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How the biggest rip-off of all
time robs Y-O-U, and how
Y-O-U can fight back

JIMM BRAADLI

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How the biggest rip-off of all time robs Y-O-U, and how Y-O-U can fight back

1) The Perfect Crime

You and I, dear reader, are in a time machine, traveling back to the 1600's. We are on a mission. A criminal mission. We are traveling backwards in time to get in on the ground floor of the greatest opportunity - - the greatest rip-off - - of all time. We are on our way to become…

Ours will be the perfect crime. Infinitely profitable. Undetectable, until too late for the victims. It will be theft, but our targets won't connect us with their loss, until it's too late for them. Our crime will give us high social status and great power. Finally, as icing on the cake, the government will *make legal our larceny!*

First, we establish ourselves as goldsmiths. We don't have to know how to do the work ourselves. We can hire someone to do that. We have a greater vision!

Soon, people begin to store their gold in our vault, because they know that as goldsmiths, we have the safest, most secure storage available. We issue receipts to people for the gold that they store in our vault. For every ounce of gold someone gives us for safekeeping, we exchange a note saying "This note is good for 1 ounce of gold. We will give

1 ounce of gold to whoever presents this note to us, signed, Author Goldsmith and Reader Goldsmith."

Every time someone presents us with a "good for," he or she gets an ounce of gold. After a while, merchants begin to accept the good fors as payment for things, because the merchants are confident that they will be able to, if they want, exchange the good fors for real gold. The good fors have become money.

People get used to selling things for, and buying things with, the good fors. The more comfortable that people become with using the good fors as money, the fewer the people who come in to our shop on any given day to exchange good fors for actual gold. Soon, few do.

There are 1000 ounces of gold in our vault that we are storing for other people. As receipts for these gold, we have given out 1000 good fors, which are claims for the gold in storage. People have started using the good fors as money, and very few are brought to us to be exchanged for real gold. Here is the beauty, for us: ONLY WE know how many ounces of real gold we have in storage, and how many good fors we have given out! No one will notice if we create and distribute some good fors for which there is NO actual gold. Fraudulent good fors!

Now, we begin to work our *criminal magic.* We start the most profitable business there could ever, ever, be. We simply create 500 more good fors, even though we have NO gold to exchange for them, and LOAN out these new good fors as if they *were* actually good for gold. We charge 10% interest on these loans, and after 1 year, our 500 fraudulent good fors have earned us 50 REAL ounces of gold!

Now, the fraudulent good fors are being used as money, as nobody but us knows that there is NO gold to back them. We have, in reality, loaned NOTHING, which became money, and which, being a debt to the people who borrowed it, is a source of interest income, in the form of REAL gold, to us. Jackpot! We are becoming…

Our scam pays us massively as it robs the people who believe that they are actually borrowing the equivalent of gold. Now we have only to wait.

We wait, and while we wait, we amass real gold, gained from people paying us interest, in real gold, for the loan of fraudulent good fors. We wait until a king somewhere overspends on armies, on luxury, on mistresses, and gets into financial trouble. We offer this king the loan of our gold, at a substantial rate of interest, on one condition. He must make it legal for us to create and loan additional good fors equal to the amount of gold we have already lent him. Good fors for which there is no gold, because it has already been lent. The king accepts, and now our dishonesty, our fraud, has become *legal.*

We can now *legally* loan out good fors that have NO gold to back them. These good fors will be used as money by the borrowers, who will pay us interest on the loans, in REAL gold. In other words, we can now legally make money by loaning thin air, and charge interest on those loans. We finally have become…*BANKERS!*

2) I'm not making this up

In the previous section, I blended two stories together: the story of how goldsmiths made money out of thin air, and the story of how a national bank came into existence. Historically, the two stories were not necessarily linked, but goldsmiths really did create money by distributing fraudulent claims for gold. And the story of how a king made it legal to loan gold that wasn't there is the story of the creation of the Bank of England. These things are historical facts.

I'm not going to cite all the references; you can prove these things for yourself in a short amount of time, in a library, or on the internet. My purpose is to explain how the frauds outlined in my perfect crime story have been built upon to create a huge rip-off that is stealing from Y-O-U at this very moment, and to explain how Y-O-U can fight back.

3) Why this book is important to Y-O-U

You are losing, at this very moment, about 50 pennies out of every dollar that you earn to scam artists who pose as pillars of society. Billions of other people are being bilked, too. That makes it the biggest rip-off of all time. I call it the "scarce money scam."

Here's the gist of the scarce money scam. The creation of money in each country has come under the VERY tight control of banker/politician tag teams. These teams purposely do not create enough money to represent all of the goods and services produced. The scammers purposely cause an artificial shortage of money. They make money scarce. Shortages of money force individuals, organizations and governments to borrow money from the very people who cause money to be scarce in the first place.

The money that is lent is created out of thin air with an interest charge attached. It is "fiat money." "Fiat" means "by decree" and fiat money has value ONLY because governments DECREE that debts are payable with it, and, more importantly, that taxes must be paid with it. If you pay taxes, you must get some of what the government DECREES taxes must be paid with.

Anything can be "decreed" to be money, and in most countries the government has decreed that bank "credit," that is, bank loans to individuals, organizations, or government, is money.

The decree allows loans to be made out of thin air by making book keeping entries with a pen or with a computer. As such, bank "credit," which is *debt* to whoever takes out the loan, is the money that most people are forced to use. This *debt* comes with an interest charge attached. Therefore, most of the money used in the world is *interest bearing debt made out of thin air.*

Because money in the modern world is made out of interest bearing debt made out of thin air, about 50% of the cost of all of your, and everybody else's expenditures is made up of interest charges. About ½ of YOUR labor, and that of everyone else, goes to paying interest to people who make money out of thin air. Can you say "rip-off?"

It should enrage you to think that the money you work so hard for, perhaps in unpleasant or even dangerous conditions, is originally made out of thin air by scam artists who control the creation of money. It should enrage you to think that these scam artists keep money in short supply so that everyone has to borrow it from them. These two facts, taken together, constitute the *# 1 social injustice in the world.*

I will, in this book, offer a number of alternatives to the world's people being ripped off by the scammers perpetrating the scarce money scam. All of the alternatives are based on the following truths, which I will explain in due course: 1) *ANYONE IS ABLE TO, WHILE HARMING NO ONE, CREATE ABSOLUTELY REAL, BONA FIDE MONEY; THEREFORE NO ONE NEEDS THE BLESSING OF ANYONE OR ANYTHING TO CREATE MONEY, a*nd 2)

IT IS A BASIC HUMAN RIGHT TO NOT BE FORCED TO USE UNSOUND MONEY.

<u>To recap sections 1, 2 and 3:</u>

- Most of the money used in the modern world is fiat money.
- Fiat money is money that has value only because the government says it has.
- Because fiat money is a figment of the imagination, it can be made out of thin air, and *most of it is.*
- Most fiat money comes into existence as a debt, with interest charges attached.
- Perhaps as much as 50% of all the money you spend goes to pay interest on the debt of your suppliers, their suppliers, and so on.
- Large portions of taxes received by governments go to paying interest on debt.
- You are a slave.
- Your masters are those to whom interest is paid on the creation of fiat money.

4) Why is there a shortage of money?

Until a couple of hundred years ago, or so, most of the world's people were needy because their societies didn't have the technological means to produce enough goods and services for everyone. Not even kings had things like stereos, cameras, or television. Most people struggled to get enough to eat.

Now, however, society can produce so much food and so many products and services that we live in a disposable culture. Disposable plates, disposable cameras, disposable clothes.

In the middle of all this plenty, however, millions of people still struggle. They work long hours to eat junk food, live in junk housing in junk neighborhoods. They don't have enough buying power to purchase their fair share of the things they need, and want. Most people are very productive, but, nevertheless, very broke. They are needy because they don't have enough money.

People suffering from a shortage of money do so because in society as a whole, there is literally *not enough money* to represent all the goods and services produced, or that could be produced. **YOU** suffer from a shortage of money because **YOUR SOCIETY** suffers from a shortage of money.

Three things can cause an *entire society* to suffer from a shortage of money. Either 1) not enough money is created to represent newly produced goods and services, 2) money disappears and is not replaced, or 3) both of the above.

One cause of a shortage of money is the creation of insufficient amounts of money to represent all of the goods and services in society. Imagine a society that had 100 workers, total. These workers were able to produce food, clothing, shelter, transportation, entertainment, education and health care. There were 100,000 "dollars" of money in this society, and each worker earned and spent 1,000 dollars per year.

Now, imagine that 10 children of these workers grew up and joined the work force. These 10 new workers invented and produced computers. Only if additional money came into existence, could these computers be purchased, in addition to all of the other things normally purchased, at their normal prices. If no additional money were created to represent the addition of the computers to the marketplace, yet some people nevertheless did buy computers, then there would be less money to buy all the other things normally purchased. If, say, $10,000 were spent on computers, then only $90,000 would be left to spend on all the other things that used to fetch $100,000 in total. So somebody, among the people producing the other, non-computer goods and services, would have to make less money than before. They would have to suffer from a shortage of money.

When society expands, and the amount of goods and services expands, it is only natural to think that the supply of money would expand. It must. At some point, some hundreds of years ago, there was *no* money in the United States. Now, there are billions and billions and billions of dollars of money in the United States. Money has been created in America; it has disappeared, and been replaced. But not enough has ever existed, certainly in the last 80-90 years, for most people *not* to suffer from a shortage of money.

The second cause of scarce money is the disappearance of money. Imagine a country where the production of food made up 10% of all the business activity. Now, imagine that the 10% of the money representing the food business suddenly disappeared. Although there would still be the same amount of goods and services in the country, with only 90% of the previously existing money to buy things with, 10% of the things would go unsold, or, if all things were sold, the price of some things would have to go down because there would not be enough money to buy everything at their former prices. If you were a producer of the things that went unsold, or that went down in price, you would suffer from a shortage of money to buy the things you needed and wanted.

This is exactly what happened during the famous economic depression that lasted for about 10 years during the 1930's. Although farms were still capable of producing food, and factories existed that could have produced goods for the people who needed the goods, millions of people went hungry and without the things they needed because the disappearance of huge amounts of money caused all of the western world to suffer a shortage of money. This depression ended when the money that had disappeared was replaced with enough to buy the material and labor needed for World War

Two to happen. How money disappears will be explained in later sections.

<u>To recap section 4:</u>

- People can be needy because their society's technology is not able to produce abundantly. In this case, money is not the problem. There just isn't anything to buy.
- People can be needy because they are unable to buy available goods and services because they suffer from a shortage of money. A chocoholic in a candy store will go without sweets if he or she has no purchasing power.
- People in the modern world are needy because, although products and services are plentiful, they suffer from a shortage of money.
- In the modern world, individuals suffer from a shortage of money because their countries suffer from a shortage of money.
- Shortages of money in the modern world is caused by money disappearing, by not enough money being created to replace the disappearing money, and by not enough money being created to represent all of the goods and services being produced.

5) Why not enough money is ever created

Imagine a world where there were only 101 people. Imagine that in this world there was no money at all. People got along by trading, directly, things that they produced for the things they wanted.

One day, one of the 101, Adam Rumman, invented rum. *Drunk* with the joys of this invention, everyone began to trade goods and services to Rumman, the only existing producer of rum, in exchange for bottles of his booze. Soon, bottles of rum began to be traded and RE-traded among the population for other goods and services. Rum had become money.

The use of rum-money allowed trading to increase, and everyone was able to produce, sell, and buy more goods and services than ever before.

Rumman didn't care that some of the 101 now had drinking problems, and that some had even began to commit crimes when drunk. All he cared about was that he was able to buy a lot of goods and services with his rum. He had no conscience, and was delighted when he came up with the following idea.

"Boys and girls," he said, "why bother carrying heavy bottles of rum around to buy things with? I'll give you little notes saying 'I will, upon demand, give 1 bottle of rum to the possessor of this note, signed, Adam Rumman.' You can trade these little notes for things, just as you now trade real bottles of rum. When anyone wants to, they can bring them in to me and I will redeem the notes with real bottles of rum. And, if anyone doesn't have goods or services to trade to me in exchange for these notes, I'll lend them notes at 10% interest."

At the time of his announcement, Rumman was capable of producing 200 bottles of rum per week. He kept a stockpile of 200 bottles, which was about equal to the amount of rum circulating as money among the 101 people.

After a time, Rumman had lent out 100 rum-notes. (A note is a small document saying that someone owes something to somebody else.) He noticed that no more than 10 people per week ever came in to exchange notes for the actual rum. So he increased his lending by lowering interest rates from 10% to 5%, in order to make it more attractive for people to borrow. At 5% interest, he soon had lent out an additional 1900 notes, for a total of 2000 rum-notes.

He had now lent out *ten times* the amount of rum that he ever had on hand! But because no more than 10% of the 2000 rum-notes were ever brought in, per week, to exchange for real rum, Rumman could always produce enough rum to give the *illusion* that there was enough rum to honor ALL of the rum-notes, which, of course, there was not.

In the meantime, Rumman was getting 10% interest per year on the first 100 rum-notes he had made, and 5% on the other 1900 notes. (10% on 100 = 10) + (5% on 1900 = 95) for a total of 105 notes in interest. 105 rum-notes that he could buy goods and services with.

These notes were a debt to those who borrowed them into existence, a debt upon which they had to pay interest. Rumman, however, was getting rich on interest bearing rum-notes that had no backing of real rum, and were, therefore, effectively made out of thin air. He was using *the most profitable invention there could ever, ever, be*: interest bearing debt made out of thin air.

While Rumman got richer, the others were getting poorer. Although Rumman had created 2000 rum-notes, he had not created the 105 notes with which to pay the interest on the loan of those 2000 notes. There just wasn't enough notes for all of the borrowers to pay back all of the total debt, plus interest. Some people were clever and efficient workers, and were somehow able to earn enough to pay back the rum-notes they had borrowed, plus interest. The others borrowers had a shortage of money. Because the 101 used only rum-notes as money, the 101, as a whole, had a shortage of money. Individuals had problems; the society had a problem.

The 101, as whole, and most of them, personally, had a shortage of money because what they were using as money was interest bearing debt created out of thin air. (Remember, Rumman only had 200 bottles of rum in stock, but had issued 2000 interest bearing rum-notes.) The loan of these notes, in total, had an interest charge attached that was, together with the loan principle itself, *impossible* to pay. *Your society,* dear reader, as a whole, probably has a shortage of money, and you may personally have a shortage of money because most modern societies use, as money, interest bearing debt made of thin air. The total debt plus interest is *impossible* to pay off. This will be detailed in later sections.

<u>To re-cap section 5:</u>

- Most countries now use, as money, interest bearing debt made out of thin air.
- The creators of interest bearing debt made out of thin air loan *thin air* to create a debt. While the loan is in existence, it earns *interest* which can buy real goods and services for the creators of the debt.
- ***For those who create it,*** **interest bearing debt made out of thin air is the world's most profitable invention***.*
- Interest bearing debt made out of thin air causes more poverty, and the social injustice that goes with that poverty, and the conflicts that go with that poverty, and the environmental stress that goes with the poor trying to get money in any way possible, than any other cause.

6) One way money disappears

In the last section we saw how debt could come to be used as money. Now, what happens to debt when it is paid off? That's right, it disappears. If I owe a debt to you, and pay it, that debt no longer exists. If debt is being used as money, when that debt gets paid off, money disappears!

When Rumman lends a rum-note, the borrower is in debt. The note gets RE-traded, and becomes money. While it remains money, interest goes to Rumman. But when the borrower somehow gets his hands on another note and pays it back to Rumman, the debt is gone, and thus, the money, which was the debt, is out of circulation, too. It has disappeared, or died. The money supply gets smaller when the note is paid back to Rumman, and everybody else's shortage of money gets worse, because there is now even less money in a society already suffering from a shortage of money. **BUT** there *still* is that interest charge, which could not be paid because there wasn't any money made with which to pay it!

Now, it may seem that the 101 suffer a dilemma- that 1) if they pay off the rum-notes they will suffer a shortage of money, because the loan debt, which is used as money, will disappear; and 2) if they don't pay off the notes they will suffer a shortage of money, because interest charges will keep growing. Well, the dilemma is real, just as it is true for people in modern societies, when they use, as money, interest bearing debt made out of thin air.

The point of this entire work is to expose this dilemma, and to show the absurdity of it, along with the absurdity of allowing a train load of social ills to flow from it. I also offer several alternatives to using interest bearing debt as money, any one of which could defeat the dilemma, solve the shortage of money problem and thereby prevent many of the ills caused by scarce money. Ills of personal, organizational, governmental, and global scope.

(If, for instance, you are interested in ***environmental issues***, you need to help fight the scarce money scam. Shortages of money cause millions of people to rape the earth any way they can, in order to get their hands on just a little more money. Anything for a buck!)

To re-cap section 6:

- When interest bearing debt made out of thin air is used as money, there will automatically be a shortage of money, because not enough money is ever created to pay back the loan ***AND*** the interest charge attached to the debt.
- If interest bearing debt made out of thin air is used as money, there will be a shortage of money if the loans creating the debt *are* paid off, and there will be a shortage of money if the loans *are not* paid off. Dilemma!
- This dilemma causes social ills, and the rape of Mother Earth.
- ***This book will offer many alternatives to the use, as money, of interest bearing debt made out of thin air***.

7) Thinking about money

Societies, and the individuals within societies, have money problems primarily because they don't understand the nature of money.

They don't know what money is, how it is created and by whom, and how money disappears, or dies. They don't know that while some kinds of money *just happen naturally,* some kinds of money are the *inventions of man*, and that some kinds of money are *designed to be the tools of rip off artists.* They don't know that money can be and has been made out of almost anything, but that **there are some things that should never be made into money.**

Don't worry! I will correctly and accurately define money in this book. I don't believe that this has ever been done before. In fact, it is possible to read book after book on money and not even see an attempt to define money. Some books on money will tell you that money cannot be defined. I believe that it can, and that I have done the best job of it! (Hey! I'm writing this, so let me brag a little!) I will also tell you what things should never be made into money, further on. (I guess you know by now that one of those things is interest bearing debt made out of thin air.)

If you care about honesty, fairness, and justice… if you care about people getting to keep what rightfully belongs to them… if you care about peace… ***if you care about the earth's environment*** (using the wrong things as money causes an explosion of debt, which causes people to rape the earth trying to get enough income to pay off debt, and the interest charges on the debt)… if you care about your own financial self-defense… you need to care about just what, precisely, money *does*, what money *is*, and what the money you use is made out of.

Think about the way you think about money. I've used the word many times already without defining it, and yet you probably don't feel as though I'm talking about a foreign concept. That's because you're most likely familiar with one of the things that money *does*. It buys things. Money buys other things when it is traded for those other things. If one has money, one has purchasing power – the ability to acquire things by exchanging something for them.

But knowing about money only that it can be exchanged for things – that it buys things – is like knowing about boats only that they float. Just as having the ability to float is not sufficient for something to be considered a boat, (ducks float… is a duck a boat?) having the ability to buy something is not sufficient for something to be considered money, although it is a necessary condition.

In addition to thinking about money in terms of what it can *do*, we must also think in terms of what money really *is*, at the bottom of things. If we understand more fully the nature of boats, we can be better sailors. If we understand more fully the nature of money, **we can get rid of most of the debt in this world**. Just what, precisely, money *is,* will be the topic of the next few pages.

Think about the amount of money in any given country. Think about all the dollars and cents in existence in the United States, for example. Would you agree that there is very much more money in existence now in the U.S. than there was 100 years age? Where did it come from? Who made it? What did they make the money out of? Even though there is more money now than there was 100 years ago, *is there enough?*

What special authority did anybody ever have to be the sole creators of all the money in the U.S.? Or in any other country for that matter? Was anyone ever, anywhere, voted in to be the sole money creators for their country?

Think about the money created by countries that no longer exist. For example, think about the money created by the Confederate States of America during the American civil war. During the war, Confederate money could purchase real goods and services. After the war, that money was worthless. The Confederate money ceased to exist, as something of value. It lost its "purchasing power;" no one was able to trade it for goods and or services. It died. What are the ways in which money dies?

ANYBODY – including YOU – can turn almost anything into real, genuine, honest to goodness money. No one needs to be the government to create money. No one needs to be a bank to create money. **NO ONE NEEDS TO HAVE ANY KIND OF SPECIAL AUTHORITY TO CREATE MONEY.** All anyone needs, to create money, as we shall shortly see, is at least one trading partner and some things, either tangible or intangible, to trade.

We shall see how this works in a few paragraphs from now. We shall see how something becomes money (how money comes into existence). We shall see who creates money. We will learn just what, precisely, money IS. I will define "money." This has never been done satisfactorily before.

We will learn that it matters greatly what is made into money. We will see *that if a privileged few in a society cause that society's money to be made out of things that should never be made into money, all of the other people in that society will suffer.*

<u>To recap section 7:</u>

- *Some things should never be made into money.*
- Using the wrong things as money leads to debt for almost everyone, and the rape of the earth's natural environment.
- We can get rid of most of the debt in this world.
- Nobody was ever voted in to be the sole creators of money for their country.
- *ANYBODY* can turn almost anything into real, genuine money.
- If a privileged few in a society cause that society's money to be made out of things that should never be made into money, all of the other people in that society will suffer.
- It is extremely important to define "money" correctly. Understanding exactly what money is helps us to understand how money is created, who creates it, and *what money should never be made out of.*

8) *Some kinds of Money* ***JUST HAPPEN***

There are 2 kinds of money.

First, there is *naturally occurring money*. It *just happens,* when people trade goods and services. Goods and services naturally monetize themselves (turn into money) when they are RE-traded for other goods and services. More on this later.

In most cases, naturally occurring, self-monetizing money isn't terribly convenient to use. So mankind, being clever, has come up with a **second** kind of money, *invented money*. The problem is that just as naturally occurring money "just happens," fraud happens, too. As the human mind can almost always attach an element of fraud to any concept, many, although not all, kinds of invented moneys are merely tools used by rip-off artists to steal wealth from honest people. More on invented money in section 12, as well as in later sections.

Because 1) most goods and services can be self-monetizing, as will be explained soon, and 2) not all invented moneys are rip-off tools, there never needs to be a shortage of money within a society. There never needs to be a time like the 1930's. Then, people produced less of the things they wanted and needed because there wasn't enough money in circulation for the economy to work well. That experience could have been avoided!

