(DVD CHAPTER 1: Intro & Goldsmith's Tale)

Title1

"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
Federal Reserve Bank of Atlanta, Georgia (1935)

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Title 2

"Each and every time a bank makes a loan… new bank credit is created — new deposits — brand new money."
~ Graham F. Towers, Governor, Bank of Canada, 1934-54

Title 3

"The process by which banks create money is so simple the mind is repelled."
~ John Kenneth Galbraith, Economist

Title 4
"Permit me to issue and control the money of a nation, and I care not who makes its laws."
~ Mayer Anselm Rothschild, Banker

Title 5 Money as Debt

1. Two great mysteries dominate our lives: love and money.

GRAPHIC TEXT 1 Debt

GRAPHIC TEXT 2 Love & MONEY

2. "What is love?" is a question that has been endlessly explored in stories, songs, books, movies, and television.

GRAPHIC TEXT 3 Love Me!

3. But the same can NOT be said about the question "What is money?"

GRAPHIC TEXT 4 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. HE'LL DEMAND YOUR INTEREST

GRAPHIC TEXT 5 Coming Soon! Bank The Term Depositor MONETARY THEORY WILL NOT BE STUDIED

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.

GRAPHIC TEXT 6 Where does money come from?

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)

GRAPHIC TEXT 7 loans mortgages

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.

GRAPHIC TEXT 8 Mortgage
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.
Peter Pumpkineater

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.

GRAPHIC TEXT 9 “By the Privilege of our Bank Charter The borrower’s pledge of debt becomes the Bank’s money to lend” $ Mortgage

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:

GRAPHIC TEXT 10
a brief and broadly allegorical history of banking

Title 6 The Goldsmith's Tale

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

GRAPHIC TEXT 11 FRESH BUFFALO TIPI WARMING TONITE

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.

GRAPHIC TEXT 12 Ye Olde Goldsmith NO VACANCY

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***.

GRAPHIC TEXT 13 Clerk GOLD WITHDRAWAL

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.

GRAPHIC TEXT 14 I promise to pay the bearer of this claim check 1 Ducat of gold
Ye Olde Goldsmith $ 1 10 WE ACCEPT CLAIM CHECKS LUIGI'S FRUITA

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.

GRAPHIC TEXT 15 “No more-a HEAVY bags of coins!
Get your PAPER money wallet-a!”

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

GRAPHIC TEXT 16 Ye Olde Goldsmith LOANS-R-US

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.

GRAPHIC TEXT 17 $ “I'll take it in paper please!” The Town Crier Trade & Industry Expanding Capital Investment needed immediately! Ye Olde Goldsmith LOANS-R-US

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.

GRAPHIC TEXT 18 Clerk GOLD WITHDRAWAL I promise to pay the bearer of this claim check 1 Ducat of gold Ye Olde Goldsmith REPAID
What they don't know won't hurt them % of my own gold % of my depositors’ gold Hmmmmm

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 he 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.

GRAPHIC TEXT 19 Ye Olde Goldsmith LOANS-R-US

17. Contrary to what one might expect, 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 safe in the goldsmith’s vault.

GRAPHIC TEXT 20 ponti martini medici

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.

GRAPHIC TEXT 21 Ye Olde Goldsmith Bank Today's rates: deposits 3% loans 7%
LOANS DEPOSITS

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.

GRAPHIC TEXT 22 Europeans Spread Across World Demand for credit growing fast.
Before after $ 20 ponti martini medici NO PEEKING
I promise to pay the bearer of this claim check 1 Ducat of gold Ye Olde Goldsmith LOANS
Loans-R-Us "oh yeah!"

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***!

GRAPHIC TEXT 23 Goldsmith Banker "I'm-a SO-O-O-O Rich!"

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

GRAPHIC TEXT 24 “No claim-a check thank you. Fill her up… the old-fashioned way”
$ I promise to pay the bearer of this claim check 1 Ducat of gold Ye Olde Goldsmith

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!

GRAPHIC TEXT 25 Goldsmith Banker CLOSED

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.

GRAPHIC TEXT 26 loan documents paper cash gold

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.

GRAPHIC TEXT 27 Law courts Banker Jokes They are so bad!

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

GRAPHIC TEXT 28 “Don’t do it!”

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.

