PART 3

The Two Systems Compared - Title

Review   Part 1 Examine Problem   Part 2 Propose Solution

today... Money as Debt payable in money

proposed... Money as Credit for actual goods and services from a specific Supplier

Now we will review what we've presented in Parts 1 and 2 of this movie. In doing so, we will be comparing today's system based on promises of payment *in money* with our proposed system based on promises of payment *in real production*.

Borrower's PROMISE of MONEY   Bank's PROMISE of MONEY

LOAN AGREEMENT   The Borrower owes the Bank P+I over time   Joe Borrower

BANK ACCOUNT   The Bank owes the Borrower P on demand

In the current system, money comes into existence when it's borrowed from a *bank.*

The bank charges interest on top of principal but the money to pay this interest is *not created*.

Create   Principal   Extinguish   Interest Recycles

CREDIT   created by a BANK   PRINCIPAL   ...is spent and circulates...

... is obtained by a secondary lender...   ... and is lent again.

Therefore, as we've demonstrated in Part 1, the bank must spend 100% of the money it takes in as interest and this money must not be lent a second time. Otherwise, the debt becomes *perpetual.*

When paid back as a Principal Payment to the BANK the Credit is extinguished

BUT... The secondary DEBT REMAINS   Promise of MONEY   is used as MONEY

Perpetual debt can never be eliminated or even reduced without causing a default.

In this system, credit, that is the *promise* of repayment in money, is used *as money.* By using the *promises* of money as money*,* the distinction between money and credit has been lost.

The Banker says... If IOU what UO me then U have MONEY that UO me!

Yes... even explained many times, it still sounds like some upside down logic from Alice in Wonderland.

BANK PROMISE to pay   PROMISES TO PAY BANK PROMISES

BETS made with PROMISES   BETS on PROMISES defaulting

But it's even *worse*. Banks can issue *new* promises to pay money based on having *existing* promises to pay money...or on bets that someone will or won't pay... or on corporate equities... so that an enormous inverted pyramid of debts and bets can be based on a few debts at the bottom, like the most fabulous house of cards, all made out of "unfunded liabilities".

Debts & Bets   Unfunded Liabilities   BAILOUT   blank check Taxpayers   DEBT

This *unfunded liability* money can fail dramatically, whenever a large amount of debt is defaulted on, bringing the whole financial house of cards tumbling down... unless the government steps in and puts the *taxpayer* in debt, that is the government creates *more* unfunded liabilities, to the tune of trillions, to replace all this so-called money that was *never anything but promises to repay something the banks never had in the first place!*

We'll Save You the Taxpayers

WE did indecently well It's not just about the money you know

Nothing substantial is done to reform this perverse system because those in control make out like bandits, raking in huge personal gains.

Crisis! Crisis! we need MORE control! We want it ALL!

ECONOMY HEAD Driving Instructor TAXPAYER DEBT

Worse still, for us all, the crisis is used as an excuse to further consolidate the bandits' control of the money system. The very people whose wild irresponsibility and/or deliberate criminal intent, those same people who *caused the problems*, are given even *more* power, and even *more* of our money.

workin' Joe Cascading Defaults! DEBT TSUNAMI CIRCLES WORLD

We need an even MORE INTERDEPENDENT DEBT-MONEY SYSTEM

say International Bankers We're doing God's work here! OUCH!

So it will all happen *again and again*. Without an alternative, we'll be helpless.
We'll have our happiness shattered, our freedoms stolen and our creativity wasted by greedy scoundrels who produce nothing but the illusion that *they* have the power to create money.

LOAN AGREEMENT The Borrower owes the Bank P+I over time Joe Borrower

BANK ACCOUNT The Bank owes the Borrower P on demand

But, in reality, they *don't*. Why? For the simple, logical, and should-be-obvious *reason* that if there was *nothing of value* to buy with their money, their money would have *no value.*

Money Debt has NO inherent value

The only ones who have *the actual power to create the VALUE of money* are those with *the power to create REAL VALUE* in the form of *real goods and services.*

Current System: The VALUE of MONEY is CREATED by "THE BORROWERS"

BANK BORROWER bank credit

The ones who create real value in the current money system are called **borrowers**. And they must repay their borrowing in so-called money. But, for the most part, this so-called money *isn't money at all*. It's bank credit, a form of debt that can *only* be created by banks, the supply of which is thus limited and controlled by banks.