A shortage of money within a society should never occur because money is not a *thing* but is a *role* that is given to things. Money is a *phenomenon*. Just as the process of water flowing over loose soil produces the phenomenon of erosion, trading activity among people produces the phenomenon of money. Just as erosion *happens,* money <u>*HAPPENS.*</u>

"Being" money is a role that can be given to almost anything by the trading activity of people. Anyone can trade things. Therefore, ANYONE CAN LITERALLY CREATE MONEY, by ***causing it to HAPPEN,*** *by trading things.*

<u>To recap section 8:</u>

- There are 2 kinds of money.
- *Naturally occurring*, self-monetizing money *just happens* when people RE-trade goods and services.
- *Invented* money is most often, but not always, designed as a tool by rip-off artists to be used to steal real wealth from honest people.
- There never needs to be a shortage of money among a society as a whole.
- *ANYONE* can literally create money, by causing it to happen, by trading things.

*9) How naturally occurring money **JUST HAPPENS***

You may have heard that before there was money, people could only barter. You may have heard that money is a human invention that allows us to replace bartering with something more efficient. Let's look at bartering. Let's see if some kinds of money ***just happened*** naturally, before other kinds of money, especially those kinds *designed to be the tools of rip-off artists,* were invented.

"Barter" is just a fancy word for "trading". Bartering, (trading) can be a short story: Joey has a banana. Shirley has an apple. They trade. Joey eats the apple. Shirley eats the banana. The end.

→ banana

JOEY SHIRLEY

apple ←

Here, Joey's banana bought Shirley's apple. Shirley's apple bought Joey's banana. That is the nature of a simple two-way trade. Each item is the *exact payment* for the other. The price of Joey's banana was Shirley's apple. The price of Shirley's apple was Joey's banana. Each item buys precisely one thing: the other thing. Therefore, purchasing power figured in the above exchange. However, money *did not.*

Now, bartering can be a longer story than that of Joey and Shirley. It can be made up of a <u>series</u> of trades in which something is traded more than once. ***When something is traded more than once in a series of trades, that is, when something buys, or pays for the goods and/or services in more than just one transaction, MONEY HAPPENS.***

Observe: It's 1943, somewhere in war-torn Europe. Mary has some cigarettes (cigs). Jill has a bottle of wine. Jack has some matches. Mary trades her cigs for Jill's wine. Mary drinks the wine. But Jill does not like to smoke. She accepts the cigs in exchange for her wine because she believes there is a good chance that she will be able to RE-trade the cigs later for something she does want. And she IS able to RE-trade them to Jack, in exchange for the matches. Jill burns the matches and Jack smokes the cigs. The end.

→ cigs → cigs

MARY JILL JACK

wine ← matches ←

Here, the cigs buy wine in the Mary-Jill transaction; and *they also buy* matches in the Jill-Jack transaction. The cigs buy in one transaction; and *buy again* in yet another transaction. They are the payment in more than one transaction. They are the payment for the wine; and later they are the payment for the matches.

<u>To recap section 9:</u>

- "Barter" is just a fancy word for "trading."
- When things are traded, each thing is the exact, precise, and full payment for the other thing.
- ***When something is traded more than once in a series of trades, that is, when something buys, or pays for the goods and/or services in more than just one transaction, MONEY HAPPENS*.**

10) THE DEFINITION OF MONEY

Did you spot the money in the Mary-Jill-Jack story? It was the cigs. ***Money is: ANYthing that is RE-traded. Money is: ANYthing that buys in more than one transaction. Money is: ANYthing that is the payment in more than one transaction.***

In the Mary-Jill-Jack story, money was created by Jill, literally and absolutely, when she traded the cigs a <u>second</u> time. By RE-trading the cigs, she caused them to become RE-trade articles. As such, the cigs *took on the role of being* money. Real, genuine, bona fide, honest to goodness money. "Money" is a role. The role of being a RE-trade article; the role of being a buyer in more than one transaction; the role of being the payment in more than one transaction. Those roles are played by ANYthing that is RE-traded by ANYone.

You'll notice that money didn't replace bartering/trading. Rather, money comes into existence automatically as a result of something being RE-traded. ***ANYthing that is accepted in exchange for, as payment for, anything else in at least two separate transactions (is RE-traded) IS money.*** If something buys, and buys again; if it is a payment in at least two transactions; it becomes money. The cigs, in our Mary-Jill-Jack story, bought wine for Mary *and also* bought matches for Jill. They became money.

We see that the ability to be exchanged for something, to confer purchasing power, is necessary for something to be called money; but that this alone is not sufficient for something to be called money. In the Joey – Shirley story, the banana conferred enough purchasing power to Joey for him to buy an apple; but the banana bought only once and was not money. The apple was enough payment for Shirley to buy a banana with; but the apple bought only once and was not money. **If it buys only once, it is NOT money.**

What *is* sufficient for something to be called money is that *its purchasing power be used at least twice.* The potential money-thing must be traded for something else (pay for, buy something else) and then it must be RE-traded at least one more time, (pay for, buy, yet another thing) for it to become money. **If it buys two times or more, IT IS MONEY.**

Trade implies purchasing power; RE-trade implies money. So while you can't have money without purchasing power, neither can you have money without RE-trading. However, once there is RE-trading, even if it's the RE-trading of cigarettes, MONEY HAPPENS. (Cigarettes ***WERE*** used as money in World War Two, in Europe. So were nylon stockings; so was sugar.)

ANYtime ANYthing is Re-traded, that thing plays the role of being a RE-trade article, and MONEY HAPPENS. Like a theatrical role, being money is a part played by a thing during a process – the process of human trading. As such, money is not a thing, but a phenomenon!

To recap section 10:

- ***Money is: ANYthing that is RE-traded.***
  Money is: ANYthing that buys in more than one transaction.
  Money is: ANYthing that is the payment in more than one transaction.
- If it buys only once, it is NOT money.
- If it buys two times or more, IT IS MONEY.
- Money is not a thing, but a phenomenon!

11) An examination of RE-trading

Money can only ever do 2 things. 1) It makes it possible for <u>series of trades</u> to take place. ("A series of trades" is a chain of trades in which at least one item is RE-traded at least once). Remember Mary, Jill and Jack? They all got rid of something they didn't want and got, in exchange, something they did want. Notice that Jill had to accept, for her wine, something she didn't want – the cigs – and had to RE-trade it in order to finally get something she did want. 2) It can be used, as we'll see, in depth, as a tool to steal with.

Look carefully at the series of trades that took place between Mary, Jill and Jack. Mary, at one end, and Jack, at the other, got what they wanted by trading once. Mary traded once: the cigs for wine. Jack traded once: matches for the cigs. They got their trading done in one step. Let's call them "one-steppers."

Jill, in the middle, had to trade, AND TRADE AGAIN, in order to get what she wanted. She did her trading in two steps: 1) Wine to Mary for the cigs, and 2) the cigs to Jack for matches. Let's call Jill a two-stepper.

WHERE EVER and WHEN EVER there is a *series* of trades there will be a one-stepper at each end and one (or more) two-steppers in the middle. Money comes into existence as a result of a two-stepper RE-trading something. By RE-trading that something, NO MATTER WHAT IT IS, the two-stepper transforms that something into actual money. That something becomes (takes on the added role of being) a RE-trade article. With the taking on of that role, the phenomenon of money appears. The RE-trade article is BORN as money. Jill literally gave birth to money by RE-trading the cigs and giving them the added role of being RE-trade articles. All Jill needed to make money were the one-steppers with whom to trade, and something to trade.

Compare money to fire. Fire is not a thing, but a phenomenon of chemistry. Its occurrence can be intentionally caused by people to serve their purposes. For example, people can start a fire to keep warm or to cook with. Money is a phenomenon of human trade. It is the occurrence of something being RE-traded. This happens when something is accepted in exchange for something else, and is then RE-traded. The phenomenon of money can be intentionally caused by people in order to make it possible for a *series of trades* to take place, so that the people involved can get rid of things they don't want and finally get, in return, something they do want. Even if they have to be two-step traders in order to do so. (Getting rid of things they *don't* want, and getting, sooner or later, directly or indirectly, things they *do* want, is the story of human commerce, in a nutshell.) (Commerce/trading is THE thing that sets humans apart from all of the rest of the living world. Only trade has facilitated the division of labor, without which we should each still exist in a state of having only what we, alone could catch, create, gather or grow. Which would NOT include restaurant food, recorded music, television, electricity, public utilities, modern medical/dental care, air travel, micro-wave ovens, cities, cars, highways, etc.,

etc., etc. Who among us could produce any of the above single-handedly? Commerce/trading is THAT which explains the human condition.)

A series of trades in which money comes into existence will always have a one-stepper at each end. Here is an unusual series of trades with the same one-stepper at each end:

→ card → card

SAM SALLY SAM

t.v. ← massage ←

Here, Sam trades his baseball card to Sally for a television. The next day, Sam realized than he really, really liked his baseball card after all, and traded a massage to Sally for the card, in order to get it back. Here, the series of trades that turned the baseball card into money, involved only 2 people. Nevertheless, however, the baseball card was RE-traded, bought twice, and was the payment in more than one transaction, and so… became *money.*

There can be 1 or more two-steppers between the one-steppers. Here is a series with three two-steppers (with two one-steppers, which is most often the case):

→ rum → rum → rum

MARY SHIRLEY DAN BARRY

cat ← dog ← shirt ←

Here, Mary and Barry are one-steppers at the ends of the series of trades. Shirley and Dan are two-steppers, as they RE-trade the rum. The rum BECOMES money when it is given the added role as a RE-trade article. Shirley does this when she RE-trades the rum. The rum REMAINS money when Dan RE-trades it. Note that in exchange for the rum, Shirley gives Mary a cat, Dan gives Shirley a dog, and Barry gives Dan a shirt.

Only the rum was RE-traded. Only the rum became money. It bought, and bought again (and again and again). It bought, in separate transactions, bacon, a cat, a dog, and a shirt. The bacon, the cat, the dog, and the shirt were all only traded once. They were payment for something only once; they bought only once. Those items DID NOT become money.

We've seen that it is easy to create absolutely real money. ANY person can do it. YOU can do it. All you have to do is RE-trade something, and that something *becomes money*.

All you have to do is RE-trade something that is *already* money, and that thing will *remain* money. This is what YOU do, when you trade your services as a doctor, carpenter, teacher, or whatever else you do, for the funny little pieces of paper that your country calls money, and then RE-trade them for whatever it is you really want to have. YOU are a two stepper when you do so. Your first step is to trade your work for the pieces of paper. Your second step is to trade the paper for the things you buy. By RE-trading your country's money, whatever it is made of, **YOU ALLOW** it to *remain* money.

You don't have to be the government to create genuine money. You don't have to be a bank to create genuine money. You don't have to be a powerful person to create genuine money. You only have to be a two-stepper, in the middle of a series of trades. ***<u>THERE IS NO MYSTERY TO THE CREATION OF MONEY.</u>*** *No one needs any special talent or special authority to create money. MONEY HAPPENS, naturally, when RE-trading happens.*

(As money happens, in a series of trades, any two-steppers will obviously know that they are RE-trading something. But any one-steppers involved might never know that they were involved in the creation of money.

Such knowledge is not necessary for the creation of money. Let's examine Mary- Jill- Jack again. Mary may never know what Jill did with the cigs. While Jack might never have been aware that Jill was RE-trading the cigs to him, nevertheless, when the cigs were RE-traded to him, they became REAL money.

While a person usually needs two other people to trade with in order to become a two-stepper, and so create money, the other people do not have to be consciously involved in an attempt to create money, for money to happen. Indeed, even the two-steppers, while being aware of RE-trading, may not realize that they have created the phenomenon of money. Indeed, it is likely that most two-steppers DO NOT realize they are creating money when they RE-trade something, for if they did, the knowledge of just what money is would be as widespread as is the knowledge of just what erosion is.)

Making a series of trades possible is the only just use there is for the phenomenon of money. But that one use has contributed immeasurably to our economic standard of living, by letting people get rid of things they don't want, and get, after some RE-trading, things they do want. That one use facilitates extensive commerce/trading and the division of labor which has given mankind the wondrous world we live in. If commerce/trading is THAT which explains the human condition, then THAT WHICH MONEY IS MADE OF explains the condition of commerce/trading. There are things which, if made into money, hurt the vigor of commerce/trading, and thus hurt the human condition.

To recap section 11:

- Money's only just use is to make series of trades possible.
- All *anyone* has to do to create money is to RE-trade something, and that thing will become money when it is RE-traded.
- **You allow** something to *remain* money, even if it is "rip-off tool money," by RE-trading that something.

- *Commerce/trading is* THAT *which explains the human condition*.
- THAT WHICH MONEY IS MADE OF *explains the condition of commerce/trading.*

12) What makes a thing RE-tradable?

If a thing is to be RE-traded, it must be traded twice (duh!). People must want to give something up, in exchange for the RE-trade article. People, to do this, must see value in the RE-trade article itself. Therefore, most unsophisticated (but, mark you! VERY REAL, honest and just) kinds of money are tangible items. These are RE-trade items of *inherent* value. They have value in and of themselves. They are something that can be used.

Tangible things that have been RE-traded include cigarettes, salt, rum, gold, grain, silver, sugar, and clothing. Almost anything that is real could theoretically be RE-traded and turned into money.

RE-trade items might, alternatively, have what I would call *near*-inherent value. These might be, for instance, receipts redeemable for items having inherent value: warehouse receipts for sacks of grain, or bales of cotton, etc. Receipts for grain were used as money in Egypt thousands of years ago. Near-inherent value monies are slightly sophisticated breeds of money.

Then there are even more sophisticated breeds of money that have value because of fraud or the threat of force. I say that these kinds of money have value frauded into or forced into them. Some of these kinds of money are made out of things that should never be used to make money. These can be vicious, bloodthirsty, breeds! Frauded-value money always is. Forced-value money usually is, although it doesn't necessarily have to be.

To fraud value into something, all one has to do is lie about the thing to be RE-traded. Lie, and make the thing seem to be of value, when actually it isn't. Or make it seem to be more valuable than it really is. We will soon see, in stories about sour milk, and non-existent gold, just how value can be frauded into things that are potential money. (***Potential money*** is anything which MIGHT become money, but which has not yet been RE-traded, and is, therefore, not yet money. **This is a vitally important point!**)

Forcing value into a potential money is done by creating an artificial demand for the potential money items. Historically, artificial demand has been created by the power to bully.

A ruler may say to his or her subjects: Look at these sticks, upon which my emblem is impressed. From now on, these useless sticks of wood, carrying my emblem, are the only things that you may pay each other with. If you, John, sell a cow to Tom, you must accept some of these sticks as payment for the cow. If you later try to get some other kind of payment as well, you will be thrown into jail (you will be bullied). Now, how do you louts get some of these sticks? Why, I, the ruler, will buy things from you with them, after I have created them at very little expense to me, from a bunch of dead branches!

Or, the ruler may say to the ruled: From now on, these useless sticks of wood, upon which I have caused my emblem to be impressed, are the only things that you may pay taxes with. You better get some! If, when tax time comes, you have none, I will throw you into jail (bully you) for non-payment of taxes. Now, how do you louts get some of these sticks? Why, I, the ruler, will buy things from you with them, after I have created them at very little expense to me, from a bunch of dead branches!

(Do you think these stories about sticks are silly? Tally sticks were used as money in England for hundreds of years.)

A potential money may be a blend of fraud and force. A ruler may say to his victims: From now on, you must pay taxes with these receipts for gold, which I have allowed the goldsmith to issue. (The only trouble is, there is NO gold for which the receipts may be redeemed!) The "receipts" for which there is no gold, would have value because the people *believed* the "receipts" were actually redeemable in gold, and because the people *believed*, probably with good reason, that if they didn't pay taxes with the "receipts," they would be thrown into prison.

<u>To recap section 12:</u>

- ***Potential money*** is anything which MIGHT, or even probably might, become money, but which has not yet been RE-traded, and is, therefore, not yet money.
- ***Potential money*** is all any individual, organization, company or government can issue. It takes a second party to RE-trade the ***potential money*** in order to turn it into actual money.

- ***Potential money*** can take the form of tangible items like gold, sugar, clothing, copper, etc.
- ***Potential money*** can be of *near*-inherent value: receipts, coupons, notes that can be exchanged for a stated amount of real goods and/or services.
- ***Potential money*** can be of frauded value
- ***Potential money*** can be of forced value.

13) Invented Money

We've seen that money happens, naturally, when tangible items get RE-traded. Now, we have, in addition, just seen three examples of *invented money.*

Receipts or coupons for tangible goods, and other near-inherent value moneys are inventions. The things for which the receipts or coupons are issued are real and natural, but the idea of a receipt or coupon for those real articles is an invention.

Fraud involves invention- the invention of a lie, and so, of course, frauded-value money is an invention. Forced-value money involves the invention of the idea of co-ercing people into valuing something, and so forced-value money is also an invention.

Frauded-value, most forced-value moneys, and most frauded/forced value blends are designed to be the tools of rip-off artists. The creators of these moneys use them to steal real goods and services from the people who are tricked or forced into RE-trading them.

<u>To recap section 13 (and 12, again, because it's really, really important):</u>

- ***Potential money*** is anything which MIGHT, or even probably might, become money, but which has not yet been RE-traded, and is, therefore, not yet money.
- ***Potential money*** is all any individual, organization, company or government can issue.

It takes a second party to RE-trade the ***potential money*** in order to turn it into actual money.

- ***Potential money*** can take the form of tangible items like gold, sugar, clothing, copper, etc.
- ***Potential money*** can take the form of *invented* potential money.
- ***Invented*** potential money can be of *near*-inherent value: receipts, coupons, notes that can be exchanged for a stated amount of real goods and/or services.
- ***Invented*** potential money can be of frauded or forced value. Or a bit of both (as when a government forces it citizens to use frauded value money by accepting only it in payment of taxes).
- **Most invented moneys are *tools of theft used by rip-off artists.***

14) Money dies; it disappears

Money has a life cycle. Something is born as money when it is RE-traded. As long as it keeps being RE-traded, it plays the role of being a RE-trade article, and lives as money. But part of the cycle of life is death. And something interesting, and very important, always happens, sooner or later, to money. It dies. It ceases to exist. It *disappears*. It ceases to function. It ceases to be RE-tradable; it ceases to be RE-traded.

What causes money to die? It can be consumed. It can be accidentally destroyed. If it is made out of debt, it will die when the debt is repaid. It can be diluted until it is no longer RE-tradable. It can lose its value as a RE-trade article, if that value was frauded or forced into it, when the fraud is discovered, or the thugs that forced value into it lose their power to bully.

When certain kinds of money die, that is, cease to be RE-tradable, no one suffers an unjust economic injury. These kinds of money are ***SOUND.*** They die acceptable deaths. We will look at these deaths more closely in the next section.

Certain other kinds of money however, when they die, injure people financially. Kinda like when a landmine dies, by exploding, it injures people physically. These kinds of money are ***UNSOUND*** because they are tools used to *rip people off.* Just as a landmine is *designed* to hurt people when it dies (explodes), these moneys *are designed* to hurt people financially when they die (cease to be

RE-tradable). . We will look at these deaths more closely in a following section.

It is VITALLY IMPORTANT to understand how different kinds of money die. Some things should never be allowed to become money, because the way in which they die as money constitutes A RIP-OFF. Of course, interest bearing debt made out of thin air is a rip-off even before it dies, and is therefore also *unsound.* **INTEREST BEARING DEBT MADE OUT OF THIN AIR IS ONE OF THE THINGS THAT SHOULD NEVER BE TURNED INTO MONEY. The others are FRAUD and FORCE.**

Let's have another go at showing how unjust and just how unworkable using interest bearing debt made out of thin air as money really is.

Imagine a moneyless society of 10 people. One day, bankers from Mars arrive and bring money and banking with them. Each of the 10 borrows $100 from a different bank. Each of the 10 banks creates $100 out of nothing, by simply writing "$100" in a column beside the name of the person taking out the loan. 10 people, 10 banks, 10 loans. $1,000 new money created out of thin air. Payments for things the 10 people buy from each other are made with checks written against their accounts.

Say the interest rate is 10%. At the end of the year, each person would owe the $100 principle he borrowed, + $10 in interest. For the society as a whole, that would be $100 principle, times 10, or $1,000 in principle, plus $10 interest times 10 = $100 in interest. The total debt in the society of 10 people would be the $1,000 principle + $100 interest = $1,100. However, remember, only $1000.00 was ever created! There is *not enough money* to repay the original loans that created the money in the first place, *plus* the interest charges that were added to the loans.

If each person paid back his or her $100 of principle at the end of the year, each person would be $10 in debt for the interest, and there would be no money to pay it with. Everybody would have a scarce money problem.

More likely, 1 or 2 people, because they were clever business people, would be able to pay their loans, *and* their interest charges. Say that 2 did. $200 in principle and $20 in interest would be paid back. $1,000 of money created - $220 repaid would leave $780 left for the other 8 borrowers to *compete* for. And compete they would have to, for the other 8 each owes $110, for a total debt of $880, even though there is now only $780 left. These other 8 people will suffer a *bad* scarce money problem.

Using, as money, interest bearing debt made out of thin air, makes for vicious competition in society. It's what makes modern society so cut-throat, even in the midst of tremendous productive capacity. Look carefully, though. The scarce money problem is not the fault of the 2 people who were able to repay their debt, but is the fault of the debts and the interest charged on the debts being unjust in the first place. It is just plain unjust to charge interest on something made out of thin air.

Notice that if 1 of the 10 had discovered the cure for cancer, and done so much business that he was able to pay back his principle of $100, plus his interest charge of $10, AND put $200 under his mattress for a rainy day, he would have put $310, of the $1,000 created, out of circulation. That would have left $690 for the other 9 to compete for. The competition would have been even more vicious, because the 9 would still have to try to pay a combined debt of 9 x $110, or $990, with only $690 to go around. These 9 others might beg, borrow, steal, prostitute themselves or others, or rape the environment in frenzied attempts to get enough money to pay their own debts. **Interest bearing debt made out of thin air is the most profitable business ever invented. It's the biggest something for nothing rip off ever.** <u>Therefore, interest bearing debt made out of thin air money is unsound money, even before it ever dies!</u>

Note carefully that it wouldn't be the cancer cure finder's fault that the other 9 were suffering *badly* from a shortage of money. There simply was a shortage of money in this society from the moment that money came into existence, out of thin air, as a debt, with interest charges attached. Unjust money produces social injustice and environmental degradation.

Using interest bearing debt made out of thin air as money causes whole societies, and most of the individuals and organizations within them to suffer a shortage of money, and the problems that come from shortages of money.

