

The True Cause of our Financial Crisis

Introduction and Summary

The global financial crisis began 5 years ago and despite a recovery in the share market, the real economy remains fragile with our financial problems no closer to being resolved. Europe is still sinking into an ocean of debt with no end in sight. America continues to live beyond its means and is on the brink of its own financial abyss. In fact, governments worldwide are all moving closer to bankruptcy with New Zealand not immune. Debt levels and the number of unemployed are still rising as the amount consumers have to spend shrinks. Businesses continue to falter as global growth trends downward. This is in spite of the record low interest rates, countless bailouts and trillions of dollars being added to the global financial system via 'quantitative easing'. Worst of all, no one seems to know, or is at least willing to admit the true cause of our problems.

Sadly, our problems will continue to get worse until our politicians and business leaders stop turning for help to the people who caused the problems in the first place. The very people who have a vested interest in maintaining the banking and financial system as it is. A broken system designed to benefit the privileged few while enslaving the masses in an ever increasing burden of debt and interest payments. Is it any coincidence, every fix in response to each new 'crisis' only increases the influence, power and control the banking system has over our lives? Every 'solution' burdening the taxpayer with more debt, while the banks themselves are bailed out.

And what have we received in return for these massive bailouts? The banks continue to make huge profits at our expense, while scandal after scandal highlights their dishonest, greedy and fraudulent activities. The LIBOR rates debacle confirmed they can't even be trusted to provide a public service! The whole banking system is rotten to the core or as Paul Tucker, the deputy governor of the Bank of England said a "cesspit".

This is not surprising, since we are told that "The powers of financial capitalism had a far-reaching plan, 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 system 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." (Carroll Quigley, Professor, Georgetown University 'Tragedy and Hope', 1966)

"...we have in this country one of the most corrupt institutions the world has ever known. I refer to the Federal Reserve Board and the Federal Reserve Banks...Some people think the Federal Reserve banks are United States Government institutions. They are not Government institutions. They are private credit monopolies which prey upon the people of the United States for the benefit of themselves and their foreign customers; foreign and domestic speculators and swindlers; and rich and predatory money lenders." (Louis T. McFadden, Chairman of the United States House Committee on Banking and Currency from 1920 to 1931)

Paul Warburg, one of the founders of the Federal Reserve wrote "...contrary to a widespread idea, the central banks of Europe are, as a rule, not owned by the governments. As a matter of fact, neither the English, French, nor German Government owns any stock in the central bank of its country. The Bank of England is run entirely as a private corporation...which leaves the management entirely in the hands of business men without giving the government any part in the management or control." (Essay entitled American and European Banking Methods and Bank Legislation Compared)

It is unfortunate, even those entrusted to supervise the financial system and banks can't be trusted, while others appear either blinded to how the financial system really works; too scared to say or do what is really necessary to fix it or simply have more to gain from maintaining the status quo and therefore continue to keep the public in the dark. The Rothschild brothers of London writing to associates in New York in 1863 summed this up best, showing exactly how the bankers use our own greed or ignorance to their own advantage:

"The few who understand the system will either be so interested in its profits or be so dependent upon its favours that there will be no opposition from that class, while on the other hand, the great body of people, mentally incapable of comprehending the tremendous advantage that capital derives from the system, will bear its burdens without complaint, and perhaps without even suspecting that the system is inimical to their interests."

Are we really “mentally incapable” of understanding how hostile the banking system is to our own interests and continue to “bear its burdens without complaint”? While the bankers and insiders who have more to gain by keeping us in the dark might like to think so, we must resist their deceptions and start investigating for ourselves. Only when we stop listening to the vested banking interests and their army of puppets in the media, universities and government, will the deception become plain and we discover the true causes of our ‘crisis’ are within the financial system itself. The seeds of its own collapse there from the beginning.

