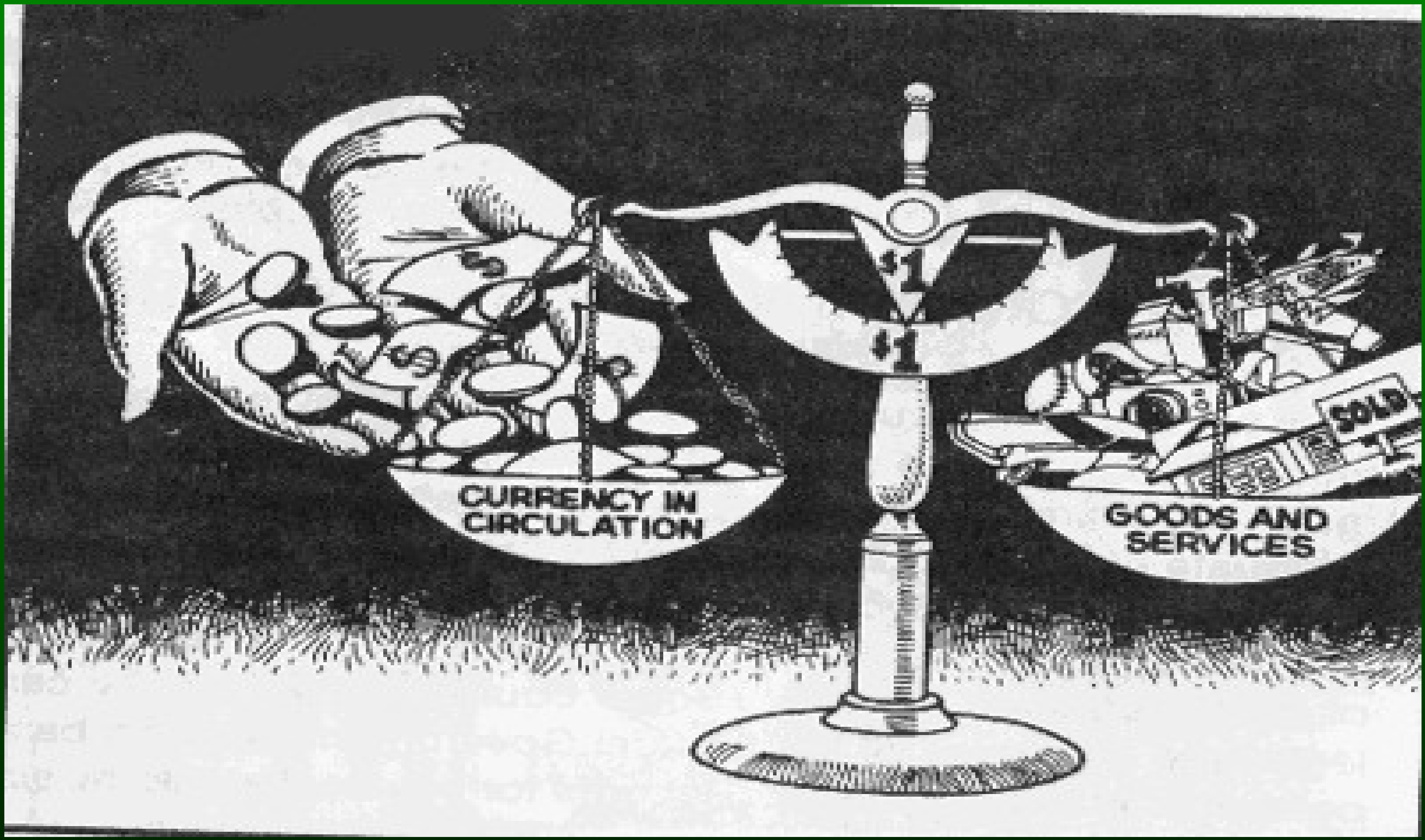
The overall effect of globalization is forcing both prices and wages downward as more of the wealth gets shifted to the top.

It is not workers, businesses nor even the banks individually which are the root cause . . .