GRAPHIC TEXT 29 LOANS Gold the Fractional Reserve System 9 to 1

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.

GRAPHIC TEXT 30 Central Bank

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

(DVD CHAPTER 2 The Money System Today)

Title 7 The Money System Today

GRAPHIC TEXT 31 1700 1800 1900 2000 $ Central Bank Gold

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.

GRAPHIC TEXT 32 Money used to represent ***VALUE*** Money now represents ***DEBT***

2. The basic nature of money has changed.

GRAPHIC TEXT 33 IN SILVER PAYABLE valuable commodity FEDERAL RESERVE NOTE central bank credit =

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.

GRAPHIC TEXT 34 "Take a check?" "Not a chance sonny." Jewelry SALE

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 check today.

GRAPHIC TEXT 35 "By the Privilege of our Bank Charter The borrower's pledge of debt becomes the Bank's money to lend" $

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.

GRAPHIC TEXT 36 THIS NOTE IS LEGAL TENDER FOR ALL DEBTS, PUBLIC AND PRIVATE "If legal tender was offered, the court considers the debt discharged. Next."

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

GRAPHIC TEXT 37 BANKS & GOVERNMENT How much MONEY exists?
Daily Wrapup GOLD HOARDING CAUSES MONEY SHORTAGE GOLD MINE

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.

GRAPHIC TEXT 38 Mortgage
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.
Peter Pumpkineater

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.

GRAPHIC TEXT 39 CASH BACK Easy credit No money DOWN
TOTAL American Debt $5 Trillion 1957 OVER $53 Trillion 2008 Much Higher in 2009

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

GRAPHIC TEXT 40 bank inspector LOANS "That's your LIMIT"
Fractional Reserve Requirements Announcing: New Federal Banking Regulations
"NEW rules better than the old rules" LOANS Gold debt money: gold 9 to 1
new money: existing money

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 debt money to existing debt money on deposit in the bank.

GRAPHIC TEXT 41 RESERVES Cash $ Central Bank Deposits Only
Our deposits are actually ***loans*** to the bank.

12. Today, a bank's ***reserves*** consists of three things: the amount of government-issued cash that the bank has in its vault, the amount of credit it has with the central bank, and the amount of already existing debt money the bank has on deposit.

GRAPHIC TEXT 42 Grand Opening New Bank Cash $ Money 5%
Promises to pay Money 95% Central Bank

13. To illustrate this in a simple way… let's imagine that a new bank has just started up and has no depositors yet. Investors have paid for the bank's infrastructure and have supplied it with sufficient cash to meet the demand for cash withdrawals. Typically, cash in the vault will amount to no more than one dollar for every 20 or 30 dollars that could be demanded from the bank. The bank has joined the central bank system, which permits the new bank to borrow cash from the central bank if it's needed.

GRAPHIC TEXT 43 International Banking Accords require banks to have equity ownership and saleable assets equal to 8% of credit created. Step 1 $10,000 4 SALE
New Credit Account $10,0000

14. The doors open and the new bank welcomes its first loan customer. The customer needs $10,000 to buy a car. On approval, the bank creates an account for the borrower and types in that the bank owes the borrower $10,000. This $10,000 is not taken ***from*** anywhere. It is created on the spot. The borrower does not take this money out in cash. Instead he writes a check on his account to buy the car.

GRAPHIC TEXT 44 Step 2 9:1 Commercial Bank Deposit $10,0000 $9,000 : $1,000
new loan : reserve Loan " I will pay you back darling"

15. The seller then deposits this newly created $10,000 check at her bank.

16. At a ratio of 9:1, this new $10,000 deposit allows the seller's bank to create a new loan of $9,000.

GRAPHIC TEXT 45 Step 3 Commercial Bank Deposit $9,000 $8100 : $900
new loan : reserve

17. And if that $9000 is then deposited by a third party, 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 smaller doll inside, each new deposit contains the potential for a slightly smaller loan in a decreasing series.

GRAPHIC TEXT 46 New Loan of Total Money Created (number series) $

19. Now, at any stage, if the money created is taken in cash and ***not*** deposited at a bank, the process stops. That's the unpredictable part of the money creation mechanism.