“We are completely dependent on the commercial Banks. Someone has to borrow every dollar we have in circulation, cash or credit. If the Banks create ample synthetic money we are prosperous; if not, we starve...When one gets a complete grasp of the picture, the tragic absurdity of our hopeless position is almost incredible, but there it is. It is the most important subject intelligent persons can investigate and reflect upon.” (Robert H. Hemphill, Credit Manager of the Federal Reserve Bank of Atlanta, 1934)

It certainly is one of the most important subjects and we must investigate what has truly been going on. Henry Ford, founder of the Ford Motor Company wrote “It is well enough that people of the nation do not understand our banking and money system, for if they did, I believe there would be a revolution before tomorrow morning.”

He wrote this because he knew what most of the public do not. The fact is, most people assume when they approach a bank for a loan or overdraft, they are asked for complete security over the loan because the bank risks either its own capital or money it has borrowed from investors itself. It is assumed that when the loan is approved, money is transferred from some existing account to the borrower who is required to pay interest for the sacrifice and risk made by the lender (the bank). This however, is not the case at all.

“When a bank makes a loan, it simply adds to the borrower's deposit account in the bank by the amount of the loan. The money is not taken from anyone else's deposit; it was not previously paid in to the bank by anyone. It's new money, created by the bank for the use of the borrower.” (Robert B. Anderson, Secretary of the Treasury under Eisenhower, 31 Aug 1959 issue of U.S. News and World Report)

From the Section entitled “Can Trading Banks Create the Money They Lend Without Needing to Borrow from the Public and Without Cost to Themselves...Several witnesses claimed that, unlike other financial institutions which have to borrow money already in existence before they can lend anything at all, the trading banks create the money they lend without cost to themselves.” (Report of the Royal Commission on Monetary, Banking and Credit Systems, published by the NZ Govt 1956)

“Banks create money. That is what they are for...The manufacturing process to make money consists of making an entry in a book. That is all...Each and every time a Bank makes a loan...new Bank credit is created - brand new money.” (Graham Towers, Governor of the Bank of Canada from 1935 to 1955)

“The banks do create money. They have been doing it for a long time... we must be perfectly frank about these things...until today I doubt very much whether you would get many prominent bankers to attempt to deny that banks create it.” (H W White, Chairman of the Associated Banks of New Zealand, to the NZ Monetary Commission, 1955)

“Banks lend by creating credit. They create the means of payment out of nothing.” (Ralph M Hawtry, former Secretary to the Treasury, England)

It is so simple, it is almost unbelievable and yet we must since the bankers plainly admit it themselves. However, “...the ordinary citizen will not like to be told that the banks can and do create money.” (Reginald McKenna, former British Chancellor and Exchequer and Chairman of the Midland Bank, 1924)

Sadly, these simple truths are seldom taught, because “The study of money, above all other fields in economics, is one in which complexity is used to disguise truth or to evade truth, not to reveal it. The process by which banks create money is so simple the mind is repelled. With something so important, a deeper mystery seems only decent.” (John Kenneth Galbraith, former Professor of Economics at Harvard “Money: Whence it Came, Where it Went”, 1975)

This fundamental defect in the existing system, carefully nurtured by vested interests behind the scenes, has been caused by governments worldwide legitimising the scam and charade of ‘fractional reserve lending’ by the banks. Rather than our governments creating the money needed themselves and spending it into existence free of debt and interest and then taxing it out of the system to keep the economy and prices stable as our

forefathers did before us, they have instead given this right to the banks. Giving the banks the exclusive right to create our money out of nothing and then lend it back to us at interest!

What is most shocking is they gave this right away for little (if any) benefit. Even so, the Report of the Royal Commission on Monetary, Banking and Credit Systems, published by the NZ Government in 1956 endorsed this action, stating the benefits outweighed the costs. However, what could possibly outweigh the trillions paid in interest every year worldwide to the banks for using something which is simply created out of nothing in a computer system with the pressing of a few keys?