. . . <u>it is the money creation SYSTEM we are operating under.</u>


KEEPING THEM BARKING UP THE WRONG TREE
BUSINESSMAN
HOUSE WIVES
LABOR
MILITARY
WELFARE
FARMERS
PAPER MONEY
HIGH INTEREST
There's the varmints that keep causin' that durn inflation! Keep barkin' at 'em boys!
PRESS
TV
BANKER'S AGENTS
ECONOMISTS

We Need Monetary Equilibrium



MONETARY EQUILIBRIUM

- A mathematical impossibility in debt-based systems due to the effects of accumulating interest. For this reason, debt-based money systems are inherently unstable.

- Monopoly control and continual fluctuations in value pf individual commodities such as gold, oil or wheat have always provided profit opportunities for the few, but not a stable currency for the many.

- By contrast, a debt "free" money system can be mathematically regulated in a way that will achieve monetary equilibrium, and maintain currency stability, eliminating recessions, depressions, inflation and deflation forever.

Monetary Equilibrium in a debt "free" money system

- Monetary equilibrium is the condition which exists when. . .
  - Interest payments, fees or special taxes being *removed from* circulation are in balance with the debt "free" expenditures being *spent into* circulation by the monetary authority.
  - AND where primary debt can never exceed the total circulating money supply.

A Public Credit Money System

- Achieves monetary equilibrium through a set of principles and simple mathematical formulas that balance the money supply by balancing debt free federal expenditures with interest payments, plus federal taxes or other fees WHEN NEEDED, all of which are used to extinguish debt free federal expenditures.

- Completely transparent, and NOT subject to policy decisions made in private, because all appropriate formulas and principles can be codified into law.

- Any move by Congress to increase the ceiling interest rate charged by the Treasury for loans to banks or any move to impose new federal taxes or other fees provides automatic signals to the public that the money supply is out of balance.

- Can be balanced automatically and impartially with computers, so that proper balance is maintained at all times. Thus, it inherently stabilizes the purchasing power of money.

- *Because of its design, it helps return the balance of power to the state and local governments, where it properly belongs.*

Benjamin Franklin and the principles of monetary science

By the mid 1700's England was in a lot of debt and looked to the colonies for revenue. Because the colonies were prospering so nicely during this period, Benjamin Franklin (1706-1790) was called before the British Parliament during one of his visits to London in 1757 and asked how he could account for the new found prosperity in the colonies.

Franklin replied:

"That is simple. In the colonies we issue our own money. It is called Colonial Scrip. We issue it in ***proper proportion to the demands of trade and industry*** *to make the products pass easily from the producers to the consumers. In this manner, creating for ourselves our own paper money, we control its purchasing power, and* ***we have no interest to pay to no one."***

More details in The Two Faces of Money

Abraham Lincoln and the Principles of Monetary Science

"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. Money will cease to be master and become the servant of humanity."

Debt-Based Vs Debt "Free" Monetary System

We currently operate under a debt-based system in which the total DEBT (Unpayable interest plus debt) exceeds the Money Supply.

This is expressed with the DUM equation:

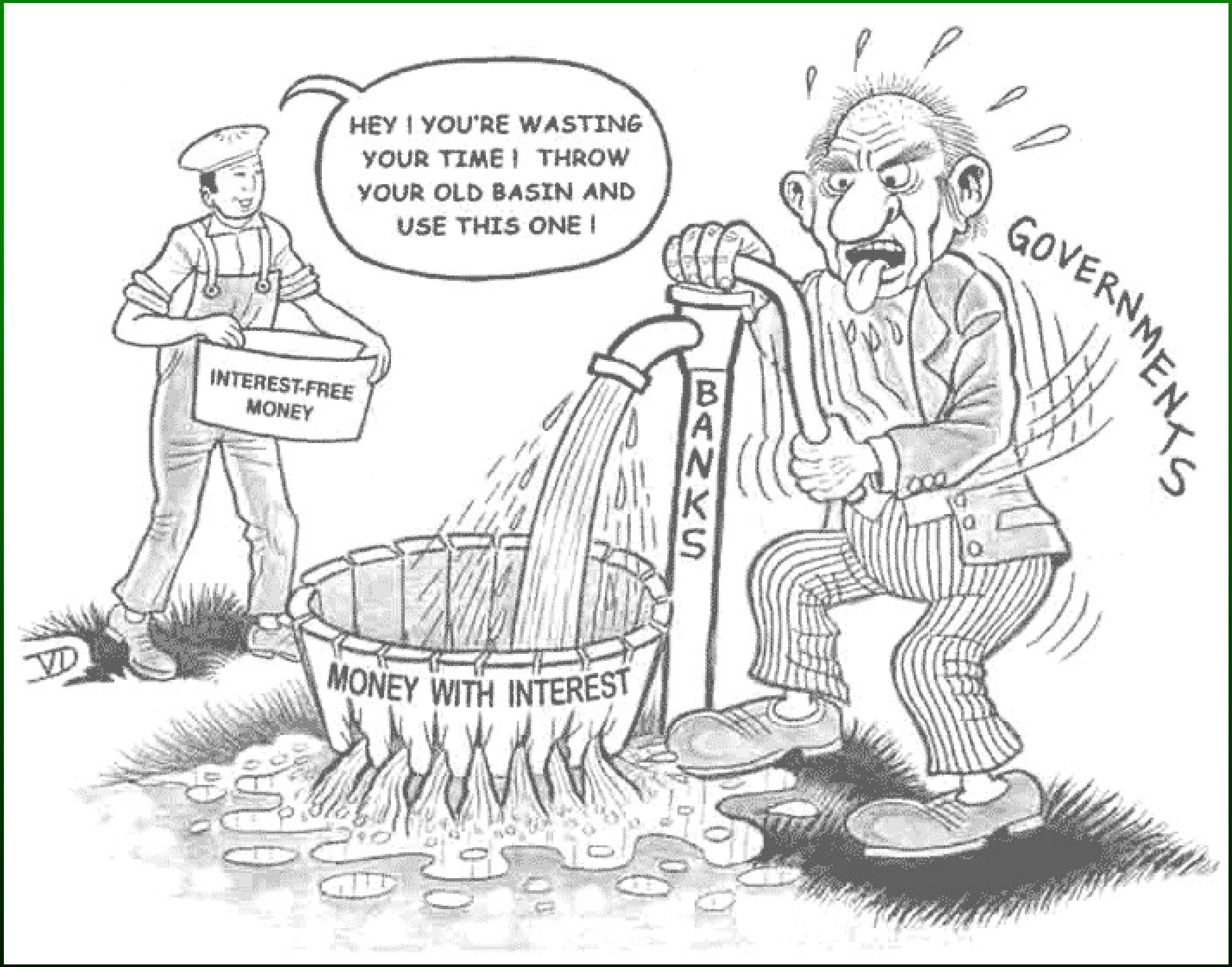
D = U + M <u>*OR*</u>

DEBT = Unpayable interest + Money Supply

Under a debt "free" system the Money Supply would always be enough to pay public and private debt, by allowing for properly controlled debt free Treasury expenditures. This can be expressed with the following equation:

M = E + D <u>*OR*</u>

MONEY SUPPLY = monetized, debt free Treasury expenditures (E) + total debt to the treasury (D)


HEY ! YOU'RE WASTING YOUR TIME ! THROW YOUR OLD BASIN AND USE THIS ONE !
INTEREST-FREE MONEY
MONEY WITH INTEREST
BANKS
GOVERNMENTS

A Tale of Two Countries:

Bankland and New Liberty

for more details see The Two Faces of Money

Bankland and the Illusion of Wealth

THE nation of BANKLAND operates under the debt-based money creation system.