Interest bearing debt made out of thin air is the most profitable business ever invented. It's the biggest something for nothing rip off ever. There's a 99.9999999% chance that YOU are taking part in this crime…….as a victim! Your governments are accomplices in this. *You can not trust any government that forces you to use interest bearing debt made out of thin air as money. Fiat money is THE tool of tyrants.*

I believe that these facts are known among the privileged elites that control the creation of most of the money in most of the countries of the world. As such, when the money that they create rips people off, it is because *the money has been designed to hurt people.*

Individuals may, in the future, identify themselves as belonging to, or being in the employ of, one of these elites by, as Shakespeare would have said, "protesting too much" any supposed error in this work.

It is unacceptable that a money, in its dying, should harm people.

<u>To recap section 14:</u>

- Money has a life cycle. As long as it keeps being RE-traded, it lives.
- Sooner or later, all money ceases to be RE-tradable: it dies, ceases to exist, *disappears.*
- Different kinds of money die different kinds of death.
- Some kinds of money are unsound because they, by their existence, or by their dying, cause some people to get *nothing* in exchange for something

that they have given up (the people get ripped off).

- **Interest bearing debt made out of thin air is an unsound money because it rips off everybody except its creators. So, it should never be turned into money.**
- Other unsound monies hurt people when they (the unsound monies) die, just as a land mine hurts people when it dies (explodes).

15) Acceptable ways for money to die

There are 4 ways for money to die acceptably. They are ways by which, when the money becomes impossible to RE-trade, no one suffers unjust economic injury. Monies that cause no one an unjust economic injury when they die are SOUND monies.

The first of the three ways for money to die acceptably is to die the death of being consumed. Remember Mary, Jill, Jack, and the cigs?

→ cigs → cigs

MARY JILL JACK

wine ← matches ←

The cigs, which Jill turns into money by RE-trading them, died as money when Jack smoked them. They, of course, are never again money, because they can never again be RE-traded.

We have, of course, already seen another example of money dying by being consumed. We saw Barry take rum out of the trading arena, by drinking it.

The second way for money to die acceptably is for it to be spoiled or destroyed somehow. Something will default as money (i.e. cease to something that can be RE-traded), if it BECOMES useless. (As opposed to something that, like many kinds of unsound money, STARTS OUT useless.) Suppose that rum, used as money, gets spilled:

→ rum → rum → **!!!!!!**

MARY JACK DAN BARRY

sox ← book ←

Here, the rum becomes money, and stays money, until Dan accidentally spills it on the ground. As he does so, Dan takes the rum out of any possible trading activity with Barry, or anyone else.

Dan gave up something – the book – for the rum. He was unable to RE-trade or consume the rum. But this was due to his own clumsiness, and was not due to fraud, or force. Just as money happens, accidents happen. It is natural that this type of default will occur from time to time; therefore, I call this "natural default." The default of the money here is the natural result of something valuable being accidentally turned into something useless. It is not the inevitable default of something that is useless from the very beginning.

Of course, there are many ways for money to suffer natural default. For example, if Dan let the rum get stale it would not be RE-tradable. If anything valuable that had been turned into money were to burn, or be lost in a shipwreck etc., it would, of course, cease to be money.

The third acceptable way for money to die, or cease to exist, is when a debt, that is being used as money, gets paid off.

Let's imagine (does it seem by now that "let's imagine" is my favorite suggestion?) that I borrow 5 pounds of sugar from you. I write an I.O.U. for the sugar. But I phrase the I.O.U. in general terms. I write: " I owe, to whoever has possession of this document, 5 pounds of sugar. Signed, A.N. Author." Then, I give you the document, which is a "note." (A "note" is simply something specifying that someone owes something to somebody else.)

You have traded 5 pounds of sugar to me in exchange for an acknowledgement that I owe you, because you have possession of the document, 5 pounds of sugar. The note is a credit to you, because you are "to the good." It is a debt to me. I owe. I am "in the hole," to the tune of 5 pounds of sugar.

Next, you trade the note to Herganetha in exchange for some socks. You wear the socks out, and burn the remains. Herganetha presents the note to me. I, who have used your sugar but have gotten some more sugar at the store, give her 5 pounds of sugar because SHE was the possessor of the note, which was a record of my debt to whoever possessed it. Herganetha makes fudge with the sugar, and feeds it to her husband, who gains 10 pounds of unsightly fat.

You turned my note, which was an instrument of debt, into money when you RE-traded it to Herganetha. You were able to buy socks with the money. When the note got back to me, and I redeemed it by paying back the sugar to possessor of the note, I could burn the note. The debt was retired, as they say. Actually, the debt was killed when it was paid off. It no longer existed.

Understand that the note, the debt, could have passed through the hands of many two-steppers before it found its way back to me for redemption. Here we have seen debt be used as money. We have also seen that if a debt is turned into money, when the debt is paid, the money dies, ceases to exist, disappears.

There is a fourth way that a money could die in an acceptable manner. This would be the way special kinds of money that I will propose later, would die. But before I can propose the new kinds of money, and explain how they would die, it is necessary that we give unsound monies a more thorough examination and understand them, and the ways that these unsound moneys die, more fully.

<u>To recap section 15:</u>

- Monies that cause no one an unjust economic injury when they die are SOUND monies.
- There are 4 ways that sound monies can die acceptably. They can be consumed. They can get spoiled or destroyed by accident. They can be cancelled out when a debt, being used as money, is paid off. They can…hold on, now! I

have to lay some ground work before I can explain the fourth way!

16) Fraud, used as money

Let’s imagine (I apologize now for all present, past, and future “Let’s imagines”) now that I gave you a note saying “I will pay, to the bearer of this note, 1 ounce of gold, signed, A. Gold Smith” in exchange for one ounce of gold. My business is goldsmithing, and I have secure storage for gold. You want me to store your gold in my safe keeping, and I agree. But you also want to be able spend your gold, even if you don’t have it with you, so you have me make out the note to “the bearer,” which means, “whoever possesses it.” You know that this way, the note will be able to be RE-traded, as if it were the gold itself, because all anyone would have to do to get the actual gold would be to go to me and present me with the note for payment in actual gold.

Again, I owe. I owe whoever presents me with the note, 1 ounce of gold. My record of debt, the note, will probably get RE-traded, and if it does, it will become money. Right now, of course, it is *potential money,* just waiting to get RE-traded.

Now let’s imagine that many people have begun to store gold with me. Of course I charge a small fee for this, but that’s okay and not important to the point that I will be illustrating. Say that 100 people each have 1 ounce of gold stored with me. A total of 100 ounces.

Over time, I notice that not more than 90 of my gold notes ever get presented, for redemption in actual gold, in a single day. My wife's birthday is coming up, and I would like to buy her a nightstand for her side of the bed. I'm a little short of money. But the little devil sitting on my left shoulder offers me some advice that I follow. I simply write out a document saying, "Will pay to the bearer, upon demand, 1 ounce of gold. Signed A.Gold Smith." Then I whip off to the furniture store and buy, with the note, for which there is NO gold, the nightstand. I have committed fraud. I have taken on a debt that I can't repay. There really isn't any actual gold to pay out in order to redeem the note. There is nothing "backing" the note. Its promise to pay is just thin air. I'm taking a chance that not more than 100 of the now 101 gold notes in circulation will be brought in to be exchanged for real gold, at the *same time*.

I am the only one that knows that this note is bogus because it lacks backing. The public RE-trades the note and it becomes money. I have made *potential* money out of fraud, out of thin air. The unsuspecting public has made this **thin air** into *real* money. It gets RE-traded and RE-traded, even though it is worthless.

I am laughing. I have found out that debt that can used as money. And I have found that I can offer a debt- a promise to pay- that I can never pay, as a potential money, and people will accept it as payment for things. I can buy things with thin air, and then people will RE-trade that thin air. I am getting rich getting something for nothing.

To recap section 16:

- Fraudulent notes can become *real* money, if they get RE-traded.
- People who issue fraudulent notes are rip-off artists, getting something for nothing.

17) Fraud found out is sudden death for money made of fraud

Just as money happens, fraud happens, frauded-value money happens, and *the discovery of fraud happens.* Suppose that one day, 101 people show up at my place, all asking for their gold at the same time. When everybody finds out that I have committed fraud, do you suppose for 1 minute that my gold notes will still be RE-tradable? Not on your life! They will die as money, suddenly. It is inevitable that fraud will be found out, by some means, sooner or later, and so I call this kind of death of money: inevitable default.

When something defaults, it fails to perform. We have just seen how money could suddenly fail to perform a RE-trade function if it were found to be fraudulent. Let's look at one more example of sudden inevitable default and see who profits, and who loses.

Imagine a series of trades taking place in the middle of a desert. In this story a canteen full of a liquid said to be drinkable water (d.w.) becomes money. Let's diagram it:

→ d.w. → d.w. → **!!!!!!!!!!**

SALLY JOE MARY SUE

meat ← knife ← leather **??????**

We'll agree that the "drinkable water" *became* money when Joe RE-traded it. But when Mary offered it to Sue in exchange for her leather, Sue decided to check it out first. She discovered that the canteen was actually filled with sour milk!

Obviously, Sue declined to trade anything for what was supposed to be drinkable water but what was actually sour milk. The canteen full of liquid died as money (it became impossible to RE-trade) when the truth was learned that the "drinkable water" was actually useless sour milk. The "drinkable water" died as money when it became apparent that Mary could not RE-trade it.

Note carefully that Mary had traded something of value - the knife - in exchange for the "drinkable water". She had thought that he would be able to RE-trade the "drinkable water" easily. After all, drinkable water is valuable in the desert. But when the "drinkable water" failed as money, (became something that Mary could not RE-trade) Mary found out that she had actually gotten NOTHING in exchange for SOMETHING. The "drinkable water" failed to continue its role as a RE-trade article and it died as money then and there. It defaulted. It was not able to purchase anything of value to make up for Mary's expenditure of the valuable item (the knife). Mary lost the knife and gained nothing. She go NOTHING for SOMETHING.

If something that is of no value becomes money, its uselessness will inevitably be found out. Sooner or later, its uselessness will be discovered. It will die as money when this happens. It will default. I call this "inevitable default" because something that is of no value, IF it becomes money, MUST default at some time. It is inevitable that its uselessness will be found out, sooner or later.

Inevitable default hurts people. Any particular person accepting a useless item as money may be able to RE-trade it. However, sooner or later the truth will be found out. The last person holding the money will suffer the inevitable default of that money. He or she will have gotten NOTHING in exchange for SOMETHING. He or she will have been ripped off!

Think about the canteen of sour milk and its life as money. Some of the people passing it along didn't know it was useless. They were lucky to be able to get something of value in exchange for it, AND they were innocent. But SOMEONE had to have knowingly put the value-less sour milk in the canteen. SOMEONE had to have lied about it by saying that it was valuable, drinkable water. SOMEONE will have gotten SOMETHING in exchange for NOTHING. SOMEONE was a rip-off artist.

<u>To recap section 17:</u>

- When money defaults, it does not buy anything for the person holding the money, even though the person has given up something of value to get the money.
- If something that is of no value becomes money, its uselessness will be found out sooner or later- that's inevitable.

- When something is discovered to be useless, it will die, suddenly, as money, because nobody will be able to RE-trade it because of its uselessness.
- Sudden inevitable default hurts the last person to have given up something of value for the money that has defaulted.

18) Interest bearing debt made out of thin air

Suppose that in the previous example, where I issued a gold note for which I had no actual gold in my possession, I had not spent the note, but *lent* it out to someone. That someone would believe that the note was "as good as gold," and would believe that he was borrowing the equivalent of gold. And what if I demanded *interest* on the loan of this fraudulent note? I would be earning interest, paid to me in real gold, on a loan of thin air (the fraudulent note). Of course, the note would probably get RE-traded, and would become money. Money made out thin air. I would be earning interest on money made out of thin air. The money would be: *interest bearing debt made out of thin air.*

You can see that making money out of thin is a huge rip-off. 1) The person borrowing what he believes is the equivalent of real "something" gives up real money to pay me interest on thin air. He gets nothing for something, while I get something for nothing. 2) The general public will also lose when money made out thin gets made, and lose more if interest payments are attached to such money. This will be explained in a later section. The general public will get hurt when the money dies, by the second kind of inevitable default, the gradual kind. This will be discussed in the very next section, so, hang on to your hat!

To recap section 18:

- Fraudulent notes can not only be spent by their creators; they can also be *lent.*
- Those who lend fraudulent notes are earning interest on thin air.
- Interest bearing fraudulent notes can become real money. Real money (because it *is* RE-traded). Real money, made out of interest bearing debt made out of thin air.
- Money made out of interest bearing debt made out of thin air hurts everybody except the people creating the fraudulent notes.

19) The second kind of inevitable default -
the GRADUAL kind

Interest bearing debt made out of thin air, if used as money, will default suddenly if the scam is found out and widely understood. Before the scam is found out, however; while the scam is operating, the money produced by it will CERTAINLY begin, almost immediately, to die the second kind of inevitable default death. Let's look at this kind: *the gradual kind*. You may have heard of it. It's called "inflation." <u>Inflation is:</u> ever more money coming into existence to be bid for the goods and services in the market place.

Let's create an extremely simple imaginary scenario in order to understand inflation. Let's imagine that there are 10 people in all of existence and you are one of them. There are 100 units of money – we'll call them "pesos" – in all of existence. Each person has 10 pesos. All there is to buy, in all of existence, is 10 oranges. There are 10 pesos for every orange and so the price of each orange would be 10 pesos. Everyone could buy 1 orange each.

Now imagine that suddenly an additional 100 pesos came into existence. Now there are 200 pesos and still only 10 oranges so each orange could fetch 20 pesos. That's inflation: ever more money being bid for the goods and services in the market place, resulting in higher prices overall.

Further, imagine that YOU were the one who had somehow brought the extra 100 pesos into existence. YOU would now have your original 10 pesos, plus the new 100 pesos. You would have a grand total of 110 pesos. Everybody else would share 90 of the original pesos.

Oranges could now fetch 20 pesos each. After all, there would be 200 pesos to buy 10 oranges with, and 200 divided by 10 equals 20.

Even though oranges would now cost 20 pesos each, YOU could now buy 5 ½ oranges (your 110 pesos divided by 20 pesos per orange = 5 ½ oranges to you). Everybody else would have to share the remaining 4 ½ oranges.

YOU would <u>love</u> inflation. Before, you could only purchase 1 orange. With the benefit, to YOU, of the inflation that YOU caused by producing the extra 100 pesos, YOU could buy 5 ½ oranges.

Everyone else would <u>hate</u> inflation. They would each only be able to buy ½ an orange instead of 1 whole orange. (10 pesos divided by 20 pesos per orange = ½ orange.)

What about each individual peso? Before inflation, if it took 10 pesos to buy 1 orange (100 pesos buying 10 oranges = 10 pesos per orange), each peso could buy 1/10 of an orange. After inflation (200 pesos buying 10 oranges =20 pesos per orange) each peso buys only 1/20 of an orange. After the inflation in our example occurred, each peso buys ½ as much as it did before.

Consider this: if each peso now only buys ½ as much as it did before, each peso has lost ½ of its value. In other words, half of its worth HAS DIED.

Each peso is half dead, like a centipede with *50 paralyzed feet!*

The pesos are gradually defaulting. Their individual worth is decreasing, inevitably, due to the addition of extra pesos into the "peso pool." Each additional peso added to the peso pool further dilutes the purchasing power pool of previous pesos (how alliterative I am!). It's just like pouring water into milk. A glass of a milk and water mixture doesn't have as much nutrition as a glass of pure cow juice.

If more and more pesos are added to the peso pool, each new peso added to the previously existing pool of pesos decreases the purchasing power of all the existing pesos, just as every drop of water added to a milk and water mixture further dilutes the milk. The pesos' worth gradually decreases (suitability to be RE-traded gradually diminishes) until they become of such little value that no one RE-trades them. Then, they are completely dead as money. The original pesos begin to gradually die as money as soon as new ones are added to the pool. Each new peso reduces the value of all. All are finally completely dead as money when none can be RE-traded for goods or services.

Back to our example: the other people would hate inflation because they each still only have 10 pesos out of an expanded pool of 200 pesos. They each went from having 10% of all the pesos to having only 5% of all the pesos. YOU, who created inflation, now have 110 pesos, out of the pool of 200 pesos. You went from having 10% of all the pesos, like everyone else, to having 55% of all the pesos. YOU love inflation. After all, it is much better to go to an auction sale where the crowd's total bidding power is 200 pesos, IF YOU HAVE 110 pesos, than to go to an auction sale where the crowd's total bidding power is 100 pesos, BUT YOU HAVE ONLY 10 pesos.

You can see from our example that inflation benefits those who can create it. What are some ways that inflation has been brought into existence is the past? ***<u>WHO HAS BENEFITED?</u>*** These questions will be the topics of the next few sections.

<u>To recap section 19:</u>

- INFLATION IS: ever more money being bid for the goods and services in the market place.
- The addition of each new unit of money to a previously existing pool of money decreases the purchasing power of all existing money.
- Inflation greatly benefits those who create the potential money that, when it is turned into additional money by being RE-traded, causes inflation.
- Inflation greatly harms all other people by gradually killing their money.

20) King Thug's mines

The oldest trick in the inflation book is the addition of ever more gold to an existing supply of gold that is being used as money. (REMEMBER: ANYthing can be made into money if it is RE-traded. Gold has been RE-traded, i.e. used as money, for a long time. People like it as jewelry; its rarity makes it relatively hard for its supply to be increased rapidly; and its compactness and transportability make it a convenient RE-trade article. Gold is used *as a* money because the above features often makes it RE-tradable. It is NOT money JUST BECAUSE it is gold.)

Beginning in ancient times, the strongest thug in any given valley would give himself the title "King," and call himself and his relatives "royalty." He would then say that any gold discovered by anyone in his valley belonged to "the Crown," meaning himself, King Thug. He got to spend the new gold first. He benefited from inflation in the same way YOU benefited when YOU brought the 100 extra pesos into existence. The Spanish thug-royals used this method. They benefited from the gold found in the New World.

<u>To recap section 20:</u>

- Gold is used *as a* money because it has certain properties. *It is not* money *just because it is gold.* It, like anything else, only becomes money *when it gets RE-traded.*

- “Royalty” is an invented term that first began to be used long ago by strongmen-thugs-tyrants-dictators-oppressors to describe *themselves*.

21) Thug's big idea

Now let's imagine a situation where King Thug has spent most of his gold. He only has left, for himself, ¼ of the gold in his entire kingdom. Let's say that Thug has 2,500 gold coins. There are 7,500 coins held by all the other individuals in the land. Now, Thug wants to wage war against the neighboring valley kingdom in order to steal the queen and put her into his harem. With only ¼ of the gold in circulation, Thug can't afford to pay for an army. There is no new gold being found for Thug to steal by claiming his royal right to spend it first. What to do?

Luckily for Thug, and unluckily for everyone else, Thug has a brain wave. He melts all his gold coins. Then he adds a like amount of silver into the molten metal soup. He then creates not 2,500, but 5,000 coins. All of the new coins are ½ gold and ½ silver. Of course, Thug doesn't tell anyone about the coins being half silver. Rather, he passes them off as being 100% gold.

Now there are 7,500 pure gold coins and 5,000 half gold/half silver coins in existence in Thug's kingdom. Of the total 12,500 coins, Thug now has 5,000. (And remember, everybody except Thug thinks that all of the coins are 100% gold.) Before, Thug had 2,500 of 10,000, or 25% of the coins in his kingdom. Now, he has 5,000 of 12,500, or 40% of the coins in the kingdom. Prices in Thug's kingdom must go up because there are now 25% more coins in existence to bid for goods and services. But Thug himself now has 40% of all the money to buy things with. Because he gets to spend the new coins first, he gets to spend them while prices are still at their previous levels. With this FRAUD, Thug can now finance an army. Perhaps the neighbor's queen will spend the remainder of her days in Thug's harem after all!

We've just seen the second oldest trick in the inflation book. It is: debasement of money. An addition of a less valuable substance (e.g. silver) is made to the supply of a more valuable substance (e.g. gold) being used as money. This trick was popular with Roman thug-emperors.

<u>To recap section 21:</u>

- The second oldest trick in the inflation book is the debasement of money.
- Debasement of money means the addition of a less valuable substance to a more valuable substance being used as money. Kinda like watering down the wine!

22) Really grand larceny

The next trick used to debase money was even cleverer. Long ago, when gold was widely used as money, goldsmiths stored a lot of gold and were known to do so. Therefore, the goldsmiths made sure that they had good security for their stored gold. They had the best vaults anywhere. It became the practice of many people to store their gold in goldsmith's vaults for safekeeping. The people storing gold in this manner would receive a receipt for the gold they had in the goldsmith's vaults. Soon, instead of paying for things with real gold, people paid for things with the receipts. The receipts were "good as gold" because they could be taken to the goldsmith and redeemed for actual, physical gold.

Soon, the goldsmiths noticed that only a few people would come in each day to exchange receipts for real gold. Because not all of the gold was called for each day, a few extra receipts, for which there was NO real gold actually held, could be passed off, unnoticed. Those goldsmiths who were larcenous began to create receipts for which there was NO real gold. The goldsmiths would then use those receipts to buy things, just as if they were genuine receipts for real gold. The goldsmiths were committing fraud. They were lying: passing off useless pieces of paper as real receipts for real gold.

The public did not realize that the extra receipts were fraudulent. The phony receipts were accepted as money just as if they were really backed by gold. In reality, the goldsmith issuing the receipts had only a <u>fraction</u> of the gold required to honor the number of receipts issued. Occasionally, a particular goldsmith's larceny might have been discovered. However, overall, the practice of keeping only a <u>fractional reserve</u> continued.

Let's diagram this fraud, simply. Let's imagine a country with 1000 people having a total of 10,000 gold coins to bid for all the goods and services available in the country.

a) before the fraud:

10,000 actual gold coins / 1,000 people	= 10 coins/person (some have less, some have more.)

each person roughly equal in ability to buy things each person has approximately 10/10,000 or .1% of the total purchasing power in the country.

b) after the fraud:

10,000 coins held by 1,000 people	+ 1000 receipts NOT backed by gold held by 1 goldsmith

= 11,000 gold "units" of purchasing power

goldsmith has 1000/11,000 or 9.09% of the total purchasing power in the country.

average person has 10/11,000 or .0909% of the total purchasing power in the country.

goldsmith's % of total money = 9.09
average citizen's % of total money = .0909

The goldsmith now has 100 times the purchasing power of the average citizen in the imaginary country. For every gold unit the average citizen has to spend, the goldsmith has 100

You can see how a little fraud and larceny made the goldsmiths very rich and therefore very powerful. Of course, they had to be careful not to flood the markets with fraudulent receipts all at one time, or they would have been found out. But if they spent the fraudulent receipts into circulation gradually, they got away with "murder."