GRAPHIC TEXT 47 $0 $10,000 $ amount of each loan Number of times money is deposited and re-loaned TOTAL approaches $100,000 New Loan of Total Money Created (number series) $

20. But more likely, at every step, the new bank credit 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 bank credit money has been created within the banking system.

GRAPHIC TEXT 48 New Credit Account $10,0000 $ BANKING SYSTEM
Deposits $100M Loans $90M

21. All of this new money has been created ***entirely from debt***. And all transactions have been carried out with bank ***credit***. None of the banks involved have needed to use any of the cash in their vaults.

GRAPHIC TEXT 49 $ We are the REALLY FRIENDLY Bank SAVE YOUR MONEY with **us** "We've been misled?" 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.

GRAPHIC TEXT 50 New Bank $10,000 $100,000 $ BIG BANK #1 #2 #3

23. Now, it can't said that any one bank got to multiply the initial $10,000 of bank credit into $100,000 of bank credit. However, the banking system is a closed loop. Bank credit created at one bank becomes a deposit in another, and so on and so on.

GRAPHIC TEXT 51 BANK 1 2 3 4 Promise net transaction = 0
New Credit Account $10,0000 THE BANKS GET TO COLLECT INTEREST ON ALMOST $100,000 THEY DIDN'T HAVE UNTIL IT WAS "BORROWED"

24. In a theoretical world of perfectly equal exchanges, the banks would owe each other nothing at the end of the day, and the $10,000 created out of thin air as a loan by the first bank could indeed become almost $100,000 of new loan money in the banking system.

25. If that sounds ridiculous, try this. Actual reserve ratios can be much higher than 9:1. For some types of accounts, twenty to one and thirty-three to one ratios are common.

GRAPHIC TEXT 52 9:1 20:1 33:1 Fractional Reserve Requirements "Sum it all up for us willya?" BANK

26. There are also many exceptions where NO reserve requirements apply at all!

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.

Title 8
"Everybody sub-consciously knows
banks do not lend money.

When you draw on your savings account,
the bank doesn't tell you you can't do this because it has lent the money
to somebody else."

~ Mark Mansfield, economist and author

GRAPHIC TEXT 53 Bank Credit 95% Government-created Money 5% Loan $9,000
The amount of the loan (the Principal) is created from the borrower's promise to pay.
Principal payments "un-create" the loan, ceasing to exist as money. P
PAID

Title 9
"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

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.

GRAPHIC TEXT 54 Debt BIG BANK #1 #2 #3 GOVERNMENT
THIS NOTE IS LEGAL TENDER FOR ALL DEBTS, PUBLIC AND PRIVATE
Announcing: New Federal Banking Regulations
MONETARY THEORY WILL **NOT** BE STUDIED

29. 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.

(DVD CHAPTER 3: THE SIMPLE TRUTH)
Title 10 The Simple Truth

GRAPHIC TEXT 55 Mortgage
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.
Peter Pumpkineater loan agreements cash

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.

GRAPHIC TEXT 56 Loans & Mortgages For Sale Mortgage $
portable, exchangeable and saleable
the borrower's promise to pay is a form of ***money***

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's an IOU. It represents value and is therefore ***a form of money***. This money the borrower exchanges for the bank's so-called loan.

GRAPHIC TEXT 57 Real World "Can I borrow a hammer?" IOU
"That only works at the bank Dad" Money World

3. Now a loan in the real 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.

Title 11
"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

GRAPHIC TEXT 58
New Credit Account $10,000
THIS NOTE IS LEGAL TENDER FOR ALL DEBTS, PUBLIC AND PRIVATE

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.

GRAPHIC TEXT 59 Basic Truth Loan Agreement Joe Borrower

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

GRAPHIC TEXT 60 governments corporations small businesses families Debt ?
Where does it all come from? "I ponder no longer!" loan agreements cash

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.

GRAPHIC TEXT 61 Debt Money
9. And, as it turns out…the opposite situation is also true.

DVD CHAPTER 4: NO DEBT NO MONEY
Title 12
No Debt, No Money

GRAPHIC TEXT 62 Debt $ BANK ?
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 the ***real wealth*** in the world are in debt to those who merely lend out the money that represents the wealth?!!!