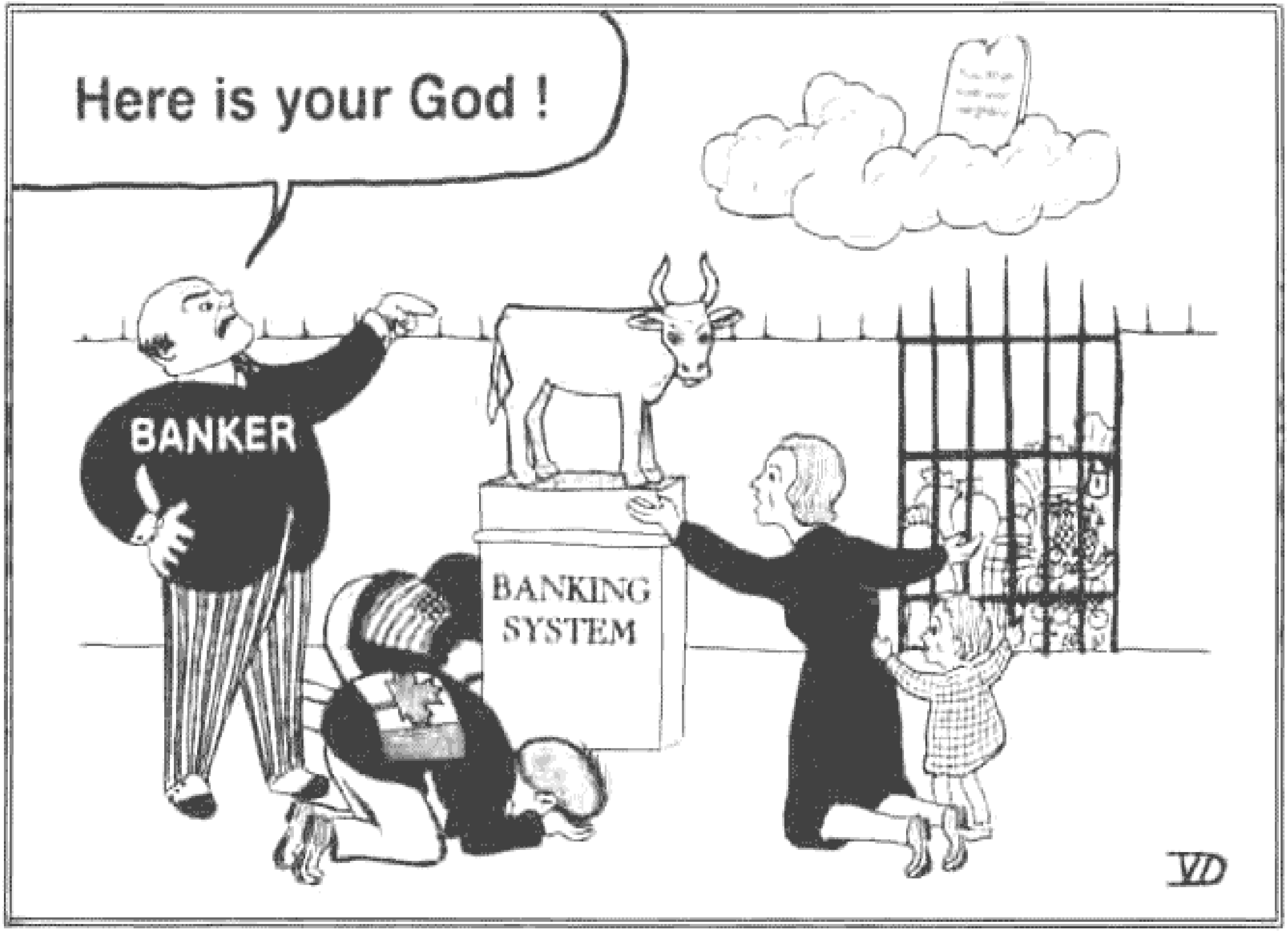
Bankland's debt is growing exponentially because of unpayable, accumulating interest. It is thus subject to the DUM equation and the formula for calculating compound interest or $D = P(1 + r)^n$.

For the past four years Bankland's Congress has voted every year to increase the national debt level so that it can borrow more, even as it moves to cut social spending and searches for revenue-producing “investments.”

Meanwhile, the personal savings rate in Bankland has declined into negative territory, meaning most people are in debt.

The “wealth divide” looms ever larger and more troublesome as more and more people take on two and three jobs to dig themselves out of debt or even just to make ends meet - while a lucky few join the ranks of the wealthy every year.

Unemployment and under-employment are kept carefully hidden from public view. This is because - <u>no matter what</u> - someone has to pay the accumulating interest.



Families cannot have access to God-given plenty
Because governments bow down to Mammon, the golden calf.