Notice that the gradual addition of 1000 extra gold receipts would result in 11,000 gold units chasing the available goods and services of the country. If the available amount of goods and services remained relatively the same, prices would have to go up 10%. This would reflect the addition of 10% more money with which to bid for the goods and services. But the goldsmith wouldn't care. Would you care if prices went up 10% if your share of the money supply went up almost 90 times, or 9090%?

But look at the other people in the country. Now each still has 10 coins. Before, 10 coins were 10/10,000 of the total, or .1%. Now, 10 coins is 10/11,000 of the total, or .0909%. The average person's share of the total number of gold units went DOWN 9% while prices went UP 10%. Bad double whammy! The average person was able to buy less after the fraud than before. His or her purchasing power was reduced, the difference going to the goldsmith as a result of the goldsmith's fraud. Rip off!

Yes, the goldsmiths were on to something! They were making potential money out of thin air, by making "receipts" for which there was NO real gold. Then, they created an artificial demand for those "receipts" by lying about them (committing fraud). Remember, money is: ANY thing that is RE-traded. If unwitting people would accept a fraudulent receipt in payment for real goods and services, AND could RE-trade them, the receipts were money!   <u>The goldsmiths reaped the benefits of money made for themselves, by themselves, LITERALLY out of thin air</u>.

No wonder that these goldsmiths, who were in effect, the world's first bankers, soon became power brokers. They decided which kings they would lend money to for the purpose of financing armies. The kings didn't understand that the money they were borrowing came out of thin air. All they knew was that the goldsmith/bankers could get purchasing power into their hands.

It wasn't enough for these criminals to just make receipts for gold they didn't have, and then spend them for real goods and services. They began to issue, as LOANS, receipts for non-existent gold. Then they would demand that the loans, <u>plus interest,</u> be paid back. They were lending out <u>nothing</u>, but were getting paid interest as if they had loaned <u>something</u>. The goldsmiths got very rich and very powerful with their fraudulent gold receipt scam. You can see why these frauds were very eager to promote the premise that gold is automatically money, just because it is gold.

(Which is, as we've seen, a false premise.) As long as the people believed that gold was money, in and of itself, there was a demand for the goldsmith's fraudulent receipts, which were mistakenly thought to be "good as gold."

These bankers were very eager to promote the idea of gold being money in and of itself. Finally, however, their fraudulent gold receipt scam began to be limited by the amount of gold available. For the fraud to continue, at least SOME gold would have to appear from time to time. Therefore, there was an absolute limit to the amount of unbacked receipts they could lend out.

(The individuals who borrowed a fraudulent receipt, unwittingly, and then spent it as if it were real gold, were actually incurring a debt when they took out the loan of the fraudulent receipt. The receipts were, thusly, actually instruments of debt. Interest bearing debt, made out of thin air, that began to be RE-traded, thus becoming money.)

<u>To recap section 22:</u>

- A little fraud and larceny made goldsmiths of yore rich and powerful.
- These goldsmiths invented interest bearing debt made out of thin air.
- Because their scam was based on the idea of gold being used as money, they were eager to promote the idea that gold is inherently money. It is not!

23) Money "backed" by debt

Let's see how banks create interest bearing debt out of thin air and then issue it as potential money.

The bankers made it their business, by hook or by crook, to get various governments all over the world, to allow the bankers to print money with, of all things, *interest bearing* DEBT as BACKING for the money. It happens in the following way, generally, with variations from country to country.

A government somewhere needs money and is reluctant to directly tax the people it governs. (Usually, when a government is unwilling to tax people directly to fund certain programs, it is because the taxpayers would not support the programs if taxes were raised immediately to pay for the programs.) In this case, the government will then print bonds, which are I.O.U.'s that have to be repaid, with interest. It then sells the bonds, either directly or indirectly, to banks for an amount of money equal to the face value of the bonds. The banks have previously been given the power to either 1) print actual bank notes, at small cost to themselves, with which to pay for the bonds, or 2) just issue the government a bookkeeping "credit" for the amount of the bonds. The government now has its potential money (either paper notes or "credit" upon which to write checks), which it can spend into circulation among the populace. It also has <u>incurred a debt</u> (the bonds) for that populace. A debt to be repaid with interest. If the interest rates were 10% at the time of the deal, every $1.00 that the government brings into existence by borrowing, costs the populace $0.10 after the first year!

That <u>debt</u> can be used as money in this fashion may seem incredible to you. You can easily prove it to yourself by looking up articles on central banking and monetary backing in encyclopedias in almost any library. The parties perpetrating this scheme have given up trying to keep it a secret. They know that most people are too busy trying to battle shortages of money to be able to research the fundamental nature of money.

The thing to note is that the interest charged on money being borrowed into existence as a debt makes repayment of the total debt <u>impossible!</u> The "debt <u>plus</u> interest" will always be greater than the amount of the "debt." If the only money available to repay the "debt <u>plus</u> interest" is the <u>debt</u> itself, you can see that the situation is impossible. This is the ridiculous but true situation that occurs when money comes into existence <u>as an interest bearing debt made out of thin air.</u>

This is why your society always suffers from a shortage of money! There is always an interest charge to pay upon the creation of its money! **If a privileged few charge interest on the creation of all of a society's money, there will be a built in shortage of money in that society.** The society as a whole will suffer a shortage of money and most individuals in the society will suffer a shortage of money. ***This is the # 1 social injustice in the world today!***

To recap section 23:

- Interest is charged on most money that is borrowed into existence.
- Repayment of the total debt is therefore impossible.
- This is why your society suffers from a shortage of money!
- This is the #1 social injustice in the world today!

24) Fractional reserves

Bank loans also create money. ***Bank loans create most of the money in use, actually.*** Anything is money if it is RE-traded. So-called bank "credit," created as loans to private citizens, to organizations, or to governments, is RE-traded by people and so it is money.

But bank "credit" is unsound money because the reserves held by the banks to "back" their "credit" are nothing but debts (the bonds sold by governments to the banks, or other interest bearing debt made out of thin air that is being used as money). Here is the vital point: the word "credit" as used by the bankers is actually a sly way of saying "debt." When you borrow something from someone, you have not incurred a credit but rather a debt. You OWE. Bank credit is a credit only to the banks. To the person taking out the loan, well… he has received a debt. He OWES.

A true credit occurs, for example, when you pay for something at a store but then return it for some reason. The storekeeper may, instead of giving you your money back, give you a credit to be applied by you to future purchases. The storekeeper owes you. The credit is to you.

Bank "credit", that is, interest bearing debt-as-money, is created in multiples of the amount of debt-instruments such as government bonds and currency notes or digitized currency (which are actually just receipts for those bonds) held in reserve.

That is – for every currency unit worth of backing (debt) that the banks hold, the banks might create 2, 3, 5, (or whatever) many times that amount of bank "credit" (further debt). (See articles on banking and/or bank-money while you're in the library or on the internet looking up central banking and monetary backing.) How does the above occur? The banks have seen to it that they have been given a kind of monopoly on bookkeeping!

The accounting of wealth in modern societies is mostly reckoned in bookkeeping units called "bank credit." The banks have been given the incredible rights to charge one real dollar for every imaginary (unbacked) dollar that they enter in their books on someone's behalf, and to charge interest on any imaginary dollars not yet repaid with real ones.

Let's say that you borrow $1000.00 from a bank. They open an account in your name and give it a "credit" of $1000.00 by writing figures down in a book, or by entering figures into a computer. You are now $1000.00 in debt. You owe the bank $1000.00 and will also owe interest on that $1000.00 until you can pay it back. Next, you write a check for $1000.00 to pay a store for a refrigerator. ALL the bank does is reduce the balance of your account to "0" while increasing the account of the store, from whom you bought the fridge, by $1000.00.

When the store RE-trades these *imaginary dollars* by writing a check to someone else for something, these *imaginary dollars* become REAL MONEY. Real money, made out of THIN AIR, as a debt, with an interest charge attached.

Yes, you could have gotten $1000.00 in cash from the bank by writing a check to yourself for $1000.00. But few people actually do that, just as few people actually asked the goldsmiths for real gold. So the banks found it possible, and have secured the privilege, to create 2, 3 or more dollars worth of "credit" (debt) for every unit of debt-instruments they hold as "backing."

In other words, if you take some money to a bank and deposit it, the bank may use it as backing to create loans worth 2, 3, or more times the amount you deposited. It does this simply by allowing others to open checking accounts and write checks without putting money in. Every dollar's worth of checks so written becomes a debt to the person who wrote it. The bank calls this "loaning" money, but because they "loan" 2, 3 or more times more dollars worth of indebtedness than they have dollars on deposit, they are actually just loaning thin air. (You can prove this to yourself just by thinking about it. You know that you can borrow money from a bank. You've probably done it, to buy a car, or a house. As well, you probably have had a saving account in a bank at one time or another. Say you had put $100 in the account. Did you ever try to take money out of your account only to be told that there was nothing in it *because the bank had loaned it to someone else?* NO! *Your* money stays in the account. Money loaned is money loaned/created out of thin air!) (Now, the bank calls this loan activity "extending credit", or giving the borrowers credit. But the people taking out the loan don't have a credit. They have a DEBT that they have to repay, with interest.) This debt, then, is RE-traded for other goods and services, and so it is money. <u>Money made out of interest bearing debt made out of thin air.</u> Because there is more money made out debt through this kind of loan activity than there is money in the bank that has been deposited by depositors, it is said the bank is operating on the basis of *fractional reserves.* For every 2, 3, or more dollars worth of loans it has created, it has only 1 dollar or less on deposit, in reserve.

The people who spend the money made out of debt, created by loaning thin air, usually spend it by writing checks or using debit cards, etc. So therefore, it doesn't happen that all the extra "dollars" created magically with the fractional backing of your original dollar, are ever called for at the same time. The bank doesn't have to physically produce all the cash represented by real deposits PLUS loan-created debt. If all the "dollars" created from your original deposit WERE asked for at one time, the bank couldn't produce them because they never really existed!

It's actually just the old "receipts for non-existent gold" scam again, newly refined. The "gold" is now government I.O.U.'s. The "non-existent gold" is now numbers in a bookkeeping ledger or in a computer. And the "receipts for the non-existing gold" are now checks, or entries in a computer.

You should note some important aspects of this scam. The first is that a shortage of money is built right into this system. Say $1.00 is created when someone takes out a loan of $1.00. Say the interest rate is 10%. At the end of the year, the person will owe the $1.00 principle that he or she borrowed, plus $0.10 in interest. But only the original $1.00 was created. Nothing was created with which to pay the $0.10 interest! So when money comes into existence as a loan with interest charges attached, the very creation of money itself creates a *shortage of money!*

You can also see that if our borrower pays off the $1.00 debt after 1 year, he or she will still owe $0.10 interest. This is $0.10 that our borrower must pay back to the lenders, and is $0.10 that he or she can not spend on other things. So he or she will very probably have a personal shortage of money.

You can also see that if debt is being used as money, when the debt disappears (when the debt is paid, debt disappears), money will disappear, just as money would disappear if cigarettes were being used as money, and the cigarettes were smoked. Disappearing money very obviously causes a shortage of money for society and the individuals in it.

This system is as far out of whack as a library would be if, instead of loaning you a real copy of, say, <u>Gone with the Wind,</u> it just gave you a piece of paper with the title of the book written on it, and demanded that you later return a <u>real</u> book of that title, plus maybe some newspapers as "interest."

It may seem, when, for instance, you go to the supermarket and see all the cash being taken in at the tills, that there is a lot of cash in existence. But there is a lot more "check book" money, "computer blip" money, in other words, bank "credit," in existence. You now know that all that needs to be done when a check is "cashed," is that accounts in books or computer be varied by merely changing numbers in columns!

To recap section 24:

- Bank loans create most of the money in use in modern society.
- Money so created comes into existence out of thin air, with an interest charge attached.
- It is impossible to repay both the loan and the interest charges, because the loan creates enough money to repay itself, not both itself *plus* the interest on itself.
- When the loans that create money are paid off, unpaid interest debt will still exist because there was never any money created to pay the interest charges with.
- Continuing interest charges take money out of the "other things" market, and is a cause of money shortages for society, and the individuals in it.
- Repayment of loans that create money will kill the debt being used as money, and make money disappear.
- Disappearing money creates a shortage of money for society, and the individuals in it.

25) A shell game

The checkbook, interest bearing debt made out of thin air money scam is a shell game. The banks only have a fraction of the I.O.U.'s (bonds, and the currency that is actually composed of what amounts to receipts for those bonds) in reserve for what they issue as further debt (checking account "credits"). When checks are "cashed" it is empty shells that are, for the most part, moved from account to account, on paper, or in a computer.

All of this is recognized, in knowing circles. But it is hidden from the general public by cloaking the obvious in a camouflage of fancy words. Shell game money, instead of being called "phony" money, is called "fiat" money. Look it up on the internet. You will find that "fiat" money is money that has no backing other than the public's trust in it. (People believe that they will be able to RE-trade it.) Now, "fiat" sounds more official and substantial than "phony," doesn't it? It sounds like something that learned men would speak of; something that others should just accept. But THINK about it! If there *is* such a thing as fiat money, then *somebody, somewhere*, has to be making it out of *thin air*! And **there is** such a thing as fiat money. Most of the world's money is fiat money. Just check out "fiat money" on the internet!

People accept the empty shells of check book money because either: 1) they don't know the shells are empty or 2) they have been tricked into thinking that it doesn't matter if the shells are empty. The banks can keep the wool over the eyes of the first group. The banks, knowing which shell the currency (debt-instrument) is under, can always produce enough of it to keep the people convinced that there is some under <u>each</u> shell, WHICH IS NOT THE CASE.

If all people who had deposits in a particular bank went at the same time to get their money out, they would find that the bank could not produce anywhere near enough real cash to pay back all the depositors. To discourage all of a bank's depositors from asking for all of their money at the same time, 2 things have been done. First, laws have been created making it illegal to start a "run on a bank." In other words, it is illegal to encourage all of a bank's customers to go to that bank at the same time and ask for all of their money. Secondly, most banks have deposit "guarantees" to keep the public's confidence. If a single bank were to experience a run, an insuring agency would help that bank meet its obligations. But if <u>all</u> depositors to <u>all</u> banks demanded their money at the same time, no insuring agency could produce enough cash to meet such a demand. As we've already seen, there has been more "credit" loaned (debt-money created) than there is cash (debt-instruments) in existence.

Those people who have been tricked into thinking that it doesn't matter if the shells are empty are operating under the idea that as long as they can pass empty shells along and get something of real value in exchange for them, things are alright. But the empty shells of the debt-as-money scam are similar to the sour milk in the example I gave back in section 17. Sooner or later the empty shells, being actually useless, <u>WILL</u> default, unacceptably.

Interest bearing debt made out of thin air should never be used as money*!* The default may be sudden, as in the banking crises you read about happening in (usually!) other countries. The default may be gradual, i.e. inflation.

We saw that the fraudulent gold receipts scam was ultimately limited by the amount of real gold in existence. This was because at least some fraction of the fraudulent gold receipts had to be seen occasionally getting redeemed.

The interest bearing debt made out of thin air money scam is limited by 1) the public's desire to use cash at least <u>some of the time,</u> 2) the legal requirements of a particular country as to reserve-credit ratios, and 3) the public's knowledge of what sound money is. The first two limitations are easy enough for the bankers to overcome. It is to increase the third limitation that this book is written.

With regards to the public's desire to use cash some of the time, just what percentage of transactions in modern societies involve cash? Less than 10%. Futurists envision a totally cash-free society. How much cash do YOU handle, compared to the amount you transfer or spend by merely pushing buttons on an debit card purchasing device, or on an automatic banking machine? Don't forget that you probably spend a lot each month with automatic withdrawals that pay for mortgages, utilities, etc. These involve no cash.

Now you know how most of the money used by modern societies comes into existence. An interest bearing I.O.U., in the form of a government bond or "security" is used as a debt-instrument to fractionally back further interest bearing debt used as money (check book money), which is used to fractionally back more interest bearing debt used as money, which is used… Therefore, most money is actually interest bearing debt made out of thin air! I call this "rip-off money." *It is unsound in the extreme!*

To recap section 25:

- Most of what modern society uses as money is interest bearing debt.
- This interest bearing debt is made out thin air.
- ***Interest bearing debt made out of thin air should never be used as money.***

26) How depressions are caused

Without sufficient amounts of *convenient* forms of money, modern society could not function. (Without it, two steppers would have to fall back upon using cigarettes, rum, iron ingots, leather, food items and other *less convenient,* though sound, forms of money. These moneys, though real, bona fide, and genuine moneys, can not facilitate the kind of specialization of work in the market place that has yielded mankind so much in the way of productivity. Though real, honest moneys, they are too clumsy to allow modern economies to thrive.)

Most money in modern societies is actually loan-debt. This kind of money dies, or disappears, when loans are paid back! The loan is debt to the borrower. To the bank, it is a credit. It's a credit to the bank because the borrower now owes something to the bank, plus interest. When the borrower pays off the loan, he cancels out the benefit to the bank of having someone in its debt. The imaginary dollars won't be RE-traded ever again, and so they die, or disappear.

You can see that if, in a given country, the practice of loaning money into existence was suddenly greatly reduced, the money supply of that country would be greatly reduced.

The economic crash that led to the depression of the 1930's was caused by the banks reducing loan activity. This reduced the money supply and millions were thrown into poverty. People didn't have enough *MONEY* to buy things. The productive capacity, however, remained intact, although unused. Farms and factories, which could have produced the things people wanted, operated at reduced capacity, or were shut down completely, because people didn't have the *MONEY* to buy products.

Loan activity in modern societies is now mainly controlled by central banks by means of manipulating interest rates. If interest rates are low, the cost of borrowing is cheap, and people borrow more money into existence. If interest rates are high, people borrow less money into existence, because the cost of such borrowing is expensive. Central banks control money supply and therefore economic activity, and therefore the welfare of common men and women, by manipulating interest rates. Usually, rates swing from low to high, back and forth. This creates periods of plentiful money followed by periods of scarce money. Economic booms and busts. This is what is known as the "business cycle".

The ability to control interest rates is probably the most powerful weapon ever invented. A nuclear bomb can only kill people. Interest rates can enslave them, by the billions.

<u>To recap section 26:</u>

- When the banks reduced lending activities in the 1930's, a depression resulted.
- Although *productive capacity* remained, people suffered *a shortage of money.*
- Banks control lending, and therefore the supply of money, through interest rates.

- Interest rates are the most powerful weapon ever invented.

27) Inflation reviewed

To prevent the total drying up of money due to the reduction of loan activity during periods of high interest rates, and other periods of public reluctance to borrow money, the banks just loan more and more bookkeeping "credit" to their best customers: governments. All the while, they make no demand that the principal on any government loan actually be repaid as long as the interest on that ever-increasing principal is paid.

It is this ever-increasing creation of rip-off money, spawned largely by governments, because they are the largest borrowers, which causes inflation. Inflation is: ever more money being bid for the goods and services in the market place.

The addition of new money to a given supply of money means that the older money is diluted, in terms of purchasing power. (What is called "inflation" should really be called "dilution," as the latter word more accurately describes the phenomenon.) The resulting total amount of money in circulation, being larger than before, allows more dollars to be bid for goods and services, so prices go up. If you're personally stuck with the same amount of money that you had before the addition of new money to the money supply, you won't be able to buy as many goods and services as you did before. You will suffer financially! You've been ripped off!

To recap section 27:

- Inflation is: ever more money being bid for goods and services.
- New money made from thin air dilutes the purchasing power of older money.
- Government borrowing is a chief cause of inflation.
- If your money has been inflated, you have been ripped off!
- No government that allows inflation is trustworthy!

28) Most governments like inflation

Most governments (that is, the unscrupulous and self-serving majority of politicians that run them) like inflation (regardless of what they may say). That's because when they take out the loans that create new unsound potential money, they, *the governments,* get to spend it first. This gives the government the chance to unload it before the diluting effects of the additions of new money are felt.

They also like the system of making fiat money out of thin air. Because it's made out of NOTHING, more fiat money is *always available* for the government to borrow in order to finance its latest pet project. The government doesn't have to wait for something real to exist to be borrowed or stolen (taxed). It can just borrow the money it needs to finance its latest social science experiment on its little citizen-lab rats, and get the rats to pay the interest on the debt!

Of course, as dilution does take place, it takes more and more money to deliver a given amount of purchasing power. That is why politicians vote themselves large pay increases indexed above the rate of dilution (inflation). By doing so, they always receive large absolute amounts of purchasing power.

Inflation also helps governments pay off debts for past follies. Suppose a government contracted to pay 50 million dollars in exchange for a firm to install fountains and do landscaping at the capital.

The government is to make payment a year after the signing of the contract. The firm enters into the agreement expecting to get purchasing power equal to that contained in 50 million dollars. But what will happen if, during the year long interval between the signing of the contract and the actual payment, the government dilutes all the dollars in circulation by borrowing more money into existence? The firm will find that the 50 million diluted dollars they actually receive do not contain as much purchasing power as they believed they were contracting for.

The difference in the amount of purchasing power in the 50 million dollars between the time of contract signing and contract payment is the amount of purchasing power that the government saved. This is the amount the government extracted from the firm by the trickery of inflation. Thus, ***INFLATION IS A TAX.***   ***INFLATION IS ROBBERY.*** All payments made by any government with inflation-diluted money, to any firm or individual, for contracted goods or services, or for things like old age pensions, health care benefits or whatever, save the government in question money at the expense of those receiving the payments. That expense is a tax.

Inflation constitutes a savings for the government at the expense of those receiving payment, and is therefore a tax. It is a dishonest tax, because most people do not understand it.

Pensioners and thrifty people who set money aside for rainy days are taxed by inflation. Say you were a pensioner, getting $500 per month. Let's say that the dilution of money, caused by inflation, made what used to cost $500 now cost $600. With your $500, you will not be able to buy as much as you did before. *You have lost purchasing power. You have been taxed.* The amount of purchasing power that you as a pensioner have lost actually went to the government: therefore it's a tax. An indirect, hard to see, sneaky, dishonest, widely mis-understood, tax. But a tax, never the less.