The question remains. Will there "be a revolution before tomorrow morning" when we finally wake up to the biggest fraud in human history? It is time we understood that "All the perplexities, confusion and distresses...arise not from defects in the constitution or confederation, nor from want of honor or virtue, as much from downright ignorance of the nature of coin, credit, and circulation." (John Adams, letter to Thomas Jefferson)

The time for ignorance has truly passed for we have unwittingly allowed the banks total power and control over our lives, for "Whoever controls the volume of money in any country is absolute master of all industry and commerce." (US President James A Garfield) "And they who control the credit of the nation direct the policy of Governments and hold in the hollow of their hand the destiny of the people" (Reginald McKenna, former British Chancellor and Exchequer and Chairman of the Midland Bank, 1924) while "History records that the money changers have used every form of abuse, intrigue, deceit, and violent means possible to maintain their control over governments by controlling money and its issuance." James Madison

Under these circumstances, how can any government claim to be truly sovereign when they have abandoned their own power to create money (debt and interest free) and instead go cap in hand to the banks every time they need money? Surely all true sovereignty is now in the hands of the private banks who dictate the terms and conditions of borrowing? "When a government is dependent upon bankers for money, they and not the leaders of the government control the situation, since the hand that gives is above the hand that takes...Money has no motherland; financiers are without patriotism and without decency; their sole object is gain." (Napoleon Bonaparte, Emperor of France, 1815)

"Once a nation parts with the control of its currency and credit, it matters not who makes the Nation's laws. Usury once in control will wreck any nation...Until the control of currency and credit is restored to the government and reorganised as its most conspicuous and sacred responsibility, all talk of sovereignty of the people is idle and futile." (Canadian Prime Minister W. L. MacKenzie King)

Sir Josiah Stamp, director of the Bank of England and at the time second richest man in Britain gave a surprisingly frank assessment of the situation in his day. "Banking was conceived in iniquity and was born in sin. The Bankers own the Earth. Take it away from them, but leave them the power to create deposits, and with the flick of a pen they will create enough deposits to buy it back again. However, take it away from them, and all the fortunes like mine will disappear, and they ought to disappear, for this world would be a happier and better world to live in. But if you wish to remain slaves of the Bankers and pay for the cost of your own slavery, let them continue to create deposits." Sadly, the situation has not changed. The current Governor of the Bank of England, Mervyn King also admits, "Of all the ways of organising banking, the worst is the one we have today."

While the bankers may have conned us into believing it is they who "own the earth" we need only "remain slaves of the Bankers" and at their mercy for as long as we continue to believe their deception and lies. Their position of power can only continue as long as they are able to keep the truth hidden. The "world would be a happier and better world to live in" without them and we certainly don't need them, since the power to create and control our money was given to the banks by government and can just as easily be revoked by government. Only when the truth comes out and the governments pressured to finally act will we be a happier, more prosperous and freer nation.

"If, however, a government refrains from regulations and allows matters to take their course, essential commodities soon attain a level of price out of the reach of all but the rich, the worthlessness of the money becomes apparent, and the fraud upon the public can be concealed no longer." (John Maynard Keynes, *The Economic Consequences of the Peace*, 1920, page 240) As Voltaire (1694-1778) once stated "Paper money eventually returns to its intrinsic value - zero." "Without the confidence factor, many believe a paper money system is liable to collapse eventually." (Federal Reserve Bank of Philadelphia, Gold, p. 10)

Incredibly, the majority of people have not yet woken up to this truth and continue to trust the banks and accept their worthless paper in exchange for their labour, goods and services. We can either waste many more years

and trillions of dollars trying to prop up the most devious and deceitful system ever invented before it collapses anyway, or we can wake up now and demand our governments undo the injustice and evil they have brought upon us!

Before trying to convince ourselves that this cannot be true, that there must be some mistake, some misunderstanding. Remember, this truth is plainly admitted by the banking insiders and few in power who were bold or arrogant enough to speak out over the years as quoted. We can either remain indebted at our own expense or educate ourselves with the facts so we can free ourselves and our children from the scourge of the banks. New Zealand, like elsewhere, desperately needs people like you and I to publicly denounce this "arrangement" under which representative governments allow the world's greatest financial privilege to be ruthlessly exploited by the world's wealthiest private sector, while publicly denying any such privilege exists.