New Liberty

The nation of New Liberty operates under the debt "free" money system and is thus subject to the M = E + D equation, where the money supply is always greater than the total debt. As a result, there is no accumulating, unpayable interest.

MOST money is created as "D" in the form of. . .

1) INTEREST FREE loans to state and local government entities, saving them "immense sums of interest" - and
2) Interest-bearing loans to independent, private banks.

The money created by these loans all come through private or local demand, NOT FROM the federal government, *thereby moving the power back to the people!*

AN EQUAL OR SMALLER AMOUNT OF MONEY is created by the Treasury for needed, achievable and duly authorized federal level public projects. This money is represented as "E" as government Expenditures, so that the total money supply "M" is made up of D + E.

Extinguishment in New Liberty

Under M = E + D, federal expenditures “E” will be extinguished through interest revenues from banks, and authorized fees or special taxes, when needed and appropriate.

Taxes are NOT used to finance federal level public projects or government operations, although they may be needed temporarily in situations which might occur when interest rates, or other fees, alone are not sufficient to manage the <u>flow of money</u> in and out of the system.

The money created for all loans (D) to local governments and banks will be extinguished as the principal is paid off.

Transparency is key. Any move by Congress to increase the ceiling interest rate or impose new federal taxes or other fees provides automatic signals to the public that the money supply is out of balance.

All is governed by a set of monetary principles and simple mathematical formulas which have been codified into law.

New Liberty and Real Wealth Creation

Over the past four years the New Liberty Congress has been authorized by the citizenry to have the Treasury create money for “health savings” accounts for each citizen, who will be able to decide for themselves their health care plan. As one option, the Federal government is offering a health care plan, based on the old Medicare system, with freedom of choice of provider and freedom of choice of treatment, including natural therapies and supplements. The money created for this project will be <u>partially extinguished</u> through interest revenues received from private banks for Treasury loans.

For a second federal project Congress has been authorized to reclaim the public air waves, repurchasing space where necessary. <u>The fees received by the Treasury from commercial media outlets will be used to extinguish the remainder of the money created for private health savings accounts.</u> At the same time, air time is provided free to public groups, civic leaders and politicians.

All federal subsidies and income taxes will be fazed out. However, the citizens of New Liberty recognize that the <u>small family farmer</u> is the “principle resource and wealth of a nation.” Therefore they have agreed to a small, temporary, federal consumption tax on new, non-essential items which will be used to help small family farmers engage in organic farming and build local marketing networks for organic and locally produced artisan products.

New Liberty Wealth Creation Continues

Meanwhile the several states, and local governments have embarked on a variety of public works projects for which their citizens have authorized special, temporary taxes. The federal government has no say in these projects other than providing money – which is created INTEREST FREE by the Treasury, and which will be extinguished by the Treasury as locally authorized taxes are received. Once these projects are paid for, they become debt free assets wholly owned by the local citizenry. Some of these assets have been made self-sustaining through rental fees charged to commercial enterprises. As in Guernsey, these rental fees are in some cases sufficient enough to provide maintenance funds for other projects as well.

Banks no longer operate under the Fractional Reserve Deposit Expansion System. They have become independent enterprises, but like everyone else, can only use U.S. legal tender. That is no problem since citizens and local governments, no longer burdened by unpayable debt, have begun to save, and many now borrow for legitimate projects rather than just to finance growing debt. Should an individual bank experience a temporary shortfall in capital, it can borrow said capital from the Treasury. The best part is that - because loans to the private sector are now provided primarily from excess “earned” money already in the system and stored as savings - there is no unpayable interest. Debt free federal expenditures, coupled with proper “extinguishment” and the elimination of fractional reserve deposit expansion, is what keeps the money supply GREATER THAN Debt!

Debt Free Money Creation:

per the rules and principles of monetary science

- As long as money is issued – or created – for a viable, duly authorized and constructive purpose, such as
  1. Debt free expenditures for the <u>public benefit</u>
  2. <u>Interest free</u> loans to states, counties or cities
  3. <u>Interest bearing</u> loans to banks to fund investment opportunities in private enterprise . .