Self-Issued Credit System The VALUE of MONEY and the MONEY ITSELF is CREATED by "THE ISSUER" Promise of specific goods and/or services +

In complete contrast, the self-issued credit system creates "money" as a promise of delivery of the goods and or services of an ***Issuer*** not a borrower. As such, it's 'real money', or "hard money" a positive quantity, not a negative quantity like the *debt* of money.

Credit = Demand + Trust   The Issuer can only owe what the Issuer promised to provide

It can be created by anyone who can back it up with real goods and services in demand. And it is payable *only* in goods and services. This ensures that the promise can *only* be collected on by *hiring or purchasing from* the Issuer who made the promise.

Interest is also paid in goods or services ONLY

Accepting an Issuer's credit over time would be materially rewarded as in the current system, but this material reward, whether regarded as interest or dividend, would be payable in products or services ONLY, NOT *in money.*

Interest is NOT owed in MONEY   Principal + Interest

Therefore, the arithmetic problem created by conventional money interest, that is to say, being compelled to pay back *more money than was created,* would no longer form the *basis* of the money system.

bought with ANY OTHER credit   bought with the Issuer's Credit

Issuers would pay this interest or dividend to their customers by redeeming their own mature credit in product at *a higher value than any other.* This would create the motivation for the Issuers' credit to flow back to the Issuer at the maturity date, just when the Issuer planned that it would.

spend   circulate   redeem   VALUE   extra product   TIME   maturity date

savers   spenders   Product Credits   mature credit   new credit

By means of a *free market*, purchasers would trade the various Issuer credits in their possession, for the mature Issuer credit *of their choice.*

10% off 'regular' price

They would then reap the benefits of a *lower price* when they purchase the products or services of that Issuer. Exchanging for maximum value credit would happen constantly at the wholesale level where getting the absolute best deal possible would be a competitive imperative.

That's an IMPERATIVE   MINUS 10%

Individuals would almost certainly do the same when making *large purchases* directly from an Issuer, as the savings would be well worth the effort.

5% money   95% Promises of money   P   P+I

Unlike the current system, which is technically bankrupt at all times, this proposed system *eliminates* conventional bankruptcy for the Issuers of credit.

Issuer's Assets at risk ONLY if production fails to meet demand   1.0

In this proposed system, poor Issuer business simply means *below par credit*. Profitable

Issuer business means *above par credit*.

Value x Quantity = Demand

In either case, the required action is to ***match spending with demand.*** And, if this is not done deliberately, the system's arithmetic does it automatically. There's no escape.

FIXED PAYMENTS SALES TARGET Calendar LOAN

However, *unlike the rigid payment schedules in the current system*, there would *never* be any pressure to sell a minimum amount of products or services within a certain time to satisfy the *fixed conditions of a bank loan*.

All Credits must be Voluntarily Accepted

And should an Issuer's credit lose some or all of its value, the loss is immediately socialized via flow amongst those who voluntarily accepted that Issuer's credit.

? FLOW can distribute LOSSES through transactions Devaluing Credit

SPEND ME FIRST brief ownership small loss

Losses do NOT turn into perpetual debt They are absorbed immediately

How? Simple. Flow works just as well in *distributing losses* as it does in facilitating trade. Devaluing credit could be a "hot potato" set up by the software to be spent first in every transaction. Flow could, therefore, spread imperceptibly small losses amongst a very large number of people, harming no one.

BLANK CHECK Taxpayers Unfunded Liabilities That's MY future

It would be straightforward. It would *not* threaten the collapse of any bank and the loss of depositor's savings. Nor would it require government intervention, with taxpayer-funded bailouts laying astronomical debts upon future generations.

Your losses and debts are YOUR responsibility

We will have enough challenges of our own!

Quite the contrary, the unavoidable loss of value would be taken care of immediately by an organic, somewhat random and *entirely voluntary* process.

Where's the justice in that? Food, clothes, house, car, communications

Where's the justice in that? There's justice in this arrangement because producers are trying to supply us with what we need and want.

Obviously! Also obvious You can't have one without the other

Consumers would have nothing to consume without producers, and producers would have no one to produce for without consumers. So, in reality, consumers and producers are indispensable partners for each other.

Calendar LOAN Online Currency Trader

Farming is such a gamble. Why not just gamble? Amen

So why should the producers take ALL the risk, and the consumers take none?

If we think of farmers the concept should be *clear*. If they don't grow food, we don't eat.