True Cause of our Economic Crisis

Lord Adair Turner, former chairman of the Financial Services Authority concluded, "The financial crisis of 2007/08 occurred because we failed to constrain the private financial system's creation of private credit and money." (Speech to the South African Reserve Bank, 2nd November 2012) While this is true, many of the deeper causes remain hidden. If we are to uncover the full truth, then we must investigate further for ourselves.

Accordingly, understanding how the banking system really works is of the utmost importance. In fact, "It is so important that our present civilization may collapse unless it is widely understood and its defects remedied very soon." (Robert H. Hemphill, Credit Manager of the Federal Reserve Bank of Atlanta in 1934) The situation could not be more serious and if we don't educate ourselves soon and deal with the "defects" in our banking system, then we have been warned!

Firstly, instead of our money being issued debt and interest free by governments, all our money is "created by the banking system" (Economic Analyst, Reserve Bank of NZ), as debt with interest payable. This is because money in our current financial system can only be borrowed into existence through the banks, making "...our whole monetary system...dishonest, as it is debt-based." (The Earl of Caithness, Speech to the House of Lords, 1997) Money has therefore become a liability, burden and drag on our lives. As a result, "We are completely dependent on the commercial Banks. Someone has to borrow every dollar we have in circulation, cash or credit. If the Banks create ample synthetic money we are prosperous; if not, we starve..." (Robert H. Hemphill, Credit Manager of the Federal Reserve Bank of Atlanta, 1934)

Of course, "...the ordinary citizen will not like to be told that the banks can and do create money" (Reginald McKenna, former British Chancellor and Exchequer and Chairman of the Midland Bank, 1924), but the fact is "The banks do create money. They have been doing it for a long time... we must be perfectly frank about these things...until today I doubt very much whether you would get many prominent bankers to attempt to deny that banks create it." (H W White, Chairman of the Associated Banks of New Zealand, to the NZ Monetary Commission, 1955) "Banks create money. That is what they are for...The manufacturing process to make money consists of making an entry in a book. That is all...Each and every time a Bank makes a loan...new Bank credit is created - brand new money." (Graham Towers, Governor of the Bank of Canada from 1935 to 1955)

"The actual process of money creation takes place primarily in banks...This unique attribute of the banking business was discovered many centuries ago. It started with goldsmiths. As early bankers, they initially provided safekeeping services, making a profit from vault storage fees for gold and coins deposited with them. People would redeem their "deposit receipts" whenever they needed gold or coins to purchase something, and physically take the gold or coins to the seller who, in turn, would deposit them for safekeeping, often with the same banker. Everyone soon found that it was a lot easier simply to use the deposit receipts directly as a means of payment. These receipts, which became known as notes, were acceptable as money since whoever held them could go to the banker and exchange them for metallic money. Then, bankers discovered that they could make loans merely by giving their promises to pay, or bank notes, to borrowers. In this way, banks began to create money. More notes could be issued than the gold and coin on hand because only a portion of the notes outstanding would be presented for payment at any one time. Enough metallic money had to be kept on hand, of course, to redeem whatever volume of notes was presented for payment. Transaction deposits are the modern counterpart of bank notes. It was a small step from printing notes to making book entries crediting deposits of borrowers, which the borrowers in turn could "spend" by writing checks, thereby "printing" their own money." (Modern Money Mechanics, The Federal Reserve)