GRAPHIC TEXT 63
New Credit Account money = debt NO debt NO money

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

Title 13
"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

GRAPHIC TEXT 64 BIG NEWS National Debt Skyrocketing FINAL PAYMENT
30-year mortgage "Last payment Honey!" "Yay! No more cat food" Debt
*INDIVIDUAL DEBTS PAID OFF LEAVE INDIVIDUALS WITH **MORE** MONEY*
ALL DEBTS PAID OFF LEAVES SOCIETY WITH NO MONEY!

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!

GRAPHIC TEXT 65 BANK CREDIT Economy NO LOANS NO MONEY
MONEY SUPPLY 32% reduction 1929-33

6. There it is. 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.

Title 14
"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

(DVD CHAPTER 5: PERPETUAL DEBT)
Title 15 Perpetual Debt

GRAPHIC TEXT 66 "your loan" Principal Interest $? Overall Money Supply

1. And that's not all. Banks create only the amount of the Principal. They don't 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 Interest is the general economy's overall money supply. But almost all 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!

GRAPHIC TEXT 67   Principal + Interest   Treadmill of Perpetual Unpayable Debt   Foreclosed

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.

GRAPHIC TEXT 68   Principal + Interest   Principal created   100% of Interest must be spent
Principal Extinguished $ interest to depositors   operating expenses   dividends
Profit Seeking

4. It's clearly ***impossible*** for ***everyone*** to pay back the Principal plus the Interest unless every penny of interest the lenders take in is recycled back to those who need this money to make their payments. This means interest earnings must be 100% ***spent*** so that borrowers can earn these dollars repeatedly. While much IS spent as interest to depositors, operating expenses and dividends, some of the interest income becomes new loans at interest, or investments, creating additional demand for money and an ultimate shortage of debt-free money available for borrowers to earn.

GRAPHIC TEXT 69 $ Principal   Interest   Foreclosed   Soup Kitchen   Kill the Banks!
Who took the money?   crowd control   Resumé   will invent for food

5. The big problem here is that for long term loans such as mortgages and government debt, the total Interest far exceeds the Principal, so 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.

GRAPHIC TEXT 70   DEBT   household   state & local   federal   corporate   financial
MONEY OWED   MONEY CREATED $ time lag

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 banks' insatiable credit monster gets bigger and bigger, the need to create more and more debt money to feed it becomes increasingly urgent.

GRAPHIC TEXT 71   NEWS   *CAN* Interest Rates GO Lower? Low, low interest rates
NO Money Down!   Preferred   You are invited to Apply   Record Deficits!!!
Federal Debt Ballooning   RED INK   DEBT

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?***

Title 16
"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 historia*n   The Secret World of Money, 1996

GRAPHIC TEXT 72   WE ACCEPT CLAIM CHECKS   LUIGI'S FRUITA
Daily Wrapup   Huge Influx of Spanish Gold causes massive INFLATION
money supply   volume of trade

10. Money facilitates production and trade. As the money supply increases, money just becomes increasingly unless the volume of production and trade in the real world grows by the same amount.

GRAPHIC TEXT 73   ANNUAL ECONOMIC GROWTH HAS BEEN STEADY AT 3%
STEADILY ACCELERATING THAT IS...   LAST YEAR'S TOTAL   THIS YEAR'S TOTAL
STEADY AT 3%?   EXPONENTIAL CURVE

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. But it's not. This year's 3% represents more real goods and services than last year's 3% because it's 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.

Title 17
"The greatest shortcoming of the human race is our inability to understand the exponential function."
~ Albert A. Bartlett, physicist

GRAPHIC TEXT 74   money supply   volume of trade   resource & energy use

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!

Title 18
"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 downright scary situation?

GRAPHIC TEXT 75 DEBT
There can be shortages of resources and skills - but why should there ever be a shortage of money?
???? 4 Simple Questions

14. For one thing, we need a very different concept of money.

15. It's time more people asked themselves and their governments four simple questions.

GRAPHIC TEXT 76 GOVERNMENT BANKS Principal Interest $
Create money backed only by debt

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.

GRAPHIC TEXT 77 Question 1 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?

18. 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?***

GRAPHIC TEXT 78 Question 2 Why create money as DEBT?
Why not create money that circulates permanently?

19. 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?

GRAPHIC TEXT 79 How can a money system dependent on perpetually accelerating growth… be used to build a sustainable economy?

20. The third question: 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?***

GRAPHIC TEXT 80 What specifically needs to be changed?