That’s a *fact* that today’s spoiled consumers should reflect on before every meal.
So, given our *total collective dependence* on farmers, why should farmers have to *enslave themselves to banks* in order to feed *us*? Where’s the justice in *that*?

FEEDU Farmers’ Union   FEED US

In a self-issued credit system, farmers could form cooperatives to support each other and issue a common credit currency themselves as claims against their harvest.
All those who eat would accept their money and become shareholders in these harvests.
Thus an engaged and mutually supportive social arrangement would be created.

SHOPPING

Without shoemakers we’d have no shoes. Without automakers no cars. I’m sure you get the picture. Regardless of our race, politics or religious beliefs we’re all dependent on the same basic necessities of life.

All money is created as Promises of Production

In a self-issued credit system, holding an Issuer’s credit would be a form of *shareholding* in the Issuer. So, to that extent, *everyone would be a shareholder* in a variety of enterprises at all times.

PRODUCTION may fail   DEMAND may fail   ..it happens

OUT-OF-BUSINESS SALE   BUSINESS PLAN   Real Fake Gold Toilet Co.

To hold shares is to share risk. This would sometimes lead to losses of value, since losses can’t be avoided *in any system*. But in this proposed new system, they would be *immediate losses*, they would not turn into perpetual and unpayable *fantasy debts* dumped onto *future generations*.

Common Cause -Title

ISSUER   We’re ALL in the SAME boat   We all fare as the Issuer fares

If widely adopted, self-issued credit could transform society in many positive ways. Issuers, their employees, and the non-Issuer economy in which the employees spend their pay would all have a common interest in maintaining the value of their local Issuers’ credit.

Our pay is in Issuer Credit   AS IF it IS at par

So our REAL pay depends on that meter

This would be particularly true, because to stay within their business plans, Issuers would have to value their *own* credit at *par* when they pay their employees, regardless of the actual market value of their credit.

The pay cut is AUTOMATIC   as soon as you spend your pay

If the Issuer was spending more than it was earning, the market value of its credit would sink below par, and the Issuer’s employees would find the real purchasing power of their pay reduced proportionately.

EVERYBODY is affected equally   SUPPORT our   Parity is our Priority   BUY LOCAL

This cut in pay would *also* apply to the Issuer's executives and shareholders, as well as everyone else, near and far, that was holding that Issuer's credit.

BAD MANAGERS

This would result in more public engagement with, scrutiny of, and pressure upon corporate decision makers.

Self-Reliance - Title

BIG BANK #1   VALUE = Real Things IN DEMAND   Money = VALUE

In this proposed new system, the *fundamental change in paradigm* is that *money comes from within*, not without. Any community with the resources and resourcefulness to create *value*, could create its own Issuer "money" to represent that value.

Those Real Things are YOURS NOT the bank's   YOU CREATE your own money

No disapproval from a bank or government, no "shortage of money", no banking crisis, near or far, need stand in the way.

if YOUR Earning = Spending   Value =1.0 unit

And, as an Issuer, if you can maintain *your balance-of-trade,* then your credit is *at par*.

THEIR CREDIT   NOT YOURS

The actions of others, even reckless governments, can have no direct effect on the value of your self-issued, self-maintained and self-reliant credit.

Voluntary Acceptance - Title

Private credit is NOT legal tender   Private credit binds only its Issuer

A basic rule of this new system is this:

Unless an Issuer's credit has been *voluntarily accepted*, it is *rejected.* Very simple. No private credit money can ever be *forced* upon us.

Nation   Province   City   SPEND = TAX

However, if the self-issued credit system were fully adopted, governments at all levels would be among the largest issuers of credit, that credit being payable for taxes.

Government Credit   Issue   Peak Value   Expiry

Like other Issuers, government would honor its *own* credit at a higher value than any other so that it would be naturally *advantageous* to acquire government credit to pay taxes. There would be no need to make it mandatory to acquire government credits.

Governments are MORE than just businesses

Unlike private Issuers, government would still have the *exceptional powers* of a ruling authority.

Governments can FORCE payment for their services

For instance, government would still be able to *compel* its customers to pay for its services, without them being priced or even *accepted* in a competitive market.

Legal Tender   by authority of the State accepted for payment of taxes

As well, government would very likely continue to have a *monopoly on issuing physical cash* as part of its credit issue.

If legal tender was offered, the court considers the debt discharged.