Secondly, the "banks create the money they lend without cost to themselves" (Report of the Royal Commission on Monetary, Banking and Credit Systems, published by the NZ Government 1956). "Banks lend by creating

credit. They create the means of payment out of nothing.” (Ralph M Hawtry, former Secretary to the Treasury, England) “The modern banking system manufactures money out of nothing. The process is, perhaps, the most astounding piece of sleight of hand that was ever invented.” (Major L L B Angas) “...almost all money is still created out of nothing by mere book entry by private banks” (Capt. Henry Kerby, MP Motion in the House of Commons, UK, 22 Dec 1964) via ‘fractional reserve lending’ (e.g. for every dollar a customer deposits, the bank can ‘create’ and lend out an amount 10 to 20 times more as debt). “Because an entry in the books of a bank has come to be generally acceptable in place of cash it is possible for the banks to create the equivalent of cash (i.e. credit). Thus a bank may pay for a security purchased from a customer merely by making an entry in its books...” (Radcliffe Committee on the workings of the monetary system in the UK, evidence given by the Bank of England, vol. 1, Memoranda of Evidence, 1960)

The bankers through their ability to create our money have also succeeded in controlling the money supply while making it appear to be created and controlled by the government. This devious scheme and its bleak consequences were revealed by Sir Josiah Stamp, director of the Bank of England while speaking at the University of Texas in 1927:

"Banking was conceived in iniquity and was born in sin. The Bankers own the Earth. Take it away from them, but leave them the power to create deposits, and with the flick of a pen they will create enough deposits to buy it back again. However, take it away from them, and all the fortunes like mine will disappear, and they ought to disappear, for this world would be a happier and better world to live in. But if you wish to remain slaves of the Bankers and pay for the cost of your own slavery, let them continue to create deposits."

Thirdly, since our money is created out of nothing, it no longer has any value in itself as it once did when it has based on its weight of gold or silver or limited to how much gold and silver a country held in reserve. As a result, "We are in danger of being overwhelmed with irredeemable paper, mere paper, representing not gold, nor silver; no sir, representing nothing but broken promises, bad faith, bankrupt corporations, cheated creditors and a ruined people." (Daniel Webster, speech in the Senate, 1833) Our money is now simply ‘paper’ currency or its electronic counterpart. Worthless pieces of paper because they are backed by no assets or real wealth. As George Washington, put it in his letter to J. Bowen, dated 9 Jan 1787 "Paper money has had the effect in your state that it will ever have, to ruin commerce, oppress the honest, and open the door to every species of fraud and injustice."

As a consequence of this ‘innovation’, our financial system has become a trust based system in which the money we work a life time to earn only has value if the banks exercise restraint and don’t lend (create) too much; borrowers don’t default; bank depositors don’t all withdraw their money at the same time and people continue to accept it in exchange for goods and services. Without trust our money becomes worthless! This is beginning to occur now as it becomes clear the banks cannot be trusted since they exercise no restraint, creating and lending too much money, while businesses continue to fail and governments become technically bankrupt and close to defaulting themselves. "Without the confidence factor, many believe a paper money system is liable to collapse eventually." (Federal Reserve Bank of Philadelphia, Gold, p. 10) Incredibly the majority of people have not yet woken up to this truth and continue to trust the banks and accept their worthless paper in exchange for their labour, goods and services.

The reality is every fiat currency (i.e. currency that a government has declared to be legal tender, despite the fact that it has no intrinsic value) since the Babylonians first began this practice has ended in devaluation and eventual collapse. Not only the currency, but the economy that used it. Why would it be any different now? The answer is, it won’t be. "If, however, a government refrains from regulations and allows matters to take their course, essential commodities soon attain a level of price out of the reach of all but the rich, the worthlessness of the money becomes apparent, and the fraud upon the public can be concealed no longer." (John Maynard Keynes, *The Economic Consequences of the Peace*, 1920, page 240) As Voltaire (1694-1778) once stated "Paper money eventually returns to its intrinsic value - zero."