21. 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?

(DVD CHAPTER 7: USURY)
Title 19 Usury

GRAPHIC TEXT 81 We'll not tolerate Usurers in this Kingdom Just say NO to Usury
Holy Bible Old Testament Quran Sutras "To profit from money alone is like unto thievery"
Daily Wrapup Pope says NOPE to Charging Interest Usurers "should get a job"
Canal Street Journal

1. At one time, charging ***any interest*** on a loan was called usury and was 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 of a thief.

GRAPHIC TEXT 82 Ye Olde Goldsmith LOANS-R-US Interest Rates from just 8%

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.

GRAPHIC TEXT 83 1700 1800 1900 2000
• Loans • Mortgages • Bonds • Stock Market trading • Currency speculation
Real Estate flipping the list goes on… $
Wall Street Journal "And… I did it all without producing one actual useful thing"

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.

GRAPHIC TEXT 84 sustainable World Oil Supply 1950 2000 2050 Boom Bust
Solar Input • solar • wind • tidal • hydro • biomass • geothermal
Full recovery of non-renewable resources Stable Population

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, 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.

GRAPHIC TEXT 85 money supply real world economy $$$
ALL the money in existence No creating money as debt

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.

GRAPHIC TEXT 86 lending at interest $$$$?
THIS NOTE IS LEGAL TENDER FOR ALL DEBTS, PUBLIC AND PRIVATE
Mortgage 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.
Peter Pumpkineater FORECLOSED Taxes "Oh what's the point?"

8. Let's say the total volume of this stable money supply is represented by this big circle. Let's 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's the inevitable result?

9. Whether it's gold, fiat or debt money doesn't matter. ***The moneylenders will end up with ALL the money!*** And after the foreclosures and bankruptcies are all filed, they'll 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?

GRAPHIC TEXT 87 Principal + Interest $$$$$$ FORECLOSED
Treadmill of Perpetual Unpayable Debt
"So simple !" Gov't announces interest-free loans for municipalities

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

Title 20
"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."
~ *Wright Patman, Congressman (1928-1975) Chair of House Banking Committee (1963-1975)*

(DVD CHAPTER 8: CHANGING THE SYSTEM)
Title 21   Changing the System

GRAPHIC TEXT 88   The Credit Machine $
Strangely, no matter how I adjust it, it always does the same thing!

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.

GRAPHIC TEXT 89   Honest Money = GOLD   LEAD   GOLD COINS   Honest Money = SILVER

2. Many monetary critics call 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.

GRAPHIC TEXT 90   Commodity Money   • distorts the value of the commodity   • is easily stolen
• supply cannot be controlled beneficially   paper   digital   plastic
JANE DOE   666 Lucifer St. New World Order Compound #33   licensed to spend
credit history on infostrip   "Have a nice day"
"They still fall for it "   "Air today… gone tomorrow"
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's 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!

GRAPHIC TEXT 91   Gov't & Corporate Dishonesty Stretching Imagination $
PIRATE HEADQUARTERS

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.\

GRAPHIC TEXT 92   Local Exchange Trading System   LETS   INTEREST
HOURS AND MINUTES   DOLLARS AND CENTS   goods and/or services
The LETSystem Design Manual   LetsEurope.Info   DEBT

6. Inventive minds have proposed a variety of alternate 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 is 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.

GRAPHIC TEXT 93 Electoral Reform Monetary Reform
$ Interest Principal Banks

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 outside the box. Monetary reform, again, 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.

GRAPHIC TEXT 94 Money is an IDEA • symbolic • commodity • receipt for commodity
• bogus receipt • fiat (gov't cash) • debt (bank credit) • debt (pledge)
Tally Stick System Colonial Scrip "We must put a stop to this!"
"This interest-free currency *must* be destroyed" "If people catch on…"
"We will be OUT OF BUSINESS!"

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.

GRAPHIC TEXT 95 Permanent Interest-Free Money Museum
Banker's Magic Hat (now extinct) Public Market Opening Soon Public Market NOW OPEN

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.

GRAPHIC TEXT 96 DEBT VALUE Public Market NOW OPEN

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.

GRAPHIC TEXT 97 Buying Power $ Reduction of
INFLATION = TAX Shrinks Minus 20% Right now we have both inflation *AND* taxes!!
Tooo much!