Only if pension payments are increased to keep even with the rate of inflation, and most do not, will pensioners not be paying an indirect, hidden tax to the government. All the while, most politicians take pains to see that their own salaries and pensions are increased at rates not just equal to, but *over and beyond* the rate of inflation. Interesting, yes? For whom, exactly, does a politician who finances government programs by borrowing, work for? Me thinks not the ordinary citizens!

Savers of money, and investors, are similarly affected by the inflationary dilution of money. A given amount of money won't buy as much ten years after having been deposited in a savings account, as it would have at the time of deposit. Only if the rate of interest that savers and investors receive on their deposits is <u>more</u> than the rate of inflation (<u>more</u> because savings account increases are also subject to good old income tax on the interest earned) can savers and investors stay even in terms of absolute amounts of purchasing power. Of course, such has not been the case in all instances. (Understatement!)

To recap section 28:

- ***INFLATION IS ROBBERY***
- ***INFLATION IS A TAX***
- ***MOST GOVERNMENTS LIKE INFLATION***

29) Will high interest rates wrestle inflation to the ground?

Now, to add both further injury and insult to injury, the banks, and the politicians, tell us from time to time that interest rates must be raised to fight inflation. Higher interest rates, it is said, will discourage borrowing. *The politicians and the banks are, without coming right out and saying it, admitting that rip-off money that is borrowed into existence out of the thin blue air, is what causes inflation in the first place!*

Now, while some private individuals may stop borrowing if interest rates are raised, GOVERNMENTS WILL NOT. For example, the Canadian government spends almost 25% of its yearly budget (that is, it spends almost 25 cents out of each dollar received from tax payers) to pay *just the interest* on its (that is, the Canadian public's) debt! This debt was borrowed cynically by the government, in the name of the Canadian people. It was borrowed to finance programs that the government knew the public would not have supported if that public would have been taxed at higher rates immediately to fully pay for the programs as soon as they were implemented. (When was the last time you heard a politician say something like this: "We're going to raise taxes 5% right now to raise the money to buy everybody in the country a computer. We're raising taxes now so we won't have to borrow the money."?)

To recap section 29:

- High interest rates do not stop governments from borrowing.

30) False reasons given for inflation

Politicians and bankers, through their actions, as described above, admit the real reason for inflation. However, they will try to blame inflation on wage increases or rises in prices for various commodities. (One Canadian Prime Minister even brought in wage and price controls in an effort, he said, to battle inflation. But at the same time, he single handedly increased, by borrowing, federal government debt by almost 10 times. This "leader" was sold to the Canadian public, by the *government broadcasting corporation,* as a hip, with it, sexy, philosopher king. But he enslaved the Canadian people with a debt that they will be paying interest on for at least 100 years. Who was he working for? The Canadian public? Maybe. And maybe O.J. will find his wife's "real" killer as he claims he has dedicated himself to doing!)

(It is interesting to speculate on the real reason for the American-British war against Iraq begun in the spring of 2003. After the destruction of the already crumbling Iraqi infrastructure, U.S. President Bush asked for $87 billion for the reconstruction of Iraq. No government or group of governments could ever come up with that kind of money without borrowing, for governments the world over are already in debt. Was the real reason for the war to create an excuse to borrow $87 billion into existence, with an interest charge attached? A nice little bill for the tax payers to pay? That would be a nice little windfall for international bankers, no matter how the borrowing was shared between the various national governments who “volunteered to help.”)

You may have read articles in the newspapers that say things like, “inflation went up 2% due to higher wages paid the railroad workers,” or “killer frost in Florida causes inflation by making oranges scarcer and therefore more expensive.” But note carefully: a particular group of workers getting higher wages, or a killer frost CAN NOT cause inflation. ONLY the expansion of the amount of money in a society can make it possible for there to be an overall increase in the price of all things in that society. **ONLY the addition of new money can dilute an existing supply of money.**

Let’s imagine a society with 100,000 people. Imagine that this society has a money supply equaling $100,000 per person. That’s a total of $10,000,000,000. Let’s say that there are 1000 railroaders in this society. In other words, 1% of the people are railroaders. They earn 1% of the money in the society, which is $100,000,000. That would leave the rest of society with $9,900,000,000.

Now, imagine that suddenly, the railroaders were to receive a 100% pay raise and double their earnings to $200,000,000. Now, the rest of society would only have $10,000,000,000-$200,000,000 (r.roader’s earnings) = $9,800,000,000. No additional money was added to the equation. Prices would stay the same because there would still be $10,000,000,000, no more and no less, to bid for all the goods and services in the society.

Look. Now the railroaders would be twice as rich as before. They would each have $200,000. However, the rest of society would have, on average, LESS money than before the r.roaders got their increase. $9,800,000,000 divided among the 99,000 non-r.roaders, for an average of $98,989.90. This is $1,010.10 less than the $100,000 that each NON-r.roader had before the r.roader's increase. The r.roaders could each now bid TWICE as much as they did before, for the things they wanted to buy. The remaining 99,000 people in the society, however, would each only be able to bid a bit LESS money for things than they were previously able to. Because for each r.roader able to bid 2 times as much as before, there are <u>99</u> people bidding LESS than they did before, overall prices would stay the same. <u>NO</u> inflation.

Let's look at whether increases in the prices of commodities like oranges or natural gas can cause inflation. Let's imagine a country with an economic activity of $10,000,000,000 per year. Say that $10,000,000 is spent on oranges. That leaves $9,990,000,000 to be spent on all other goods and services. Imagine that for some reason, it comes to pass that in a particular year $20,000,000 is spent on oranges, and on fewer than normal oranges, at that. No additional money is created in the country. Then, there can only be $10,000,000,000-$20,000,000 = $ 9,980,000,000 dollars left to be spent on everything else. The price of everything else MUST go down if there is less money available to buy it with. So while oranges have gone up, everything must come down, and OVERALL prices stay unchanged. <u>NO</u> inflation.

The only way for the prices of <u>everything</u> (oranges AND everything else) to go up is if there is an addition of money to the country's existing money supply. ONLY the addition of more money to an existing money supply can cause, can allow, can make it possible that, the prices of <u>all</u> things go up.

To recap briefly, we've seen that only the addition of new money to an existing money supply will raise overall prices. This addition of new money (inflation) will reduce the purchasing power of most people, and increase the purchasing power of the people WHO ADD the new money to the existing pool of money.

Demands for higher prices for commodities and labor are not causes of inflation. They are merely symptoms of it. Such demands are the natural and understandable reactions of people who have suffered loss of purchasing power caused by their receiving diluted money in exchange for their goods and labor. If a baby receives watered down milk, he will cry because he is being, in actuality, underfed. He will need to drink more total liquid to be adequately nourished. If a worker receives watered down money, he will cry, justly!

Wage and price controls on selected sectors of the economy only serve to artificially reduce the price of those items only. Who will benefit the most from this? Those who are already benefiting from inflation in any case: those who are causing the inflation by diluting the money supply by adding extra money to the pre-existing pool of money.

Increased interest rates, said to be necessary to fight inflation, only have the effect of

further enriching lenders while robbing private borrowers of their houses, farms, fishing boats, etc. Millions have suffered this.

Think about the following whenever you read or hear that interest rates must be raised, in order to make people less likely to borrow money, in order to fight inflation. If the borrowing, out of thin air, of interest bearing debt-as-money must be discouraged to prevent the creation of more and more money out of thin air, THE ONLY ACCEPTABLE WAY to accomplish this would be to legally require banks to hold increased reserves. Say, for example, there is too much borrowing happening when the banks can lend out 4 checkbook dollars for every dollar held as backing. Legally restricting banks to lending out, say, 3 check-book dollars for every dollar held as backing would reduce the amount of money borrowed/created out of thin air. But raising the legally required amount of reserves never happens. SOMEBODY prefers to use high interest rates, rather than higher reserve levels, to reduce borrowing. SOMEBODY would rather have a situation in which less money is borrowed into existence, at HIGHER interest rates, than have a situation in which less money is borrowed into existence, at lower interest rates. (I wonder who that is?! What group of dominance seeking financial tyrants would profit from having hundreds of millions of peons paying high interest rates?!)

Think for a moment, whenever you hear from "official sources" that 1) increased prices for labor (services) and/or commodities cause inflation and 2) raising interest rates will fight inflation. If rising prices for labor or commodities create inflation, wouldn't rising interest rates themselves cause inflation? Interest is: the rent paid for borrowed money. Higher interest rates would be just another increased cost, like any other increased cost such as the increased cost of higher priced oranges or natural gas. So if rising costs of other services or goods cause inflation, then, by the same logic, the rising costs of renting money would cause inflation. HIGHER INTEREST RATES CAN NOT BE BOTH A CURE FOR INFLATION ***<u>AND</u>*** A CAUSE OF INFLATION. The official sources will agree, and tell you that higher rates are only a cure, because they will reduce demand for loans. But, if rising interest rates (an increased cost) do not cause inflation, neither does rising prices for commodities (an increased cost) nor rising prices for labor/services (an increased cost). Wouldn't increased costs for commodities and labor reduce demand for commodities and labor as well? They would, if it weren't for the following:

There ***<u>IS</u>*** a way that an increase in the price of just one item can cause, INDIRECTLY, AND ONLY INDIRECTLY, the price of <u>everything</u> to go up. IF, after more money than usual is expended on the one item that has gone up in price, the shortfall in money left over to buy everything else is made up for by BORROWING more debt-as-money into existence, overall prices will rise. Inflation occurs.

Look at the example given above, where $10,000,000 more was spent on oranges than was usually the case. Suppose the society, by way of some of its members taking out loans of $500 here and $250 there, collectively BORROWS an additional $10,000,000 into existence, to make up for the extra money spent on oranges. Then, there will be the previous $10,000,000,000 plus the additional $10,000,000 for a total of $10,010,000,000 chasing the goods and services of the country. There are actually less goods and services than before! After all, there are fewer oranges than there usually are: that is why oranges went up in price in the first place. The result is more money to bid for less goods and services: inflation. But only the borrowing of more debt-as-money into existence really caused the inflation. ONLY THE <u>DILUTION</u> of an existing pool of money, caused by the addition of newly created money, can cause inflation.

<u>To recap section 30:</u>

- Increases in wages can not cause inflation.
- Increases in the prices of commodities can not cause inflation.
- ONLY THE <u>DILUTION</u> OF MONEY CAN CAUSE INFLATION.

31) The other foot drops

If $10,000,000 is borrowed into existence to make up for the extra cost of oranges, look carefully at what will happen next. The additional $10,000,000, which was borrowed to make up the shortfall of purchasing power caused by the price of oranges going up, came with a little thing attached to it, called "interest owing." So next year, even if there is a bumper orange crop, there will be a need to borrow more money into existence. This is because there isn't enough money in the society to pay back the debt plus the interest. Only the debt was created and was RE-traded so as to become money. Nothing was ever created to pay back the interest with. So while some people may be able to repay their loans, it is inevitable that many won't be able to. Then comes more borrowing. (Of course, in the rip-off money system, the creators of debt are always more than happy to lend more debt into existence!) This means there will be more money in existence (no matter what interest charges may be piling up) and more inflation.

Although there is more money in society as a whole, there is never enough for particular individuals. For him or her an ever larger part of his or her income will go to increased prices and/or interest payments on loans. Where before, perhaps, one parent could support a family, now both must work outside the home. Who raises the kids?

Soon the quest for money becomes paramount in society. Money and what it buys becomes god. Money, for it is needed NOW. What it buys, because of the necessity to buy something with that money NOW, before the money loses even more of its purchasing power. And soon, as the saying goes… *"anything goes,"* so long as it goes for money! Any thing, any act, for money! More and more individuals go bankrupt financially, or wallow in debt, just keeping their financial heads above water. They have no prospect of a decent retirement. The country goes morally bankrupt, as well as financially bankrupt.

Increased competition for scarce purchasing power leads to more and more status seeking. "Designer" everything is *required,* and there is a general coarsening of society. Crime goes up, as honest effort seems not to be rewarded. Envy rules. If someone rises above the general level, even a little, he must be pulled down. No matter that he has profited for himself by contributing to the specific good of some and the general good of all. He must be pulled down. And so, the politics of envy: socialism, and communism. "Equality!" Meaning equal results, no matter the contribution. And so, the killing of reward, the killing of incentive, the killing of the golden goose.

<u>To recap section 31:</u>

- Borrowing money to pay the interest on borrowed money is ***<u>THE</u>*** problem!

32) Interesting questions

Some interesting questions arise from an examination of the information presented so far. Some of them follow: 1) If governments can, on their own, create the bonds to sell in exchange for (potential) money created, out of thin air, by banks, why can't the governments just create the (potential) money in the first place? 2) Can't mankind do better, and find something to use as money that won't come into existence with debt attached; something that will make economic justice among people possible? 3) Why would any sovereign government, that has the power to create debt-free money, need to directly tax its population? After all, it could just create the purchasing power it needed, with no need to extract it from the people.

<u>To recap section 32:</u>

- Why would a *sovereign* government borrow money made from thin air?

OF COURSE! Governments can, on their own, simply create money! That is, if they are truly sovereign. Remember, even YOU, as an individual, can create real, bon fide, money, so why wouldn't a government be able to do so?

OF COURSE! Humans can create a just money! They can create a debt-free money (money that is not RE-traded interest bearing debt made out of thin air; money that is created without causing anyone to be in debt). They can create enough money to represent all of the goods and services produced within a society, so that all of those goods and services can be purchased! They can create a debt-free money that will promote economic, and therefore, social, justice, IF their governments will either **LET DEBT-FREE MONEY HAPPEN**, or SHARE THE BENEFITS OF INFLATION WITH EVERYONE IN THEIR JURISDICTION.

A sovereign government, having the power to create and issue debt-free potential money, would not need to directly tax its population. It could either get money by providing self-monetizing services, or producing self-monetizing goods. Its business would be literally be the provision of goods and services for the people, instead of the situation being the other way around. Or, it could get money by creating inflation, which wouldn't necessarily be a bad thing if the benefits of inflation were shared with everyone, as I will propose in section 39.

In the current system, where governments borrow money from bankers who create the money as loans, out of thin air, and charge interest upon the loans, there are two reasons governments tax its citizens. One is to re-absorb some of the inflationary money, and thus temper, somewhat, the inflationary effects of creating money out of nothing. The other is to wield a hammer upon the little citizen guinea-pigs (the population of the country) in the government's social science lab (the country). By raising taxes on this, and by lowering taxes on that, by making this group exempt and by making that group pay at higher rates, government can control the financial and private behavior of its citizens. *Taxation is people control!*

Taxation is a tool with which the government can favor its own pet projects, and the wallets of those who control goevernment! This skewing of the market place, and of the lives of individuals, is not, of course, called *favoritism*, for that would be the truth. It is called *policy.* Sounds more awe inspiring, doesn't it? Where one would not hesitate to battle *favoritism,* one might hold back from attacking *policy.* Kinda like "*fiat*" sounds more impressive than "*phoney!*"

Although we've just seen some of the ugly truth about taxation, surprisingly, THERE COULD BE a role for taxation to play in the creation of government issued potential sound money. More on that, later!

To recap section 33:

- It ***is*** possible to have just, debt-free money!

34) An introduction to my proposals

To understand my proposals, it will be necessary to fully grasp the implications of the facts that RE-trading something makes that something money, and that ONLY RE-trading something makes it money. For example, gold can be mined, and refined but if no one ever RE-trades it, it WILL NOT be money. (This was precisely the case in North and South America before the Spanish Conquest. The natives used the metal for art, etc. but never RE-traded it and thus never caused it to be money.) Look! The rip-off money "powers that be" can create as many printed or electronic units of interest bearing debt made out of thin air as they wish, but these units ARE NOT money **unless and until** they are RE-traded. Two-steppers are able to RE-trade these units only because governments have made it mandatory for 1) people to accept them in settlement of personal debts, and 2) people to pay taxes with them.

It is UNJUST and IMMORAL that governments force value into rip-off money by accepting only it as payment for taxes. This force is the most vicious use of coercion ever brought to bear on people. Not 1 in 1,000 can evade its evil brutality. All but those who wield this force are weakened by it. ***<u>If you want to have a cause</u>***, then **demand that your government stop forcing value into rip-off money.** If your country has any legal, constitutional, or traditional guarantee of security and/or fundamental justice for its citizens, then it is illegal for it to force value into rip-off money.

NO ONE but two-steppers can create money. No one can stop two-steppers from creating money, other than by completely preventing them from RE-trading things.

While two-steppers are the only ones, ever, who can turn a thing into money, they, as we've seen, need to be in the middle of a trading chain to be two-steppers in the first place. Thus, they themselves need the participation of at least one other trader to turn a potential money into real money. From this, we can conclude the following: NO single person, NO single entity, NO government, NO central bank, NO institution, NO corporation, NO group, NO organization can unilaterally, on their own, create or issue money! All any single person, single entity, government, central bank, institution, corporation, group, or organization can do is create and distribute POTENTIAL money, made from this, or that. **Once created and distributed, any and all potential money is at the mercy of two-steppers.**

ONLY a two stepper RE-trading something causes, enables, money *TO HAPPEN,* to continue to exist, to continue *to happen*. ***WHENEVER AND WHEREVER*** a two stepper RE-trades ANYthing, that thing becomes money. Nothing other than the complete prohibition of a person's RE-trading activity can prevent a person from creating money.

When one understands the role of two-steppers in the creation of money, one can see that **it is impossible for any agency to have a monopoly on the creation of money**. (Although those who would like to have a monopoly on the creation of money sure don't want you to know that such a monopoly is impossible! If the people don't know that they can make their own money, then the government/banking tag teams *will* have a monopoly until the people do find out how to make their own money!) Similarly, *it is impossible* for any agency, even the governments or banks, to have a monopoly on the creation of *POTENTIAL* money. As we've seen, almost anything can be a potential money. Then *why shouldn't* any individual, any group, any corporation, or any level of government, local to federal, create and distribute *POTENTIAL* money?

THINK* about this**, people: what I am talking about is **the democratization of money**. Actually, the RE-democratization of money. *Money is the most democratic of phenomena!* As we've seen *anyone* can make it! But also, as we've seen, by passing legal tender laws and by accepting only certain potential moneys as payment for taxes, governments the world over have made fiat money, created as interest bearing debt made out of thin air, into the most *UNDEMOCRATIC* thing there could ever be. Not only is it the product of a monopoly, it is used as a weapon of theft that is used against the population to rob financial resources from them. The fewer their financial resources, the fewer a people's options; the more they are oppressed**.** ***Fiat money, capable of being inflated for the benefit of those who create the inflations, is absolutely inimical to true democracy!

If your country forces its citizens to use unsound fiat money, yours is NOT a democratic country; yours is NOT a free country. Think about it - if your government has the power to force Y-O-U to use, as money, interest bearing debt made out of thin air, it has the power to do with Y-O-U *whatever it wants*. It owns Y-O-U. Y-O-U are not free, and the vote you get to cast every 4 years or so is merely a charade that allows the hens a limited choice as to which foxes they wish to guard the hen house.

<u>If there is to be true democracy, money must once again be that democratic product of RE-trading, and not the product of fraud, or coercion.</u> For there to be true democracy, money must be RE-democratized! Happily, because money is anything that is RE-traded, the people of the world can re-assert that most basic of their human rights –economic freedom- by RE-trading the potential moneys of their choosing, and refusing to RE-trade those potential moneys that are the tools of rip-off artists. By choosing rightly, people can make, individually and in concert, <u>***Declarations of monetary independence.***</u> Those would be declarations of refusal to RE-trade unsound money, the tools of rip-offs artists.

Any country with a tradition, bill of rights or constitution guaranteeing its citizens democracy would have to legally, and should, morally, 1) allow the RE-democratization of money (the RE-implementation of the people's choice as to what money, potential or otherwise, they will RE-trade, and 2) disallow unsound money, fiat money, and legal tender laws.

People would only attempt to RE-trade those potential moneys that they believed to be readily RE-tradable. Barring fraud and coercion, this would not include unsound moneys. If people were properly educated, they would only RE-trade that potential money which would become sound money.

To recap section 34:

- DEMAND that your government stop forcing value into rip-off money.
- EDUCATE others to demand sound, money, from… wherever!
- ENCOURAGE all to make **Declarations of Monetary Independence**, to challenge the legality of unsound moneys, and to *make money democratic once again!*
- Unless your money is democratic, YOU are not free.
- SOUND MONEY IS DEMOCRATIC MONEY!

35) *POTENTIAL money produced by individuals*

Why should any INDIVIDUAL not be allowed to manufacture, or create through some electronic means, units of *potential* money, and then see if other people would/could actually RE-trade them and by so doing turn them into *real* money? At the bottom of things, all one can ever buy is someone else's services (energy) or commodities (matter). All one can buy someone else's energy or matter with is one's own services (energy) or commodities (matter), either fairly or ill gotten. Science is satisfied: energy and matter are all anyone can ever trade for anything, including money, no matter what it, itself, is made of. (Even rip-off money took *some* energy and perhaps *some* matter to be put into circulation.) Why not, then, issue notes for one's own energy (services) or matter (commodities)? If they became RE-traded, they would become money.

(Of course, I am NOT talking about counterfeiting, which is the production of fraudulent *copies* of someone else's potential money. Why, when you can morally produce your own *original* potential money, would you want to copy someone else's?)

Suppose that I, as an individual, created notes with "1 Braadli - will teach golf to the bearer on demand, for 1 minute," and my signature, printed on them. Why should I not be able to try to buy things with these notes? There is no moral reason why I shouldn't be able to try. IF, AND ONLY IF, the "Braadlis" were RE-traded, would they become money, and then, only through the natural action of human trading. No government could morally prevent this from happening. Perhaps someone will sell me his old desk for 30 Braadlis, even if he doesn't want a golf lesson himself, because he believes that he can RE-trade the Braadlis for something else. IF and WHEN he does, the Braadlis will have been RE-traded and will have become real, bona fide money.

Let's say that the Braadlis pass through the hands of several two-steppers. Before anyone can come to me and redeem the notes for some lessons, I die. Were the bills money? Of course! They were RE-traded. **It is the RE-trading of something AND ONLY the RE-trading of something that makes it into money**. Redemption has nothing to do with transforming a thing into money. Here, the last person holding the bills would have suffered natural default. After all, it is natural that I will die sometime! So if you are trading real goods and/or services for promises for golf lessons, it would be better if they are redeemable at a partnership, where if one partner dies, the other will instruct you! Or, buy some insurance that would reimburse you if the teacher instructing, on demand, were to pass away before you could make your demand. And you would be wise to determine how many minutes of instruction I have created Braadlis for. Perhaps I have spent more Braadlis into circulation than I could possibly have minutes left in my life. That would be, of course, fraud.