. . . and then properly <u>extinguished</u> once it has served its purpose, there is <u>no reason for concern about either growth or shrinkage of the total money supply</u>. Inflation, deflation, depression and recessions are not a threat, because the <u>value</u> of this money is rendered inherently stable through application of the principles of monetary science. This money serves well as a standard unit for measuring the value of the total basket of goods and services produced and consumed within the economy - and as a viable method for storing savings because it is a stable “money of exchange.”

Principles and Rules of Monetary Science

- Debt “free” money systems can be governed mathematically and codified into law
- Money is a <u>*public utility*</u>, rightly createable through law alone
- Monetary authority is the exclusive power to create and destroy money
- Monetary authority is the supreme power in civil government, because money commands resources
- Money [as in paper money] can have no value of itself, but serves as a valid and indispensable representation of whatever development and productive capabilities exist in the economy
- The QUALITY of money lies exclusively in its stability in relation to the value of goods and services
- For more see <u>The Truth in Money Book</u> by Thoren and Warner

AND here is Abraham Lincoln, from the Abstract of Lincoln's Monetary Policy as certified by the Library of Congress:

- 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.
- The privilege of creating and issuing money is not only the supreme prerogative of the government, but it is the Government's greatest opportunity to create abundance. . .
- By the adoption of these principles, the long-felt want for a uniform medium will be satisfied. *The taxpayers will be saved immense sums of interest*. . . .
- *The financing of all public enterprises, the maintenance of stable government and ordered progress, and the conduct of the Treasury will become matters of practical administration. . . Money will cease to be master and become the servant of humanity. Democracy will rise superior to the money power.*

Constitutional Questions

A debt "free" money system which is designed according to the rules and principles of monetary science is constitutionally sound because:

- It returns to Congress its responsibility to "coin money and regulate the value thereof" as per Article I, Section 8, clause 5 (Note the dictionary definition of the word "coin" is to "make" or "create.")
- It eliminates personal federal income taxes and so conforms with Article I, Section 9, clause 4.
- It can satisfy Article I, Section 10, clause 1: "No state shall . . . coin money; emit Bills of Credit; make anything but gold and silver Coin a Tender in Payment of debts. . ." This provision would not be violated when Congress "coins money" because this section limits "things" the state can use as "tender in payment of debts." The states are, and always have been, free to use any money Congress coins.

- *AND* . . . It allows for our constitutional government to become superior to any private monetary authority.