Fourthly, since our money can be printed out of thin air and at no cost, there has been no incentive to stop the banks from creating and lending out our money in unlimited quantities. It has been this action which has caused the value of our money to continuously reduce in value, making our goods and services comparatively more expensive (e.g. as our money drops in value, more money is needed to buy the same goods). For example, since 1913 the US dollar has lost approximately 95% of its true value! Although the economists debate the details, most believe that inflation typically occurs when the supply of money increases more rapidly than the demand for money. This is the real cause of inflation. The more money created; the greater volume of money in existence; the less valuable it becomes; the higher the prices will increase in response. This is exactly what happened in Germany in 1923 and more recently in Zimbabwe. It has little to do with workers demanding higher wages as many would have us believe. These wage demands usually only happen in response to inflation. As Thomas Jefferson warned, if we "...ever allow private banks to control the issue of their currency,

first by inflation, then by deflation, the banks...will deprive the people of all property until their children wake-up homeless..." (Debate over the Re-charter of the Bank Bill 1809)

"To see how inflation results in money becoming a less useful standard of value, consider that since the New Zealand dollar replaced the New Zealand pound in 1967 it has lost over 90 percent of its purchasing power..." (<http://www.rbnz.govt.nz/challenge/resources/2970552.html>)

Fifthly, because the banks have the sole right to create money; control the volume of money in circulation by deciding how much is to be lent or withdrawn and to determine the interest rates chargeable, the banks have the power to predetermine prices, production and employment, while creating booms and busts as it suits them. As a result they have gained complete control over all our lives, prosperity, economies and our elected governments, for "Whoever controls the volume of money in any country is absolute master of all industry and commerce." (President James A Garfield) "And they who control the credit of the nation direct the policy of Governments and hold in the hollow of their hand the destiny of the people." (Reginald McKenna, former British Chancellor and Exchequer and Chairman of the Midland Bank, 1924) while "History records that the money changers have used every form of abuse, intrigue, deceit, and violent means possible to maintain their control over governments by controlling money and its issuance." James Madison

"Once a nation parts with the control of its currency and credit, it matters not who makes the Nation's laws. Usury once in control will wreck any nation...Until the control of currency and credit is restored to the government and reorganised as its most conspicuous and sacred responsibility, all talk of sovereignty of the people is idle and futile." (Canadian Prime Minister W. L. MacKenzie King)

"It is a terrible situation when the Government, to insure the National Wealth, must go in debt and submit to ruinous interest charges at the hands of men who control the fictitious value of gold. Interest is the invention of Satan". Thomas Edison, The New York Times, December 6, 1921

Our governments cannot claim to be truly sovereign when they have abandoned their own power to create money (debt and interest free) and instead go cap in hand to the banks every time they need money. All true sovereignty is now in the hands of the private banks who dictate the terms and conditions of borrowing. "When a government is dependent upon bankers for money, they and not the leaders of the government control the situation, since the hand that gives is above the hand that takes...Money has no motherland; financiers are without patriotism and without decency; their sole object is gain." (Napoleon Bonaparte, Emperor of France, 1815) "Let me issue and control a nation's money and I care not who writes the laws." (Mayer Amschel Rothschild (1744-1812), founder of the House of Rothschild) As a result, "The world is governed by very different personages from what is imagined by those who are not behind the scenes." (Benjamin Disraeli, first Prime Minister of England, Coningsby, 1844) "The real rulers of Washington are invisible, and exercise power from behind the scenes." US Supreme Court Justice Felix Frankfurter

Unfortunately, this dire situation is nothing new. We were warned long ago of the dangers we faced and what was to be expected by the banks being given the power to create our money:

"The real truth of the matter is, as you and I know, that a financial element in the large centers has owned the government of the U.S. since the days of Andrew Jackson." Franklin D. Roosevelt, 32nd US President

"I believe that banking institutions are more dangerous to our liberties than standing armies." (Thomas Jefferson)

"I have two great enemies, the southern army in front of me and the financial institutions, in the rear. Of the two, the one in the rear is the greatest enemy...I see in the future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. As a result of the war, corporations have been enthroned and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until wealth is aggregated in a few hands and the Republic is destroyed." (Abraham Lincoln)

Despite all the warnings, President Woodrow Wilson a few years after signing the 1913 Federal Reserve Act which gave its private bank the power to create money, control its supply and set interest rates wrote: "I am a most unhappy man. I have unwittingly ruined my country. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation, therefore, and all our activities are in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated Governments in the civilized world no longer a Government by free opinion, no longer a

Government by conviction and the vote of the majority, but a Government by the opinion and duress of a small group of dominant men.”