We've just seen an example of how individually distributed potential money based on a service could work. Individually distributed potential money based on commodities could also become real money. Suppose I "discovered" wheat on my land. I could distribute notes saying "1 bushel of wheat, will pay to the bearer on demand." Suppose there was a demand for wheat, and people trusted that I *did* have the wheat, and *would* give up one bushel of wheat for every note returned to me. It is not inconceivable that the notes would be RE-traded and become money. I could do a similar thing if I were to discover gold, or oil or marshmallows on my land.

Realistically, it is not likely that two-steppers would bother trying to RE-trade the potential money distributed by most individuals. (It is more probable that I will golf at Augusta with Phil Mickelson, or sing on stage with the Rolling Stones than that I will ever be able to sell my golf lessons to anyone for anything, or that anyone would be able to RE-trade my promises to do so!) In most cases, it would be very hard for people to judge the value of the individually produced potential money. They wouldn't bother with it. Only if an individual had very substantial amounts of 1) commodities, 2) in-demand services, or 3) some very highly in-demand services to offer would his potential money be likely to be RE-traded, and to thereby become real money. ("Phils" or "Micks" or "Keiths" might very quickly become money!)

<u>To recap section 35:</u>

- **All one can ever buy is someone else's energy (services) or matter (goods).**
- **All one can ever pay is one's own energy (services) or matter (goods).**
- Why not issue notes for one's own services or goods?

- "Phil," "Mick," or "Keith" notes might quickly become money!

36) POTENTIAL money produced by groups/organizations

<u>SIGNIFICANTLY HIGHER</u> on the scale of the probability of RE-trade are the potential monies distributed by groups/organizations.

One group that would benefit greatly from creating it own potential money would be a group of people trying to make their local areas more self sufficient and environmentally sustainable. Perhaps, a group wishing to combat globalization. A group such as this could set up a Local Money System Society (LMSS) to create a Local Money System (LMS). This system would be a natural progression from individually produced potential money, as follows.

Instead of all the members of an LMSS producing their own individual potential money, and distributing them, each member would produce documents obligating him or her to work for some period of time, say, 240 minutes (4 hours), per month, upon demand. They would then register these documents with a committee operating as the central facilitator for the group. In exchange, the depositing member would receive LMS notes, to spend at the businesses of the other society members, or, after a while, with anyone who would accept them. These notes, of course, would be *potential* money, until RE-traded, when they would become REAL money, backed by the promises of the LMSS members to accept them in payment for services.

Non-LMSS members could also easily use the LMS money. They would accept it as payment for goods and services if they believed 1) that they would ever have occasion to buy the services of LMSS members, or 2) that they could RE-trade the LMS money to someone who *would* have occasion to buy such services.

Someone in the community engaged in a commodity business could join a LMSS on the following basis. The LMSS central facilitating committee would assign an LMS value to the amount of commodities promised to be sold by the commodity producing LMSS member, and then give that member LMS notes in exchange for such promises.

Initially, the percentage of an LMSS member's commodities and/or services promised to be sold for LMS money should be quite low. This would quiet members' fear of the "unknown" and introduce LMS money gradually in the community. Better to crawl before sprinting. I would suggest an amount equaling 4 hours of work- 240 minutes. In the case of commodities, for instance, if it was reckoned that in 4 hours a chicken farmer was able to care for enough chickens to produce 30 dozen eggs, then a promise to sell, for LMS money, 30 dozen eggs, would be worth 240 minutes of LMS money to the farmer.

LMS money should be denominated in minutes. Call them Chicago minutes if the system is set up is Chicago (unlikely!); call them Tatamagouche minutes if the system is set up in Tatamagouche. Or call them "Chicos," or "Tatas," where one "Chico" equals 1 Chicago minute, one "Tata" equals

1 Tatamagouche minute, etc. **There should be NO attempt to equate LMS money to Federal Reserve notes, Bank of Canada notes, Euros, or any other national, "official" money.** LMS money would be money in its own right, and be better money at that! It would be truly backed by the honest promises of LMSS members, and would not be rip-off money!

An accommodation would have to made to involve people from all walks of life. Potentially, in the community setting up an LMS, there could be everyone from unskilled laborers to eye surgeons interested in local self sufficiency and sustainability, and environmental protection, who would want to join a LMSS. It wouldn't be fair to expect an eye surgeon to accept what would be the equivalent of 4 hours of a laborer's efforts in exchange for 4 hours of eye surgery. The eye surgeon's work is of higher value, higher worth. How does his more valuable labor get monetized so that he can spend it into circulation for the enrichment of all? In other words, how can sufficient money come into existence to pay for the eye surgeon's valuable work and allow him to turn around and buy other things from other people? It is only the surgeon's spending of promises to work that will get enough money into the hands of patients to pay for his services.

Adjustments in the amount of LMS money exchanged for different kinds of work, based on the expertise required to the provide the services promised by a LMSS member should be made as follows. The more education required to perform a service, the more LMS money that should be given a provider for his or her 240 minute promise.

If an unskilled laborer gets 240 minutes of LMS money for his promise of 240 minutes of work, then perhaps someone doing a job requiring 12 years of education (high school grad) should get 2 times that, or 480 LMS money for a 4 hour promise. 14 years, 3 times, or 720 minutes of LMS money. 16 years (degree) 5 times; 20 years (doctor) 10 times; 24 years (eye surgeon) 20 times, or 4800 minutes of LMS money.

These bonuses for the extra preparation required to be able to perform the services promised by more highly educated LMSS members would reflect the reality of the higher value of the work performed by these contributors. There aren't many people who have sacrificed making a income for 24 years in order to learn how to save someone's sight by doing incredibly technical, critical and delicate surgery. So, of course, their labor is dear. Of course they should be not only be rewarded, but compensated for staying in school, earning nothing, while others were making money and partying. Indeed, unless the efforts of these high value providers are monetized and spent into the community, the other community members will not be able to get enough money into their possession to purchase the high value services without cut throat competition among themselves which some will be bound to lose. That is exactly the present case under the interest bearing debt made out of thin air money system.

The exact ratios used to reward high value service providers would have to be agreed upon by negotiation between the prospective service providers and the other members of any particular

LMSS. The ratios would have to be made public knowledge, up front. In addition, ratios could be justly applied to reward providers of services that are necessary, but dangerous, or remarkably onerous or repugnant to perform. It would be up to the particular LMSS to assign a ratio for a septic tank technician, for farriers, for hog truck trailer spray cleaners, etc.

(Compare this approach to the leftist desire to bring everyone to the same level no matter what their contribution. Communists/socialists want to "Tax the Rich," blaming them for society's ills. But it is neither the eye surgeons, who make a lot of money by saving people's sight, nor the doctors, who make a lot of money literally saving lives, nor the airline pilots who make a lot of money flying hundreds of people at a time, safely to where they want to go, nor even the entertainers who make godzillions of coin giving the masses their diversion, who are the authors of social injustice. It is those people who run the present money system that uses interest bearing debt made out of thin air as money, and who thereby cause there to be a shortage of money in society as a whole, and for individuals in their isolation, who are the authors of social injustice. Most leftists of lower rank and of non-significant involvement are of good heart and seek to address what they see as injustices. To them I say, do not harry those who have managed, despite a faulty money system, to contribute greatly and to justly earn from those contributions. Do not tax the rich, but let them monetize their contributions, and spend them into the community. *That* is sharing! Do let your zeal be turned towards those who force upon you a money system that uses interest bearing debt made out of thin air as money. Communism/socialism, often suspect, is made obsolete with the knowledge of sound money!)

LMS societies should be set up on a contractual basis. All of the members together would constitute the LMSS, and it would, in turn, contract with each member individually to receive their labor promises, or commodity promises, as explained earlier, in exchange for LMS money. Each member would contract to accept LMS money in exchange for a minimum of 240 minutes of services (or the equivalent in commodities) per month. Failure to do so would result in expulsion from the society. Now, at first, these contracts could be oral, if sufficient witnesses were present to provide sufficient memory of the agreements.

The society should seek ***<u>NO</u>*** official blessing or status, in any form, from any level of government. It should not seek official status as a charitable society, benevolent society or any anything else requiring the notice, blessing, license from, permission from, or any anything else from any level of "official" "authorities." Remember, it is these "authorities" who force you to use their interest bearing debt made out of thin air as money. The LMSS will act as an indigenous community body made up of individuals asserting their *inherent right to <u>monetary independence.</u>*

Monetary independence- independence from interest bearing debt made out of thin air used as money- is the inherent right of *<u>every</u>* individual. In setting up a LMSS, set it up so as to be beholding to *<u>no</u>* one and to *<u>no</u>* agency! The setting up of an LMS, or any other sound money system, would be a glorious **Declaration of Monetary Independence.** Think about it! No other freedom can truly exist without freedom from unsound money. Wherever sound money is not the main money, the powers able to foist unsound money upon the people have the power to take away any other freedom. The power to foist unsound money upon a people is the power to enslave that people. I do not exaggerate.

We have seen that the LMSS committee facilitating the exchange of member promises for LMS money denominated in minutes (Chicos, Tatas, etc.) would be instrumental to the success of the society. After a time, it could also be the facilitator or administrator of ***interest free loans.***

The abolition of interest has been a goal of many societies and institutions throughout history. Certainly, the receipt of interest free loans has been the dream (fantasy?) of individuals for millennia. As we've seen, interest bearing debt made out of thin air is the biggest rip off ever invented. How should loans be handled in a just economic system?

If I loan my lawn mower to you- if you borrow my lawn mower- I should justly expect to get it back. But you will have caused some wear and tear upon my mower. And, for the period of time that the mower was in your possession, I did not have the chance to mow somebody else's lawn- maybe even yours! – in exchange for financial reward. Should I not receive a payment of some kind to compensate me for the wear and tear on my mower, and for the loss of opportunity to use the mower as a tool with which I can earn reward? Should I not receive my mower back, plus a little something extra?

These kinds of questions were easier to answer thousands of years ago when, for example, one farmer loaned a chicken to another. The chicken laid some eggs while in the other's possession. Should not the first farmer get his chicken back, after a time, plus some of the eggs that were laid? He did not feed the chicken while it was loaned out, but he *did* provide the *chicken!* And, the chicken was aging while in the second farmer's possession, reducing its value when it was returned. Hence, the idea of compensation for part of the production generated by the thing that was loaned out: *interest!*

Most kinds of *convenient* money, even SOUND money, does not itself produce eggs, or offspring of any sort. It can only, if put to use for business purposes, buy assets that *M I G H T* generate a profit. If the profit is the production of an increase in convenient money, that is not so easily recognized, as an increase, as is a cow's milk, or a chicken's eggs. Therefore, the question of what increase should be shared becomes more difficult. Also, there is the question of what should be a lender's compensation when a convenient form of money is loaned for non business purposes, or is put to use for business purposes, but there is *no* profit.

What if I loan you $1,000 to buy a cow that will hopefully produce babies that will grow into beef steaks, and the cow dies?! I have still gone without my money, and suffered the loss of the opportunity to invest it elsewhere.

The question of interest can be solved when it is understood that in a loan situation that is *not* handled correctly, there will be a shortage of money! Remember that a shortage of money occurs when there are goods and/or services that are *not monetized.* ***The provision of a loan is a service!*** <u>This service must be monetized</u>, with the money going to the provider of the loan. *Then, the lender will get his just increase and the borrower will get an interest free loan.*

The role of a money system facilitator, an LMSS or otherwise, should be to arrange loans at 0 per cent interest and to monetize the service that is the extension of those loans. If I have 1000 minutes of LMS money in the societies repository, and it is loaned to you, the society will monetize my service to you by creating 100 new minutes, and adding them to my account, for each year that the loan is in existence.

This is not inflationary, as I *have* provided the service. There *needs* to money created to pay for this service, or else society will have a shortage of money.

The LMSS must only loan money in existence in its repository. Loans would be taken from special accounts, whose members agree that money may be drawn from, to create loans. These would be defined term accounts, and loans would have to be for periods of time less than the term of the term deposits. There must be no loans of thin air!

The LMSS central committee would take as many pains possible to see that loans were not made for frivolous purposes and that there was a very high probability of repayment.

(**Compound interest**, that is, interest on interest, as charged on outstanding debts, **should just plain be abolished**! It guarantees an increase to a lender where none is warranted. If I loan you a hen, I may be entitled to my hen back, plus some eggs, but I am not justly entitled to my hen, some eggs, and some of the chicks that ***might*** hatch from your share of the eggs that you rightly kept. If I want more chickens, I will have to tend the eggs I got from you as a payment for the service of lending you my hen. I cannot justly expect that you guarantee the equivalent of my eggs hatching and maturing into more chickens. This is the kind of guarantee that interest on interest, or compound interest, guarantees for a lender, by forcing a borrower to pay a fee for the service of lending, and then, *in addition*, pay the equivalent of that fee being fruitfully invested. If the fee is to be fruitfully invested, it is up to the lender to do so.

If I paid you $10.00 for a cat, (why would anybody do that?)(just joking, cat lovers!) you could not justly expect that I guarantee, for you, that you will be able to earn, next year, an additional $1.00 with the $10.00 cat fee. What you do with the $10.00 is up to you. It is not for me to have to guarantee what you *might* achieve with the $10.00, *if* you put it use for business purposes.)

With regards to taxation, and LMSs, some “authority” may wish to tax business done with LMS money. If so, let them accept LMS money in payment for such taxation! Refuse to pay such taxation in Federal Reserve Notes, Bank of Canada Notes, Euros, etc.

Remember, you have not equated LMS money with FRNs, BCNs, Euros, etc. Your LMS money is real, sound, self-monetized money that solves the shortage of money problem. It would be unjust in the extreme to force people using LMS money to pay taxes in FRNs, etc., which are inherently valueless and RE-tradeable only because of threat of force.

No agency can, with justice, levy taxes upon business done with sound money, and insist that payment of those taxes be made with unsound money.

If your country has any traditional, constitutional or legal guarantees of equality, fundamental justice, security of the person, etc., then it can not legally force you to use, exclusively, as money, something ("national money", fiat money, interest bearing debt made out of thin air used as money) that *is designed* to steal real goods and services from you; ESPECIALLY when, as we've seen, NO one, NO agency, NO organization, NO government, NO anything, can issue money unilaterally. (Remember, it takes someone to issue *potential* money and some one else to RE-trade it, for money to happen.)

Trying to pay taxes, with unsound money, on transactions conducted with sound money, will certainly destroy the efforts of any group trying to set up an LMS. This would not be a failure of the LMS, but a triumph of tyranny over fledgling liberty. If you really fight being forced to use unsound money, your little LMS, in Chicago, in Tatamagouche, in Svanes, in Walla Walla or in Salmon Gums, may be THE declaration of monetary independence that shows the world that the interest bearing debt made out of thin air money emporers *have no clothes on!*

An LMSS could provide a source of money that would be locally backed, and that would thereby likely stay in the local area, stimulating the local economy, local self sufficiency, local environmental sustainability, *and, in addition,* become a source of *0% interest loans!* In effect, an LMSS would be a new monetary and banking system *without* built in economic injury for most, and built in unjust reward for a few!

Along similar lines, what if a group like the Mormon Church was to hire a bank-note printing company to print pieces of paper denominated (no pun intended!) in, say, "Joes?" If the church promised to accept these "Joes" in payment for its genealogy searches and religious books, etc., many people would exchange goods and services for them, and RE-trade them. People would know that they could buy church services and products with them. The church would probably be able to buy things from suppliers and pay some or all of its payroll with the "Joes". The suppliers and employees would believe that they would be able to RE-trade the "Joes."

WHEN, AND ONLY WHEN the "Joes" were RE-traded, they would become money, and then only through the natural action of human trading. No government could morally prevent this from happening. Once they became money, the "Joes" might, of course, pass through the hands of any number of two-steppers' hands before making their way back to the church as payment for products.

It would be even more likely that these "Joes" would find themselves being widely RE-traded if the church promised to accept them as tithes.

<u>FARMER'S ASSOCIATIONS</u> could very easily distribute potential money that would be RE-tradable. Instead of selling their essential, life sustaining produce for the old, crummy, rip-off money, farmers associations could issue their own potential money, backed by their produce. They could issue notes that would pay, say, 1 bushel of grain, to the bearer of the note, on demand. One note would be produced for every bushel grown. In other words, there would be100% backing, in grain, for the grain notes. If a farmer grew 20,000 bushels of wheat, the association would give him 20,000 notes, (or a check for 20,000 notes) upon delivery of the wheat. WHEN, AND ONLY WHEN, the "wheat notes" were RE-traded, they would become money, and then only through the natural action of human trading. No government could morally prevent this from happening.

Such notes would be RE-tradable because everyone would recognize that the notes were "as good as grain." Everyone knows that everyone eats grain, in one form or another, and gets it from one supplier or another. Grain farmers could include other kinds of farmers in their associations if they all denominated their potential money in calories of energy. And now, here is the key element: the farm association would lobby the federal government to *allow taxes to be paid with these* *grain/calorie notes*. Then anyone could RE-trade them.

If the government would not accept such money as payment for taxes, the farmers could simply reduce food production until the government did allow it. ***<u>WHAT A WEAPON THE FARMERS HAVE!</u>*** When the nation's cities got hungry, the urban dwellers would demand that the government allow this plan to happen.

The first year, the farmers could reduce production by, say, 25%. If the feds still wouldn't accept the grain/calorie notes as payment for taxes, the second year the farmers could reduce production by 50%. And so on. Sooner or later (and very much sooner than later, for food reserves are not especially huge in a "time needed to eat the reserves" sense), the government would have to "blink."

There are very, as in VERY, many more urban dwellers than farmers. Never have so many been so dependent on so few. What would the government do if the farmers refused to farm? ***<u>NO ONE ELSE BUT FARMERS KNOWS HOW TO FARM!</u>*** The farmers have more power than do the oil producing nations. They just have to get organized and use that power. Only 4% or less of the population of the U.S.A. and Canada are farmers. Think how much leverage that gives this vital group.

The farmers alone could solve a country's rip-off money problem by using their power to bring in a sound money system. If they would do so, no other kinds of money would be needed. It is probable that no one would bother RE-trading any other kinds of money.

Remember the Boston Tea Party? Well, neither do I. I wasn't born yet. But I remember reading something about unfair taxes, and taxation without representation, etc. Now, it seems to me that the farmers, who produce something tangible, and absolutely essential, are being unfairly taxed when they must pay taxes in money that is created out of thin air, with a debt attached. And it seems to me that if their so-called representatives in government keep forcing this system down their throats, then the **farmers are** not truly represented. They are, therefore, **being taxed without representation.**

<u>FARMERS OF THE WORLD, UNITE!</u> Deliver yourselves and your brothers in the cities (99% of whom are innocent, after all) from rip-off money hell. FARMERS! YOU HAVE THE POWER! INCREDIBLE POWER! You don't need a slick talking politician, who most likely is a lawyer from the city, to tell you that he is going to tax everybody else in order to help you by subsidizing your operation. That would make you beholding to him and his fellow band of thugs (political party). ALL YOU NEED is to REDUCE PRODUCTION until the people of the cities get ***<u>THEIR</u>*** politicians (the city's greater population outvotes you every time!) under control and force those politicians to let you usher in a sound money that will *utterly transform the world for better!*

<u>FARMERS!</u> You don't have to lose your land to foreclosure, or by selling it off gradually to meet expenses, just because the rip-off money system of economics won't give enough purchasing power in exchange for your absolutely essential production. Make your own notes for your produce- the produce that you know the rest of the world literally can not live without. Stay on the land and buy the things you need and want with those notes!

It is crazy and an obscene perversion that a tiny minority who literally carries the rest of society on their backs, by feeding them, should suffer economic hardship because of a lack of money, specifically, a lack of the kind of money that is created out of thin air, with a debt attached. ***FARMERS!*** You have the power to demand an end to this injustice. You have the power to do so, by creating notes for your production, accepting only those in payment for your produce, so as make the notes of value for you to buy other things with, and by withholding production until such notes are accepted by your government as payment for any taxes paid by anyone in your jurisdiction.

Now, perhaps the farmers will not get their act together. After all, they *are* farmers because they are rugged individualists. They aren't used to collective action. But there are *other* unions!

What else does a modern society need besides food? That's right! Energy! Gas, oil, electricity… for transportation, heating, cooling, manufacturing, electronics, etc. Again, never have so many been so dependent on so few. So few workers who know how to find, refine and transport energy to where it's needed. These energy producing unionized workers should collectively demand to be paid in potential money denominated in units of energy, redeemable by any and all of the energy companies employing such unionized workers. The workers could use these energy backed potential money units to buy things. Everybody would RE-trade them, for everybody needs energy: gas for their car, gas or heating oil or electricity for home heating, electricity for tattooing devices…you name it. The potential money would become real money.

It would work like this. Say you work for an energy company; instead of being paid in the old rip-off money, your company would pay you in notes that were fully redeemable in heat units of energy- btu's, kilojoules, calories, or whatever. (Some genius would figure out how many such units of energy were in a gallon of gas, a barrel of oil, a cubic foot of propane, an hour of electricity, etc) You could use these notes to buy things because people would accept them as payment for things knowing that they would be able to RE-trade them because of their tremendous value. Because the notes would be denominated in units of energy instead of gallons of gas, or liters of oil, or kilowatts of electricity, they could be redeemed by any of the companies that produced any of these forms of energy. Remember, you and your fellow energy workers at ALL of these various companies would have demanded that ALL of these companies pay their workers in these notes and accept them, interchangeably, as payment for any kind of energy.

As well, the unions involved must do as the farmers and force the population, by reductions in energy production, as necessary, to force the federal government to accept these energy-backed, sound money units as payment for taxes.

ENERGY WORKERS OF THE WORLD UNITE!
Don't just demand that socialist (people control) governments tax (steal from) the productive elements in society at ever more exorbitant rates in order to dole out the goodies to the non-productive elements of society. Force the introduction of a sound money that will *utterly transform the world for better!*

(How come left wing political parties, i.e. Democrats, Liberals, socialists, communists, etc. and big unions with their left wing political affiliations, never talk about what money is, or how it comes into existence? How come they never talk about how rip-off money hurts the very people that they profess to care so much about? How come the Bolshevik thugs that plunged Russia into communism, producing the greatest reduction in productivity in recorded history, also created devastating hyper-inflation almost immediately after taking power? How come movies are never made about how medieval goldsmiths ripped people off, and how those fraud artists became power brokers! Are there such things as conspiracies of silence and obfuscation that protect even greater conspiracies? It's not necessary to even bother trying to prove or disprove such things. Any such conspirators would be defeated, automatically and without direct confrontation, by the introduction of sound money. By farmers, energy workers, or whomever.)