Benjamin Franklin

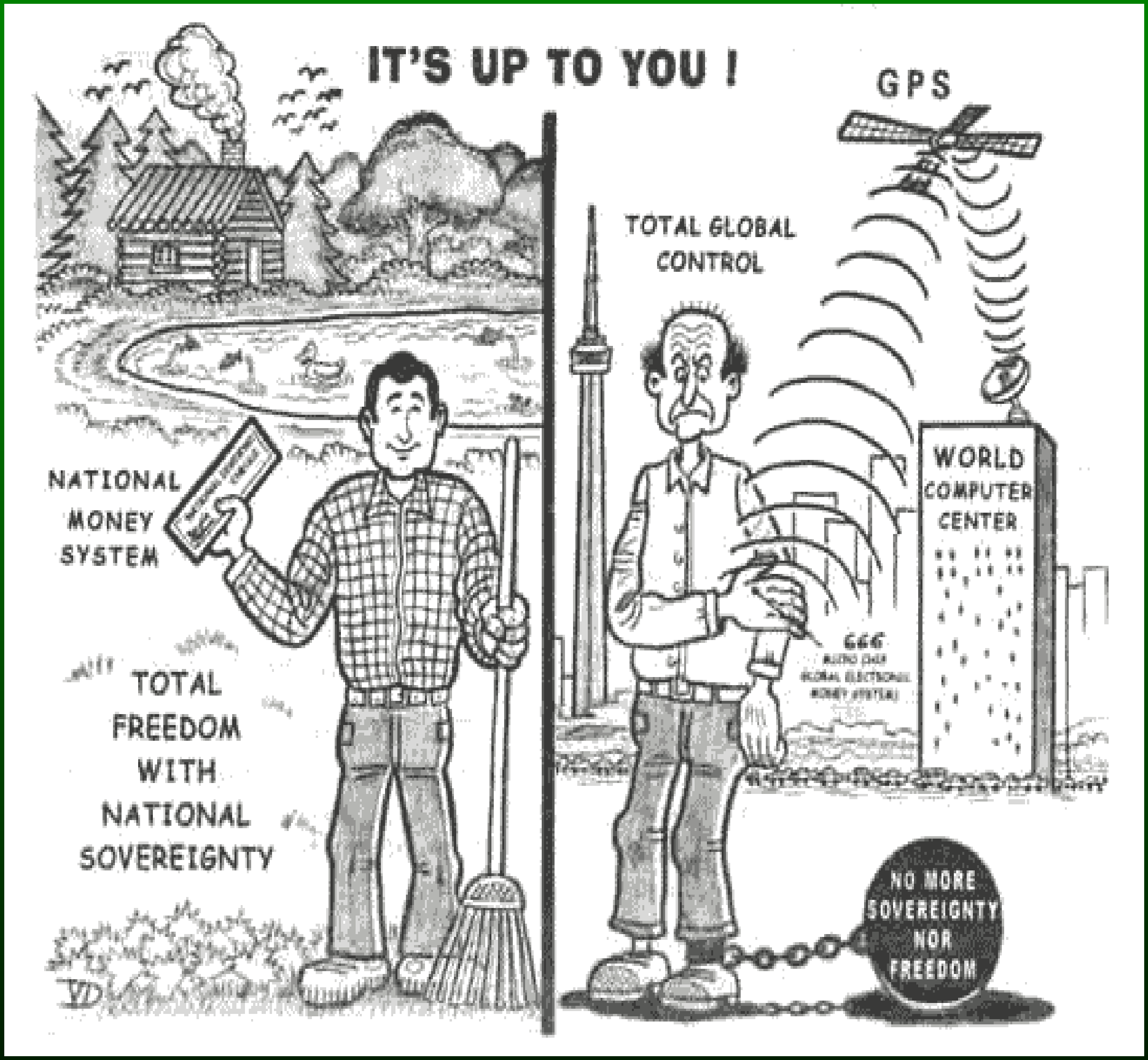
Regarding the Currency Act of 1764,

In one year, the conditions [of the Colonies] were so reversed that the era of prosperity ended, and a depression set in, to such an extent that the streets of the Colonies were filled with unemployed. . . . The colonies would gladly have borne the little tax on tea and other matters had it not been that England took away from the colonies their money, which created unemployment and dissatisfaction. **The inability of the colonists to get power to issue their own money permanently out of the hands of George III and the international bankers was the PRIME reason for the Revolutionary War.**

We have what the colonies didn't have:

A Constitution.

Why not use it?


IT'S UP TO YOU !
GPS
TOTAL GLOBAL CONTROL
NATIONAL MONEY SYSTEM
WORLD COMPUTER CENTER
666
TOTAL FREEDOM WITH NATIONAL SOVEREIGNTY
NO MORE SOVEREIGNTY NOR FREEDOM

References

- The Two Faces of Money by Geraldine Perry and Ken Fousek
- The Truth in Money Book by Theodore R. Thoren and Richard F. Warner
- Bashed by the Bankers by Byron Dale
- The Money Creators by Gertrude Coogan
- *The Federal Reserve System: It's Purposes and Functions with Comments* by S. W. Adams. Omni Publications, 1958. This is a reprint of the 1939 out-of-print Federal Reserve publication together with priceless commentary by monetary analyst S. W. Adams.
- Documentary video *The Money Masters,* (which refers to Thoren and Warners' Truth in Money Book)
- Also this site has lots of links and leads for rare and out-of-print books and other materials, plus purchase info on a new documentary DVD titled "Money as Debt": http://moneyasdebt.net/
- Make copies of this article to distribute: http://www.justiceplus.org/bankers.htm OR, use this version which has no embedded graphics: http://freedomdomain.com/banking/billions.html

- Special Thanks to the Canadian-based Michael Journal for their work on the "Social Credit Money System", as well as their permission to use some of their cartoons. Their website is: http://michaeljournal.org/home.htm (accessed April 2007)