Their power is only limited by our ignorance or gullibility!

Lastly, since all money is created out of debt with interest always payable, the very nature of the banking system and economy requires the level of debt to continuously increase to avoid the whole system from imploding. If no new money is borrowed into existence, then the economy can't grow, since all new money is created out of debt. If the economy isn't growing then there won't be enough money to allow borrowers to pay the interest on their debts. If this happens, then the banks begin to struggle, fail and ultimately cause the whole system to fail as is happening now. Some would call this a Ponzi scheme! We are getting close to that tipping point, when no government, business or individual will be able to afford to borrow any further money into existence and then the end will come.

“While economic textbooks claim that people and corporations are competing for markets and resources, I claim that in reality they are competing for money - using markets and resources to do so. Greed and fear of scarcity are being continuously created and amplified as a direct result of the kind of money we are using. For example, we can produce more than enough food to feed everybody, and there is definitely enough work for everybody in the world, but there is clearly not enough money to pay for it all. In fact, the job of central banks is to create and maintain that currency scarcity. Money is created when banks lend it into existence. When a bank provides you with a \$100,000 mortgage, it creates only the principal, which you spend and which then circulates in the economy. The bank expects you to pay back \$200,000 over the next 20 years, but it doesn't create the second \$100,000 - the interest. Instead, the bank sends you out into the tough world to battle against everybody else to bring back the second \$100,000.” (Bernard Lietaer, Economist, one of the designers of the Euro)

The truth has been laid bare. The banks create our money out of nothing and then lend it at interest to us. Through their monopoly they control the money supply, economy, government and our lives. If we can't pay back the money they have created out of nothing, then the banks take whatever real assets we might have to pay our debts. If the banks are too greedy and can't repay their debts we the taxpayer will bail them out!

"Is there any reason why...people should be taxed to guarantee the debts of banks, any more than they should be taxed to guarantee the debts of other institutions, including merchants, the industries, and the mills of the country?" (Senator Carter Glass, Author of the Banking Act of 1933)

The Fundamental Defect in Our Banking System

As discussed earlier, most people assume when they approach a bank for a loan or overdraft, they are asked for complete security over the loan because the bank risks either its own capital or money it has borrowed from investors itself. It is assumed that when the loan is approved, money is transferred from some existing account to the borrower who is required to pay interest for the sacrifice and risk made by the lender (the bank). This however, is not the case at all and this is where the fundamental defect lies. The power to create, issue and control our money and then charge interest on it has been given to private banks whose sole objective is to maximize their profits and power.

“When a bank makes a loan, it simply adds to the borrower's deposit account in the bank by the amount of the loan. The money is not taken from anyone else's deposit; it was not previously paid in to the bank by anyone. It's new money, created by the bank for the use of the borrower.” (Robert B. Anderson, Secretary of the Treasury under Eisenhower, 31 Aug 1959 issue of U.S. News and World Report)

In other words, they create the money out of nothing (at no cost to themselves) and lend it out at interest. In essence, the banks lend out far more in loans than what they hold on deposit on behalf of their customers or the amount they themselves have borrowed from investors. They are only limited by “the necessity for each bank to keep an adequate reserve of...notes, coin, or balances at the Reserve Bank” (Report of the Royal Commission on Monetary, Banking and Credit Systems, published by the NZ Govt 1956, pg 165)