Most people of the world don't have a bank account or a computer

Legal tender status would have to be retained for this physical cash, to ensure that those existing on cash, outside the digital world, could pay their debts with it.

These are the exceptional powers that are reasonable to allow a duly-constituted government to have. And it's unrealistic to expect government to ever surrender them.

In ANY system Money's VALUE is always determined by the PRICES of real things

Outside of government, private enterprise Issuer credit would be as competitive as the goods and services it represents. Its value would be established by the *pricing of real goods and services*, as value always ultimately is. And... its parity with the universal unit would be indicative of the Issuer's success in matching spending to demand.

1.0   Issuer's History   Issuer XYZ's Credit NOT ACCEPTED

The evidence would be plain for all to see in the Issuer's credit record.

XYZ BOYCOTT SPREADING   More stores are refusing OUR MONEY!!!

People don't like what XYZ is doing   Do we?

Voluntary acceptance of Issuer credits would also make it possible to *boycott* an Issuer's credit as well as its *products*. This would make credit boycotts an additional non-violent tactic of social struggle.

Natural Networks - Title

Multiple Unique Interconnected Networks   Sharing a Common Unit of Value

1.00 Value Unit   BIG BROTHER IS WATCHING YOU   ?

Using a single common money unit does not make such a system a monopoly. Why?

MONEY is NOT a limited quantity from one source

Because this is not money as a single uniform commodity.

It is "MONEY" as the measurement unit of value

It is money as a *measurement unit* of value.

"MONEY" is NOT a limited quantity of uniform currency supplied by banks & government

It is "MONEY" as promises of real things expressed in a common measurement unit

Instead of a *limited supply* of dollars from a monopolistic source like banks or government, there would be an *indeterminate supply* of product credits *expressed in* *dollars*.

SELF-ISSUED credits   from VARIOUS Issuers

with NO POWER to COMPEL acceptance

INTERNATIONAL MONOPOLY MONEY FUND   NEW bank credit money

This proposed new system is designed on the *absence of any central control* like that of a gold reserve or a central debt dictatorship such as the International Monetary Fund and the World Bank are now calling for.

SLAVE   Comes with a FREE tattoo

It would, in total contrast, be a spontaneous network of networks, a living multitude of interwoven systems, like Nature itself. As all relations would be voluntary, such a system would grow just as the social networking systems like Facebook and Twitter have grown, organically, and under no one's control. All such networks could be as locally-limited or globe-spanning as the participants require.

The Self-Sufficiency Project   Membership required

For major industries and governments, credit acceptance could be very general, amounting to a de facto de-centralized global currency arising naturally and spontaneously from real productivity.

Calendar   LOAN   P P+I

If I owe you what you owe me then you have money that owe me (with interest)

The Bank for International Settlemnts (BIS) Basel Switzerland

Compare that with what we have now: an unstable, unredeemable currency created by various acts of outright fraud, imposed by the top down machinations of an invisible and unaccountable banking élite and their paid-for agents in government.

EDUCATION & MEDIA   ?   TREADMILL of PERPETUAL DEBT   Unbearable Debts

Income Inequality   Accelerating Destruction of Our Life Support Systems

These guys control billions of people through debt, because our minds are mired in the false belief that *bankers have money*. Is it not time we the people woke up and *made better choices?*

COMMUNISM

Money plays the largest part in determining the course of history

- *Karl Marx,* Communist Manifesto 1848

COMMUNISM

5th Plank :

"Centralization of credit in the hands of the State, by means of a national bank with State capital and an exclusive monopoly."

~ Karl Marx, Communist Manifesto 1848

CAPITALISM

from Tragedy & Hope 1966 pg 324 by Professor Carrol Quigley (1910-1977)

• Professor of History at Georgetown University
• member of the Council on Foreign Relations (CFR)
• mentor to Bill Clinton

The powers of financial capitalism had another far-reaching aim, nothing less than to create a world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole.
This system was to be controlled in a feudalist fashion by the central banks of the world acting in concert, by secret agreements arrived at in frequent meetings and conferences.

The apex of the systems was to be the Bank for International Settlements in Basel, Switzerland, a private bank owned and controlled by the world's central banks, which were themselves private corporations.

Each central bank...sought to dominate its government by its ability to control Treasury loans, to manipulate foreign exchanges, to influence the level of economic activity in the country,

and to influence cooperative politicians by subsequent economic rewards in the business world.