The exciting point is this: the energy workers may not *OWN* the companies and the energy that the companies have in their inventories, but the energy workers *CONTROL* the energy. ***NO ONE ELSE BUT***

<u>THE ENERGY WORKERS KNOW HOW TO DELIVER ENERGY TO THE WORLD!</u> The energy workers *have the power* (pun intended!) to bring about a just money system. Why should they do their vital jobs and get paid in bogus money issued by sharpies? Sharpies who know how to hoodwink and rip off nations but not how to *serve* nations. Energy workers already *serve* nations, and they should be paid in sound money. If they bring debt-free energy-as-money into existence, they will not only be better off – very much better off – themselves, but will be heroes as well in the eyes of society and history.

(In both the "food-as-money" and "energy-as-money" systems, forcing the government to accept these moneys in payment for taxes does three things. 1) It prevents the government from foisting other moneys on the farmers, energy workers, their customers, or anyone who may come to own, through trading, some of these debt-free moneys. The government couldn't say: "Well, your new money IS just, it IS real, it IS debt-free, and the system works… BUT you still must pay us taxes in the old rip-off money! (the equivalent, remember, of tally sticks!) 2) It adds even more value to the money, further increasing its RE-tradability. And, 3) It makes it apparent for all to see that the government must raise revenues for its expenditures by TAXING (taking, stealing from) the population. This is good, for it removes the illusion, under which many people suffer, that the government has resources. ***The government has no resources***. It can only use its power as the ultimate source of force in society - its power to bully - to tax/rob from people who actually produce, and give some loot to others, while taking the largest cut for itself.) (If you vote for me, and give me control of the tax department, which is ultimately backed up by the law enFORCEment department, I will give you 1 of the 10 dollars that I will have the tax department steal from George. I'll share 6 of George's dollars with all of the government workers who help me steal the $10 from George, and I'll keep $3 for myself. I can count on your vote, then, right?!)

To recap section 36:

- Any self-defined group can become a Local Money System Society (LMSS).
- Any LMSS can create its own sound, Local Money System (LMS).
- Any LMSS can facilitate ***interest free loans.***
- Compound interest, as charged on debts, should flat out be abolished!
- Farmers could and should demand their produce be used as sound money.
- Energy workers could force the inception of sound money based on energy.
- The creation of sound money, by anyone, or any group, is a **Declaration of Monetary Independence**, in action!

37) POTENTIAL money produced by companies

Somewhere, perhaps a bit lower than food-as-money or energy-as-money on the scale of the probability of RE-trade, would be the potential money distributed by ***VERY LARGE CORPORATIONS***.

Suppose a huge computer software company that sold millions and millions of programs per year, were to hire a bank note company to print 10 million notes, each with "1 William" on it. Suppose this company promised to accept these "Williams" in payment for its products. Say, 50 "Williams" per program. There would be many people who would exchange goods and services for the "Williams", knowing that they could buy software with them. This company, which sold its products to just about everyone, and also paid out money to many, many suppliers and employees, would probably be able to buy things from suppliers and pay some or all of its payroll with the "Williams". The suppliers and employees would believe that they would be able to RE-trade the "Williams" because of the company's promise to accept them in payment for product.

Before being RE-traded, the "Williams" would be only potential money. WHEN, AND ONLY WHEN, the "Williams" were RE-traded, they would become money, and then only through the natural action of human trading. No government could morally prevent this from happening. Once they became money, the "Williams" might, of course, pass through the hands of any number of two-steppers' hands before making their way back to the software company as payment for products.

Privately and corporately issued potential money would become RE-traded only if people thought the offer to redeem the money in something worthwhile was good enough to warrant giving up something of value in exchange for it. People would judge privately and corporately issued potential money as to whether the offer to redeem the money in something worthwhile created a chance to be able to RE-trade it that was good enough to risk accepting it in trade for something else of value that they would be giving up.

Right now, in Canada, there is a large chain of general merchandise stores that gives bonus coupons denominated in "cents" and "dollars" to customers whenever those customers patronize one of its stores. One might receive, say, $2.45 worth of bonus coupons if one bought an electric saw. Then, one could apply the coupons towards one's next purchase in the store. A nice incentive.

Now, the point is this: If you bought things from this chain often, why would you not accept, from me, an accumulation of these coupons in exchange for your mowing my lawn? After all, you will be able to buy merchandise at the store with the coupons you've earned. AS SOON AS the deal is consummated, we have TRANSFORMED the incentive coupons into real, bona fide, honest, just, sound money. Let us diagram it:

→ incentive → incentive

STORE ME YOU

Patronage ← mowing ←

Just like the "Williams" put out by the software company, the coupons only turn into money IF they are RE-traded. Also like the "Williams," IF they *are* RE-traded, they are *certainly* money; real, bona fide, honest, just, debt-free money; and they may pass through several two-steppers' hands before they are finally redeemed for merchandise. And let me make this important point: IF they are RE-traded, and even if they are NEVER redeemed at the chain of stores for merchandise, they can still be real money. The coupons might pass through several two-steppers' hands and then be lost, burned in a house fire, whatever. Remember "natural default?" <u>Not redemption, but only RE-trading, does a money make!</u>

Now, there just happens to be a large (as in VERY large) multi-national chain of variety goods retail stores that has grown exponentially in the last 20 years or so. It is headquartered in the U.S.A. Its founder, now dead, is said to have been frugal and to have driven an old pickup truck even when he was worth BILLIONS of dollars. His several children are each worth in the neighborhood of 20 billion American dollars. This chain has revolutionized the distribution of goods and is blamed for the end of mom and pop general stores throughout the U.S. and Canada. Okay, you know who I mean.

If this huge chain, with its vast inventory of goods to select from, were to issue incentive coupons, don't you think that people everywhere would RE-trade them, and thereby turn them into money? No government could morally prevent this from happening. If this chain were to be very transparent and tell the world how many coupons it was issuing, BEFORE each issue, its coupons would probably be turned, by two-steppers, into a supply of money more honest and just than most sovereign countries' supply of money! After a time, I'm sure this chain could begin paying suppliers and even employees with it own coupons. At some point the coupons would be able to stand alone as widely used money in their own right.

To recap section 37:

- Companies could monetize their own services or goods to create potential money.

38) Potential money issued by low and mid level governments

Somewhere between potential money issued by companies, and that issued by federal governments, as will shortly be discussed, would be money issued by low and mid level governments. Local government, and state/provincial government, or their equivalents.

These potential moneys could be tax based, or commodity based.

A local government- a city or municipal government, could bolster local self sufficiency and sustainability by doing something to encourage people to keep their spending power from roaming too far afield. They could impose a sales tax called a Local Stimulation Tax, (LST) equal to some percentage (perhaps 5 or 10) of their usual yearly tax intake. Say than an area took in $3,000,000 of taxes per year. 10% of that would be $300,000. If there was $30,000,000 of economic activity in the area each year, a 1% LST levy would yield the $300,000. The jurisdiction would then issue tax notes (notes receivable for taxes) in the same amount as the projected LST intake. ($300,000 in the current example.) Half of these tax notes should be sent, on an absolutely equal basis, to every adult in the jurisdiction. The other half would be spent into circulation as part of the area's normal wages and expenditures. The tax notes would be valuable to local people, because they could be offered as payment for local taxes. Therefore, locals would RE-trade them and the notes would become money. Not many notes would leave the area because outsiders would not be subject to the taxes payable with the notes, and therefore the outsiders would not value them nor accept them as payment for things. By staying in the local area, the notes would stimulate local trade, and therefore local self-sufficiency, and sustainability. And that would help the environment because it would help to reverse the trend of centralized industrialization with its attendant use of interest bearing debt made out of thin air as money.

Some mid level government such as a state or provincial government, if it owned the rights to natural resources (are you *liss*-en-ing, ALBERTA?) could certainly issue notes promising to pay the bearer in commodities such as, (are you lis-ten-ing, ALBERTA?) oil.

Here's how using oil as money would work. The Alberta government, which owns the umpteen million barrels of oil in underground reserves throughout the province, would issue notes redeemable in oil. (A "note" is a document, a notice, that someone owes something to someone else. Although recent Bank of Canada paper money has "this note is legal tender" printed upon it, that's probably a trick; it is not clear who owes what to whom. It used to be that bank notes were mini contracts saying that the issuing bank owed a stated amount of gold to whoever held the note, and would pay that gold to the holder of the note, upon demand.) A 1 litre note would be worth, and could be exchanged for, 1 litre of oil, a 10 litre note would be worth, and could be exchanged for, 10 litres of oil, etc. (Of course, most of these notes would probably only exist in computers, but each cyber note would be 100% backed by a litre of crude oil.)

Instead of taxing Albertans, the Alberta government would pay for the goods and services it needed (including the services of oil companies to bring oil to the surface) with oil notes. (litrebucks?) Litrebucks would be "as good as oil," i.e., better than gold! (Try to run your car on gold. Try to heat your home with gold. Try to generate electricity with gold.)

Because litrebucks would be as good as oil, (because they would be 100% backed by oil, and redeemable for oil) people would accept them as payment for things. As the litrebucks passed among the population as payment for series of transactions, they would become money. (Money is anything that is RE-traded. Money is anything that is the payment in more than one transaction.)

Only as needed, for the purpose of the redemption of litrebucks with oil, would the province of Alberta release oil from its reserves. In this way, Alberta would only take out of the ground the oil it needed to finance its governmental operations. (Including all the health care Albertans could ever want, no thanks to the feds!) This would protect the environment. It would prevent the unnecessary depletion of the oil reserves, and prevent the exchange of a valuable resource (oil) for fiat (made out of thin air) money. (SOMETHING for NOTHING.) It would protect future Albertans by leaving most of the oil in the ground for their use.

Oh, but doesn't the Canadian constitution say that only the feds can create money? Yes it does. But that provision is invalid because what it tries to do is *impossible.*

It is impossible to give the feds a monopoly on something that just so happens to happen all over the place, all the time. The creation of money happens wherever and whenever something is RE-traded. Wherever and whenever something is the payment in more than one transaction.

No single person, group, agency or government can create money. All any of the above can do is to create POTENTIAL money, (for instance, litrebucks) and if people use the potential money in more than one transaction, it WILL become real, honest, sound money.

The feds can't have a monopoly on the creation of money because 1) nobody can create money all by themselves and 2) any two or more people anywhere can turn almost anything into actual money by RE-trading that something.

Of course, other jurisdictions having control of natural resources, wherever, could also issue resource backed notes. (Hey NORWAY, hey OPEC…r U list-en-ing?)

Now, these monies: these "Braadlis," "Salmon Gums Minutes" ("Gummies"?), "Joes," "food unit monies," "energy unit monies," "Williams," "Alberta oil notes" and coupons, would be monies based on *service (energy) or tangibles (matter)*, NOT fraud, or coercion. Each would be a just money, and a DEBT-FREE money. No government would be justified in preventing any of them from "happening."

Government must be the servant of the people*. If a government is not the servant of its people, then the majority of the people are nothing but property belonging to the tiny minority that controls the government.* **THE VERY BEST WAY FOR GOVERNMENT TO SERVE** is for it to LET sound money HAPPEN. Sound money, as described above.

If the government must have revenue, it can receive taxes (preferably sales taxes) in monies that are circulated widely enough to be convenient for the level of government receiving the taxes. A federal government might justly declare that it will only accept, in payment for taxes, monies circulating in, say, at least 40% of the states or provinces in the country. A province or state might justly accept only moneys circulating in at least the entirety of the jurisdiction. Of course monies of even greater circulation would do! A local government may need to receive taxes in monies circulating in more than just its own jurisdiction, in order to be able to use them, in turn, for purchases from suppliers haling from a wider area than that of the local government's. In the cases of lower levels of government, we see that their accepting of moneys of wider circulation actually adds value to them as RE-trade articles.

And there they are! The best ways to bring about modern monies that would help two step traders do their job and so keep the wheels of commerce turning, without ever defaulting in an unacceptable manner. Monies that could come into existence and go out of existence without anyone, anywhere, getting nothing in exchange for something. Monies that would teach everyone everywhere that there need never be a shortage of money to facilitate trade. That there need never be individuals or institutions with a monopoly on the creation of potential money. Monies for everyone to benefit from, for their very natures would prevent the getting of nothing in exchange for something, and would ensure monetary JUSTICE.

<u>To recap section 38:</u>

- Low and mid level governments have to right to issue potential money.
- Mid level governments owning resourses could issue commodity notes.
- When such notes were RE-traded, they would be debt-free money.
- **THE VERY BEST WAY FOR GOVERNMENT TO SERVE** is for it to LET sound money HAPPEN.

39) Shared Receipt Inflation (SRI)

THE SECOND BEST WAY FOR GOVERNMENT TO SERVE would be for the federal government to let EVERYBODY in its jurisdiction share in the benefits of debt-free money inflation.

You will recall that the adding of additional money to an existing supply of money causes each unit of money to be worth less (die a little, default a little, buy a little bit less than before). You will recall that this benefits those who add the new money but hurts those sharing the pool of old money. But what if ***EVERYONE*** in society got an equal amount of new money whenever the pool of existing money was enlarged?

Imagine a society of 100 people consisting of 10 beggars, 80 peasants, 9 computer gurus and 1 king. Imagine that there is a total of $19,100 in existence. Each of the 10 beggars has $10; each of the 80 peasants has $100; each of the 9 computer gurus has $1000 and the king has $2000. Each beggar has 10/19100 or .052% of the total purchasing power in the kingdom. Each peasant has 100/19100 or .52% of the total purchasing power in the kingdom. Each computer guru has 1000/19100 or 5.2% of the total purchasing power in the kingdom. The king has 2000/19100 or 10.47% of the total purchasing power in the kingdom. Each peasant is 10 times richer than a beggar; each computer guru is 100 times richer than a beggar; and the king is 200 times richer than a beggar. Each computer guru is 10 times richer than a peasant. The king is 20 times richer than a peasant and twice as rich as a computer guru.

Suppose that this kingdom were quite productive and that there were quite a lot of goods and services produced. As there are only 191 dollars for each person in the country (although the dollars are not, as we've seen, evenly distributed) each dollar can buy a lot and is very valuable.

Now, the king in this land was a good and intelligent king. He realized that each individual dollar in circulation was too valuable. It would be good to have more of them in the market place so that each dollar would be less valuable and therefore more suitable for making smaller purchases. Also, then, if any person were to lose a dollar, the loss of that dollar would not be so expensive for that person. The king wanted to enlarge the money supply. But he knew that if he simply created more money by royal decree in his own right and then spent the money into circulation, he would gain the advantage of inflation while his subjects would be hurt by the indirect tax of inflation.

Then the king had the idea of creating potential money by royal decree and then giving each person in the kingdom an equal share of the new additional potential money. He would GIVE the potential money value, and cause it to be RE-tradable, by accepting these "new" dollars, as well as the old dollars, as payment for the services that he, as the government, provided. Such things as health care, the provision of passports, etc.

The king worked out what would happen if everyone in the country, himself included, were to receive 100 new dollars.

If each of the 100 people in the society got 100 dollars, that would be 100 x \$100 = 10,000 new dollars. This amount, added to the previous \$19,100 in existence in the land, would equal \$29,100. It would break down as follows: each beggar would have his previous \$10 plus his additional \$100, for a total of \$110. This amount of purchasing power would be .38% of the total purchasing power of \$29,100 existing in the land. Compared to the .052% of the purchasing power each beggar had before, each beggar's buying power would go up 7 times!

Each peasant would have his previous \$100 plus his additional \$100 for a total of \$200. This amount of purchasing power would be .69% of the total purchasing power of \$29,100 existing in the land. Compare this to the .52% of the total buying power each peasant had had before. Each peasant's share of the total buying power in the land would go up a little more than 32%.

Each computer guru would have his previous \$1000 plus his additional \$100 for a total of \$1100. This would represent 3.78% of the total buying power in the land. Each of the computer gurus would see their share of the total buying power in the land reduced from 5.2% to 3.78%. This would be the case, even though they had been given \$100 new dollars, just like everyone else. That would be because there were more beggars and peasants whose receipt of \$100 each almost doubled the total money supply while each guru's personal money supply increased only 10% (from 1000 to 1100 dollars). In actual fact, the inflation of the money supply, brought about by the ***SHARED RECEIPT*** of $100 by everyone in the land (*Shared Receipt Inflation, or* ***SRI***), increased the buying power of the poor, but actually reduced the buying power of the wealthier. SRI taxed the gurus by reducing their share of the overall buying power in the land from 5.2% to 3.78%. A 24% tax.

The king would have his previous 2000 dollars plus his additional $100 for a total of $2100. This would amount to 7.2% of the total buying power in the land, compared to the 10.47% he had had before. In effect, he would have been taxed 30%, even though his absolute number of dollars had increased by 100, just like everyone else.

Now, our good king thought long and hard about this proposal and decided that he WAS a good and generous king! And what he had considered, he did!

He increased the buying power of the poorer classes in his land, and reduced the buying power of the richer. The poorer you were, the more your circumstances were improved. Unfortunately for the king, the richer you were, the more your circumstances were reduced!

The king felt he had done well. He had not upset the order of society greatly, had not taken any possessions away from anyone, had made the very poorest much richer, had helped the majority of people considerably, had moderately taxed the rich, and, remarkably, substantially taxed himself.

He had increased the money supply so that the value of one unit was not as great as before, making it easier to buy less expensive every day items. It was now not quite so expensive to lose a dollar, should anyone get a hole in a pocket! All of these things were true. The king HAD done well, indeed!

Now, along the lines of the example just given, in order to implement the second best way for government to serve, the federal government would utilize SRI method number 1.

It would work like this: The federal government would CLEARLY and PUBLICLY announce a specific amount of debt-free potential money and then create this amount of the debt-free potential money. It would distribute this potential money, absolutely equally, among the population. It would then promise to accept this potential money in payment for federal services. This would GIVE the potential money value, rather than FORCE value into it. Because this potential money would be accepted as payment for, for instance, health care, passports, park visits, transportation tolls, etc., it would be valuable. Being valuable, it would be RE-traded, and thus become real money.

The examples of government services listed in the last paragraph are examples of services that could be paid for on a per use or per item basis. But what of services like the incarceration of criminals, the provision of police services, fire fighting services, military service, etc. If government in general is to be the servant of the people, and not just the ultimate seat of coercion in a country, then no level of government should be able to force a “service” on those constituents not desiring the service in question. To force individuals to purchase services they do not desire, even if the individuals can use debt-free money to pay for the services, amounts to unjust taxation.

If ever there was a case for the division of powers between different levels of government, it is in the case of the issuing of potential money by government, and then making that potential money valuable enough for two steppers to bother attempting to RE-trade it. So much is literally at stake in the facilitation of debt-free money through SRI that checks and balances (NO pun intended) upon and between different levels of governments are gravely required.

To *absolutely* prevent governmental skullduggery and to keep money a thing of service rather than a thing of coercion, no level of government should be allowed to force value into its own potential money. Or else you have the government buying real goods and services with the equivalent of tally sticks.

This then means that services that are not per use or per item services would have to be provided by a level of government lower than that distributing the potential money.

City, municipal, or provincial/state governments would impose a just tax - a sales tax - payable in the debt-free money made from federal government potential money, to pay for non per use or non per item things like police, fire fighters, jails, etc. These would be provided at the provincial/state, or lower level of government, as appropriate and efficient. Generally, the lower the level of government that can provide a service, the better, for this enables the people most affected by any measure to have a greater input into its conception and implementation. Here, the lower levels of government actually add value into the potential money units of the higher level of government. Their power to do so is a check on and a balance to the power of the higher level of government.

The highest possible level of government controlling the military would be the state/provincial level. Foreign adventures would require the co-operation and consent of these provincial/state governments. If the federal government wanted to wage war with Artesia, to grab their Artesian wells, and 0 or only 1 or 2 of 10 provinces sent troops, then so be it. Either no war, or a small skirmish. But if the Artesians were to invade, it is probable that all 10 provinces would rush troops to repel the marauders. If the military (militia) were controlled by even lower levels of government, there would be an even greater curbing of foreign adventures with no lessening of defensive capability. A foreign power may perhaps seize a country that has no national military. But it can not HOLD that country if that country wages unrelenting defensive guerilla warfare. That is the lesson of Viet Nam.

The federal government would be restricted to the provision of per use and per item services. This would suitably fetter it and prevent it from being a national bully. A bully whose power is too easily usurped by small but focused groups within society and brought to bear first upon this soft societal target, and then upon that soft societal target, so as to keep all of society divided against itself, with power reserved for those small but focused, power tripping special interest groups, which are otherwise known as POLITICAL PARTIES.

ANY government actually providing widespread services, as opposed to just wielding wide spread coercion, if it were to adopt SRI method number 1, would probably see its potential money RE-traded and actually turned into money. (In the depression of the 1930's, a Canadian province tried to issue its own debt-free money. The supreme court of Canada disallowed this attempt, saying that the creation of money belonged only to the federal government. Of course the court was wrong. As we've seen, it takes at least 2 entities to create money: at least 1 one-stepper, and 1 two-stepper. The power to create money belongs to no one entity alone, even if that one entity *is* a federal government. The legal and moral ramifications of this fact are ***ENORMOUS.***)

Now, were a federal government to issue potential money, it would be imperative that 2 things happen: 1) that the amount to be issued be very publicly and very clearly announced, before issue. That way, everyone would know in advance what the effect of that addition of potential money, which would in all likelihood become RE-traded and thereby transformed into real money, would have with respect to inflation. 2) that the government issue the potential money to each and every person in society absolutely equally. This would create a Shared Receipt Inflation event, and would thereby already tax the richer elements of society, as we have recently seen. Debt-free money created through SRI would bring about monetary justice, and there would be no need to unequally distribute the SRI payouts. As the SRI potential money would be distributed by the government on behalf of all citizens, all citizens should receive equal shares of the SRI payout.

One more thing would have to be done to get rid of interest bearing debt-as-money, no matter what kind of debt-free money or monies might come into existence. The fractional reserve system whereby banks create money through the means of loans, as I have described earlier, would have to be ended. To prevent too great a disruption from happening in the financial field, the fractional reserve requirements for any given jurisdiction would have to be gradually adjusted upwards until there was no fractional reserve allowed. Perhaps if SRI events added 5% to the previous money supply per year, fractional reserve requirements could be raised 5% per year. After 20 years, the old debt-as-money would be replaced, and there would be no fractional reserve loaning allowed. A 20 year phase in period would probably be both needed and sufficient to buffer the economy from any shocks that might result from a sudden transformation.