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.

GRAPHIC TEXT 98 NEWS Gov't Budget predicted to cause 8% INFLATION
ELECTION BATTLE LOOMS! NEW Gov't committed to 0% INFLATION
…raises Sales Tax to 12% Wages & Prices show signs of decline
Nicely timed before ELECTION "Oh man… how hard is that?"

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.

GRAPHIC TEXT 99 Banker's Magic Hat (now extinct) Museum $$$
\+ Money added through gov't spending - Money removed through taxation
"This government is to blame!" "We caused half the inflation your party did"
"But we got BETTER VALUE for it!"

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.

GRAPHIC TEXT 100 Wheels of Gov't FUEL Tax Revenue Interest
Medical Facilities Road Renewal Bridges Sewage Treatment Rec Centers
Emergency Shelters Subsidized Housing Daycare
No more interest payments Gov't Debt (now extinct) Museum

17. Government would operate primarily on taxes as it does now, 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.

Title 22
"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*

(DVD CHAPTER 9: THE INVISIBLE POWER)
Title 23 The Invisible Power

Title 24
"None are more enslaved than those who falsely believe they are free." ~ *Goethe*

GRAPHIC TEXT 101 VOTE for BOB DEBT BANK CREDIT Economy

NO LOANS   NO MONEY   INDUSTRY   A B $$$$ direction of Society

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.

Title 25
"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)

GRAPHIC TEXT 102 What was the question again?   Central Bank
depressions   inflations   bank panics   war   infiltration   media control mass deception
assassination   "education"   Anonymity is essential

2. Few people are aware today that the history of the United States since the Revolution in 1776 has been, in large part, the story of an epic struggle to get free and stay free of control by the European international banks. This struggle 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.

Title 26
"Throughout the ages,the devices of cunning men have turned money to their nefarious purposes.

Money, beginning with private enterprise as a means of escaping the limitation of barter, soon developed the cheat to exploit the honest trader who, in an effort to protect himself, turned to government for protection, only to find that now he had two thieves, the private money changer and the political plunderer working hand in glove against him. By this combination the money changer gained the prestige of political sanction through legislative license and the state secured a deceptive device for laying taxes upon the citizenry (by means of the hidden tax called inflation). It was and remains a vicious alliance."   *~ E.C. Reigel (1879-1953) monetary theorist & consumer advocate*

GRAPHIC TEXT 102 Debt government corporate household
13 YEARS NOT ONE CLASS ON MONEY CREATION
NEWS “and not ONE word about it on TV… EVER!”

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

GRAPHIC TEXT 103 FUNNY MONEY PAUL HELLYER Charity CAR WASH
“Yer steppin’ on the carrots”

4. Years ago, 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’s probably safe to say that most people, including the front line employees of banks, have never given the matter a moment’s thought

5. Have you?

Title 27
“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
GRAPHIC TEXT 104 Bank of England 1694 2:1 LOANS Debt money owed money created ? “that’s the way it happened” “just grew like Topsy” “lucky for us”
SECRET ORDER OF THE VERY SPECIAL Making things “happen” since 1776

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 happened by ***accident***? Or is it a ***conspiracy***? Obviously, something very BIG is at stake here.

Title 28
“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

Title 29

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

Title 30

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

Title 31

"For more than a century, ideological extremists at either end of the political spectrum have seized upon well-publicized incidents to attack the Rockefeller family for the inordinate influence they claim we wield over American political and economic institutions.

Some even believe we are part of a secret cabal working against the best interests of the United States, characterizing my family and me as "internationalists" and of conspiring with others around the world to build a more integrated global political and economic structure - one world, if you will.

If that's the charge, I stand guilty, and I am proud of it."

~ David Rockefeller, international banker Memoirs (2002) pg. 405

Title 32

Only the small secrets need to be protected.

The big ones are kept secret by public incredulity."

~ Marshall McLuhan, media "guru"

CREDITS

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Money as Debt owes its origins to the work of many dedicated educators and advocates of monetary reform. It is intended as a general introduction to the conceptual basis of money and a general description of the current worldwide debt-money system.Specific details may not apply or may apply differently in some countries.

To learn more visit the Reference Pages at: moneyasdebt.net

moneyasdebt.net