Now, an SRI money would be inflationary in nature, but transparently so, for everyone to see. It would be a money whose inflationary nature would benefit all, and not just those with a monopoly on the creation of potential money. It would be a money for everyone to benefit from, for it would be a money that by its nature would prevent the getting of nothing in exchange for something. It would ensure monetary JUSTICE.

<u>To recap section 39:</u>

- **THE SECOND BEST WAY FOR GOVERNMENT TO SERVE** would be for it to ensure ***EVERYONE*** in society shared in the expansion of the money supply.
- This would be called Shared Receipt Inflation, or SRI.
- Fractional reserves must be abolished. Loans must be of something ***existing!***

40) Alternative proposals for less perfect but still greatly improved debt-free moneys

What I have just proposed, in regards to the government issued debt-free potential money, would, in most countries require constitutional amendments. Personally, I would say: so be it! ***<u>If a country's constitution requires, or even allows interest bearing debt made out of thin air to be used as money, its constitution needs amending!</u>*** But I am not unaware of the maxim that politics is the art of the possible (as well as being, absolutely fundamentally, the struggle for dominance and raw power). I have a suspicion that most federal governments will not take kindly to giving up what they perceive to be their prerogative to "coin money and regulate the value there of." (Even though, as we've seen, it is impossible for any one agency to do so.) And so, it might be necessary to accept, at least initially, situations where federal governments do all of the work in 1) issuing potential money, and 2) **GIVING** the potential money value, and/or 3) forcing value into the potential money.

And so, **THE THIRD BEST WAY FOR GOVERNMENT TO SERVE** is for the federal government to 1) clearly and publicly announce an amount of SRI and then distribute all of the potential money to all citizens equally, 2) GIVE value to the potential money that it had distributed (by accepting it in payment for per use or per item services), **and** 3) FORCE value into the potential money by accepting only it in payment for taxes (sales taxes only). This would be SRI method number 2.

THE FOURTH BEST WAY FOR GOVERNMENT TO SERVE would be for the federal government to clearly and publicly announce an amount of SRI and then distribute all of the potential money to all citizens equally, 2) GIVE value to the potential money that it had distributed (by accepting it in payment for per use or per item services), and 3) keep the old fashioned, bloated, bureaucratic, inefficient, intrusive, unfair and unjust tax apparatus in place, as before, **but** declare the new debt-free potential money to be the only thing acceptable as payment for taxes, thus forcing value into the potential money. The federal government would go on taxing incomes, expenditures, purchases, sales, births, deaths, heating, cooling, sickness, health, travel, inertness, etc., as before, as the traffic would bear (as the tax payers would put up with!) This would be SRI method number 3.

Note: ALL these SRI methods would, of course, also require the gradual elimination of fractional reserve loaning by banks, as mentioned in the last section, to get rid of all the unsound money in the financial system.

To recap section 40:

- **THE THIRD AND FOURTH BEST WAYS FOR GOVERNMENTS TO SERVE** are given in section 40.

41) Some considerations

One may note the act, found in the two least favorable methods of implementing SRI, of forcing value into the potential money. This is the old tally stick maneuver, but with a twist. IF the government is otherwise democratic and accountable to the whole population of the country in question, and IF it has distributed the potential money to each and every citizens absolutely equally, and IF it forces value into the potential money in an effort to bring about <u>real, sound</u> money, then such forcing would be, at least initially, acceptable. Similar acceptability would also apply to the LST tax notes mentioned in section 38.

In none of the above methods is there any condoning of "legal tender." Making something legal tender is a way for the government to use legal means (ultimately resting on its power to bully) to force people to use, as money, things, like interest bearing debt made out of thin air, that should never be used as money.

SRI would, of course, be inflationary. But because of the shared benefit of SRI, when the inflationary SRI based money dies, it would not create an economic injustice for anyone. This is the third acceptable way for money to die, as hinted at in section 15.

If SRI were used consistently, there would be, after a while, large absolute numbers of money units in existence within any society. Prices might involve large numbers. Instead of the price of a banana being a few cents, it might be a few dollars. When the numbers got cumbersome, all that would have to be done is to issue, probably at the time of an SRI event, new money to replace all old bills on say, a 1 for 10 basis. E.G. everybody gets 1 new unit for 10 old units, and the old units get retired. All prices go to 1/10th of what they were before, and the process starts again. With smaller, more convenient numbers being used for the prices of things.

This trading in of many old units of small individual value for 1 new unit of greater individual value has already been done in various countries, for various reasons. To do so to make convenient the numbers involved when purchasing things with debt-free money would be a very good reason.

Once SRI events had completely replaced debt-as-money in a given country, further SRI events would probably be only infrequently, if it all, required.

<u>To recap section 41:</u>

- "Legal tender" laws are ways of forcing the use of unsound moneys.

42) Getting the ball rolling

Remember that there was a scale of the probability of RE-trading that applied to the chances of any particular potential money actually being RE-traded and turned into real money. There is also a scale of probability of a societal unit's actually bringing sound money into existence. It is probable that the more "official" the societal unit, the less likely it is that that unit will implement sound money. It is probable that those people who see the value in sound money will have a harder time getting the more "official" societal units, i.e. governments, to issue sound potential money units. At least, to begin with.

As I've said before, it would probably take constitutional amendments to bring in the "division of powers" style of sound money system. (Interestingly enough, just "letting" sound money happen, the VERY BEST WAY for government to serve, could probably be done without constitutional change in most countries. Any constitutional blurbs about monopolies on the creation of money could *and should* be ruled by the courts to be void for impossibility.) Therefore, realistically, this system probably wouldn't come into existence until whole populations receive enough education in the ins and outs of sound money. Enough education to make the majority of the population absolutely DEMAND such sound money.

Similarly, other sound money systems involving federal government initiatives are probably not going to come into existence without much effort and public education. Enough education to make the majority of the population absolutely DEMAND such debt-free money.

If the feds won't do it, perhaps the states/provinces will. Perhaps with oil notes. (Pay attention, Alberta!) Around seventy years ago, a Canadian provincial government made an attempt to create sound money. Not a very good attempt, not a successful one, but an attempt, nevertheless. This at least shows that a smaller unit of government can be persuaded of the need for sound money. Perhaps if all the people that understand the necessity of sound money were to concentrate on the education of just one state or province, that state or province would be successful. Once a successful model was in existence as a showcase, the education of the rest would be easier.

If the feds won't, and the states/provinces won't, then perhaps a local government or a corporation could be persuaded, perhaps by a powerful, well-meaning consumer's union. A union of shoppers loyal to a large chain could boycott the chain until it brought out patronage notes. A union of voters could, through some non-violent means, force governments, of local and wider jurisdiction, to issue tax notes, or oil notes, for example. Once a successful model was in existence as a showcase, the education of the rest of the societal units would be easier.

If the feds won't, and the states/provinces won't, and no corporation will, then perhaps a union will, a union of energy workers, a union of farmers, etc.

All it would take would be for the union of one fairly large energy company to demand at least a portion of workers' pay to be paid in bills redeemable in units of the company's energy product, to demonstrate that a sound money can work. Then other workers for other companies could be brought on board the sound money train. Once a successful model was in existence as a showcase, the education of the rest of the societal units would be easier.

Similarly, all it would take would be for one segment of the agricultural world in one political jurisdiction to put such a system into place to demonstrate that a sound money can work. If all the chicken farmers in Rhode Island, for instance, created notes redeemable in eggs, equal to ½ of the total eggs produced and marketed in R.I., I'm sure these notes would be RE-traded and would become money. When the farmers saw that this would work, they could move on to creating notes equal to the total egg production. Then other farmers producing other kinds of food could be brought on board the sound money train. Once a successful model was in existence as a showcase, the education of the rest of the societal units would be easier.

If the feds won't, the states/provinces won't, corporations won't, and unions won't, then perhaps groups will. A local group seeking sustainability, an environmental group, or an anti-globalization group (the interest bearing debt made out of thin air used as money system is probably ***<u>the</u>*** key instrument in globalization!) may set up a sound money system. A church group, seeking to live within the parameters of justice, just might want to set up such a system. As in society as a whole, it is more probable that a debt-free money system would be set up by a smaller denomination than by a larger denomination. Larger groups simply have more organizational inertia and "bureaucratic blues" than do smaller ones. (The definition of a bureaucracy is an organization comprised of people who believe that the only way to do things is the way in which they have always been done.) Perhaps some small sect trying to follow the teachings of Joseph Smith, trying to make a "United Order" work, will set up a sound money system if some of their members read this book. Once a successful model was in existence as a showcase, the education of the rest of the societal units would be easier.

Now, if the feds won't, the states/provinces won't, corporations won't, unions won't, and groups won't, (phew!) then perhaps a substantial individual who provides lots of services or controls a lot of commodities, will. Is that you? Or maybe enough like-minded individuals, passionate about bringing about sound money, will form a group that will. And, guess what?! Once a successful model was in existence as a showcase, the education of the rest of the societal units would be easier! And guess what?! The smaller and less official the societal units that begin to bring about sound money, the more pure will be their **Declarations of Monetary Independence!**

<u>To recap section 42:</u>

- The success of small groups in setting up sound money systems will lead to success on greater scales.

43) *The **ENVIRONMENTAL** consideration*

Debt-free money would **end the** economic **need for non-stop growth** in the world. When I was a teenager, the population of the United States was approximately 200,000,000. Americans had licked the production problem: there was plenty of food, televisions galore, cars, leisure time and great technical expertise. Americans had even walked on the moon! But many individual Americans were personally in need, financially. Everyone said that what was needed was GROWTH. The economy needed to GROW. Now, there are approximately 300,000,000 Americans. The United States has the internet, even more food products, satellite television, even more cars, but many individual Americans are still personally in need, financially. And now, most Americans have less leisure time than before. Has the growth of the U.S. from 200 to 300 million people really made most people richer?

Why did the country need to grow in population? What about the ***ECOLOGICAL IMPACT*** of the world's largest consumer group growing by 50%? Doesn't that mean more garbage, more traffic, more worn out tires thrown away, more oil burned, more effluence, more houses built on pilings driven into the hills near San Diego, more water shortages and less recreational space for everyone? And yet, the population of the United States is forecast to go to over 500,000,000 by 2050, with immigration contributing the largest portion of the increase. As the woman said about crummy eating habits, "Stop the insanity!"

When I was a young boy, the city that I grew up near in Alberta, Canada, was about 30,000 in population. One year, it grew by a whopping THREE people and the city fathers were beside themselves. They thought that this low rate of growth was a disaster: it was the end of the world! But even then, I wondered why the city should grow. I thought that the city was nice the way it was. And the way I do math, a bigger population meant that anything you wanted to think about would have to be shared by more people, meaning less for everyone. After all, the bigger the divisor, the smaller the dividend!

I know there must be a large enough pool of workers to facilitate the division of labor, so necessary for the production of a myriad of products, services, and advances. However, the production problem was solved long ago. Indeed, over a hundred years ago, in the United States, 1/10 of the population could quit producing, in order to fight a civil war. The remainder of the population not only produced enough to continue running the country, but also cranked out the material with which the soldiers blew each other to bits. And this was when the population of the United States was less than 50,000,000!

From an ***ECOLOGICAL POINT OF VIEW***, the fewer the number of people per square unit of land, the better. Period. So why do the governments of the developed world think that the population of their countries need to keep growing?

It's because of the interest bearing debt made out of thin air being used as money system in place in those countries. If the only way that money can come into existence is by being borrowed into existence with a debt attached, once all the people in a given country have borrowed all they can, there must be more borrowers brought in. There must always be more consumers of food, toys, lumber, jewelry for genital piercings, carpets, health care, cars, legal services, etc., who finance their consumption with money borrowed into existence. The interest bearing debt made out of thin air used as money system is a ponzi-pyramid scheme, requiring ever more suckers.

But the human population of the world, at six billion, can not keep growing forever! It seems that any human population is destructive to the natural environment. After all, even Stone Age people hunted using such methods as setting fire to habitats and then eating the crispy critters left in the inferno's wake. As the population of North America grew from 0 to 60,000,000, the bison population dropped from 60,000,000 to almost 0. And it has been a long time since the human population of North America was only 60,000,000!

Despite the best efforts of environmentalists, there will not be many wild elephants in Africa if the human population of that continent doubles or triples. India's human population has quadrupled in my lifetime and I would venture to guess that there are fewer wild tigers there now than when I was born.

At some point, the optimum (for humans!) human population level of the earth is reached. At some point beyond that, the earth's human population will reach the carrying capacity of the planet.

Beyond that point lies disaster, as the environment is damaged so as to actually reduce the carrying capacity of the globe.

If we have not yet reached the optimum level, we can not be far off. When we reach it, it will be desirable to have population numbers level off. Only a sound money money system can provide money for a stable, non-growth population, because sound money doesn't require, just for there to be any money in existence at all, ever more people borrowing money into existence.

If we have already passed the optimum level of population, then it is imperative that human numbers be quickly reduced. Humans must not exceed the carrying capacity of the planet, and foul its environment to the point where only a fraction of the normal optimum level of population could survive. Only a sound money money system could provide a money supply in a scenario involving decreasing populations, because debt-free money doesn't require, just for there to be any money in existence at all, ever more people borrowing money into existence.

If we have already exceeded the carrying capacity of the planet, (and it would seem that we have, given that there are many national governments sharing concerns about environmental issues like global warming, said to be caused by the burning of hydro-carbons), then the population of the world will certainly be substantially reduced, by way of natural disaster. Only a sound money money system could provide a money supply in a scenario of rapidly decreasing populations, because sound money doesn't require, just for there to be any money in existence at all, ever more people borrowing money into existence.

Thinking g*lobally,* it makes ***NO ENVIRONMENTAL SENSE*** for the developed countries, already heavily populated, and in most cases over-crowded, to bring in people from the less developed world. Each such person brought in will do more environmental damage, in *the global sense,* in his or her new country than he or she would have in his or her old country.

For example, Canada committed, in 2002, to reducing, by the year 2012, the emissions from burning hydrocarbons to 6% less than those emitted in 1990. There was no commitment to similarly reduce Canada's population to 6% less than that of 1990. Or even to reduce immigration to 6% less than the 1990 rate of approximately 250,000 immigrants per year. Bear in mind that each new immigrant to Canada from a lesser developed, but warmer country, will burn more hydro-carbons in Canada, just to keep from freezing to death in the winter, than he or she would have in his or her original country. (And let's face it- Canada is not in the tropics, so most of her immigrants come from countries warmer than she.)

No one in the developed world can be all of the 3 following things, at the same time: 1) seriously concerned about the environment, 2) pro-immigration, and 3) rational.

Only a sound money money system could provide a supply of money for Canada were she to stabilize, and then reduce her population so as to be

ECOLOGICALLY RESPONSIBLE. Of course, the same thing goes for other countries, as well.

So the last humungous benefit of sound money that I speak about is the facilitation of the leveling off and reduction of human population without incurring economical penalties brought about by the lack of sufficient purchasing power within societies.

Monetary JUSTICE and ecological repair. These are the promises of sound money.

Monetary INjustice and ecological disaster. These are the specters of rip-off money.

The choice is yours.

To recap section 43:

- A money system based on debt from thin air *absolutely requires* more consumers, more consumption, more *growth*, because only growth can provide more *borrowers*.
- While there is no theoretical limit to the growth of debt, the environment's capacity to sustain continued growth is *not* limited.
- A money system based on debt from thin air is *absolutely incompatible* with **environmental responsibility.**

*In the section “Thinking about money” I said that “almost anything” could be made into money. In theory, it is possible to trade anything, so it should be possible to make absolutely anything into money. But in reality, I’m sure that there are some things that no one would be able to trade to anyone for anything. For there to be money there must be things traded, as we have seen. I’ll just say “almost anything” could be made into money, for I’m sure that “almost everything” has been traded or could be traded at one time or another.

*I said that making a series of trades possible, and being a tool of rip-off artists, are the only uses there are for the phenomenon of money. Let’s examine the other uses that are posited for money.

Some people believe that money acts as store of value. In other words, instead of accumulating and holding value in, for instance, real estate, livestock, a stock of goods, equipment, or raw materials, it is believed that value can be stored in “money.” This is only true for a brief period of time for any kind of money. This is because money can only be a store of value so long as it is RE-tradeable. As we’ve seen, all money eventually dies. When it dies, it is of no value and therefore can no longer be a store of value. If you have something that is RE-tradeable, and wish to store value, it is best for you to RE-trade that money for an asset that will produce income for you.

Similarly, because all money eventually dies, money doesn't make a good unit of account, in the long run.

Some people believe that money can act as a measurement of value. They may say that if something costs $10 then that something is obviously of more value than something that costs $5. But because what people are willing to give up and exchange for any given item or service is both personally and situationally variable, money can not be a measurement of value. I would not pay $50 to have someone punch a hole in my tongue and insert some cheap jewelry into where part of me used to be. But some people would. Would you spend $50 for a gallon of water? Many would not. But what about those dying of thirst in the desert?! The examples I've given show that money can not be a measurement of value.

*Other than taxing by implementing the special kind of inflationary tax that would be occasioned by Shared Receipt Inflation, governments should tax only sales.

A "sales tax only" tax regime would be the fairest way to force value into SRI produced potential money. Fairest, because everybody buys things, and so a sales tax is the only tax that is universally non-avoidable. This makes it democratic in the sense that this tax applies to all. Fairest, because a sales tax is, almost paradoxically, also avoidable by all, in the sense that if one wishes to pay less taxes, one needs simply to buy less.

Unavoidable sales taxes means that if the sales tax was 10%, for example, those nasty rich people who buy a $100,000 car would pay $10,000 in taxes, while those nice poor people who buy a $10,000 car would pay only $1,000 in taxes. Hallelujah! The rich pay more taxes; and so the communists, who seek not equal opportunity, but the punishment of the productive, are content!

Avoidable sales taxes mean that should those nice rich people not wish to support governmental follies fomented by the unwashed masses, they can simply buy the $10,000 car and pay $1,000 in taxes rather than paying $10,000 in taxes by buying the $100,000 car.

So called "income taxes" are absolutely unjust. As we've seen, all anyone can really ever buy is energy and/or matter, and all one can really ever pay for these is one's own energy and/or matter. So, in getting things, all one can ever do is to *trade* one's own energy and/or matter; energy and/or matter that *one already has*. For any seeming income, there is an equivalent outgo, an equal expenditure. *Trading* means to exchange things of equal value, for in *trade,* each side of the transaction pays precisely for the other. There is no *income* involved in trade. This can be seen in the story of Joey and Shirley and the banana and the apple.

Consider William Gates. He has earned some tens of billions of dollars. Even this huge amount is but testament to the fact that the value of the energy that he expended in amassing this fortune is equal to that amount of money. This money others *traded* to him, *in precise exchange*, for his services in providing computer software that they, in their *millions*, wanted. Gates has *billions* because he has served *millions*. If you are jealous of Gate's (or any other person's) purchasing power, you are, in actuality (in as much as their purchasing power is not stolen) jealous of the value of their earning power, i.e., the value of their *energy*. I, for one, have come to terms with the possibility (probability?) that Gate's energy is of higher value than mine. The race is still on, but he *has* lapped me a time or two!

After a person has received the *income* of the matter and energy one receives from one's caregivers, sufficient to raise one from a zygote to adulthood, there is (except from thievery) no income, save that from the sun, whose output profits us all. So, unless the government wishes to tax us on the income of sustenance we have received from our infancy's caregivers, or upon other gifts, there is no income upon which to tax anyone.

<u>To recap section 44:</u>

- Only sales taxes are defensible.
- Except for theft, or the receiving of gifts, there is *no* income.

45) The recap of the whole shootin' match

Unsound money- money that hurts people financially by its very existence, or in its dying- is the number one social injustice in the world today.

The use of unsound money, especially the use, as money, of interest bearing debt made out of thin air, steals purchasing power from all who are forced to use it, and is the cause of money shortages, for individuals, organizations, and whole societies.

Money shortages cause money to become unnaturally important to people, to become almighty. Lack of that which is in *ARTIFICIAL* short supply is the cause of cut-throat competition.

The scarce money scam- the artificial short supply of purchasing power, caused by the use, as money, of interest bearing debt made out of thin air, puts tremendous pressure on the environment, as people are forced to rape mother earth in order to get money any way they can.

The use, as money, of interest bearing debt made out of thin air, creates a demand for *unsustainable growth,* because the only way for there to be anywhere near enough money at all, under that system, is for there to be ever more borrowers of debt-as-money, from ever more centralized lenders. **Good-bye, permaculture! Hello, globalization!**

The forced use of unsound money leads to the non-monetization of goods and services in society. This *IS* the scarce money scam.

Produce (goods or services) must be monetized (turned into money, that is, RE-tradable purchasing power) in order for their producers to receive compensating purchasing power equivalent to their contribution. (When something is produced, if it is not to be simply bartered, money must be produced with which to buy the produce.) This compensation, when spent into society as the producers purchase the produce or service of yet others, allows the others to get the money to purchase the first producer's produce. This process enriches *all* in society and constitutes what amounts to real sharing of production. The absence of this process leads to a shortage of money in society, and the ability of only some to purchase sufficient produce for their needs.

The workable, sustainable, just, alternative to both cut-throat competition and communism, is the use of sound money to facilitate trade among those (most adults on the planet) who honestly produce goods and/or services.

Sound money is money, the creation, existence, and disappearance of which harms no one. It either **just happens**, or can be encouraged to happen by the use of simple, invented systems that are well within the capacity of all to understand, and even set up, independent of any "authorities."

This current work fully explains the scarce money problem, and offers several alternatives that would enable people, individually and collectively, to assert their _natural born human rights_ to both 1) **monetary independence** (the freedom to choose which money to use)**,** and 2) **the freedom from being forced to use rip-off money.**

To recap section 45:

• You want a recap of the *recap*? Why, I oughta… this is…

THE END!

To stay abreast of the fight against Mega$cam, please visit www.megascam.com

Please encourage others to visit, also.

Thank you, Jimm

About the author

The author has been, at various times in his life, a farmer, a small business owner, an airline captain, and an investor.

He enjoys thinking about what really is the truth about money, liberty, economics and the "way of the world."

He loves fooling around with indentations, shoots relatively high clay pigeon scores with a shotgun and really high scores with golf clubs.

So there!

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