“For example, with a requirement of 10 percent, \$10 of reserves would be required to support \$100 of deposits.” (Modern Money Mechanics, The Federal Reserve) In other words, for every \$10 held on deposit or borrowed domestically or overseas, a bank may lend out \$100 or more depending on the reserve requirement rules within the country they operate. Or as is the case in New Zealand, the ‘additional’ amount able to be lent out is only limited to the bank's capital, based on the risk adjusted capital adequacy ratio (i.e. what fraction must be held back in reserve). Obviously, the difference between the money the bank borrows from customers

and investors and what it lends out is created out of nothing. This method allows the creation by the lender (the bank) new credit, or de facto money (mere computer figures) out of nothing which becomes the private property of the bank. At present this credit/money is created at two levels. Externally by Private Central Banks (Federal Reserve and European Central Bank etc) who lend to nations and internally by the Commercial Banking Sector who expand it further within the nations.

This fundamental defect in the existing system, carefully nurtured by vested interests behind the scenes, has been caused by governments worldwide legitimising the scam and charade of 'fractional reserve lending' by the banks. Rather than our governments creating the money themselves and spending it into existence free of debt and interest and then taxing it out of the system to keep the economy and prices stable as our forefathers did before us, they have instead given this right to the banks. Giving the banks the exclusive right to create the money out of nothing and then lend it out at interest. An immensely profitable monopoly given away for nothing.

Unfortunately, despite the overwhelming evidence presented, many will continue to disbelieve the truth. Some will insist it's the government which 'creates' the money, while others will blindly argue the banks are only lending out the money they hold on deposit. Even if we put aside for a moment the fact the banks themselves state it is they who create the money out of nothing, these untruths can quickly be repelled as impossibilities using only ones common-sense. Firstly, if governments or their agencies were creating the money, then they would not all be suffering under a mountain of debt they can never hope to repay, with an ever increasing amount of interest being paid to external lenders. Secondly, if the banks were simply lending out the money they held on deposit or had borrowed themselves, then the amount of debt in existence would never be greater than the amount of money available worldwide. However, the amount of debt worldwide increases daily and now far exceeds all the money and other assets in existence.

Why the Public Has Been Kept in the Dark

The bankers are doing their best to keep the public from knowing the truth while they try to avoid the inedible collapse, or at least delay it long enough to allow them enough time to install their suitable alternative and therefore retain power. However, with the real economy failing to improve and banking scandals and crises coming to light on an almost weekly basis, the lack of any real progress on solving the underlying financial problems is now obvious to all.

In fact, no one publicly seems to know just what the basic problem is or how to solve it. Or at least aren't publically willing to admit the true cause of our problems. Being conditioned by their education many have become blinded to how the financial system really works since "The study of money, above all other fields in economics, is one in which complexity is used to disguise truth or to evade truth, not to reveal it. The process by which banks create money is so simple the mind is repelled. With something so important, a deeper mystery seems only decent." (John Kenneth Galbraith, former Professor of Economics at Harvard, "Money: Whence it Came, Where it Went", 1975)

Others still, are either too scared to say or do what is really necessary to fix it or simply have more to gain from maintaining the status quo and therefore keep the public in the dark. The Rothschild brothers of London writing to associates in New York in 1863 summed this up best, showing exactly how the bankers use our own greed or ignorance to their own advantage:

"The few who understand the system will either be so interested in its profits or be so dependent upon its favours that there will be no opposition from that class, while on the other hand, the great body of people, mentally incapable of comprehending the tremendous advantage that capital derives from the system, will bear its burdens without complaint, and perhaps without even suspecting that the system is inimical to their interests."

Are we really "mentally incapable of comprehending the tremendous advantage" the banks have been given and will therefore "bear its burdens without complaint"? Are we going to continue to be uneducated and ignorant due to the "complexity" which is "used to disguise truth or to evade truth" or is "The process by which banks create money"..."so simple the mind is repelled"? The answer to all these questions rests on whether or not we will begin to demand the plain truth from our politicians, bankers and media.

Henry Ford (founder of the Ford Motor Company) once wrote "It is well enough that people of the nation do not understand our banking and money system, for if they did, I believe there would be a revolution before tomorrow morning." He certainly understood it was the banks and not our governments who were creating our money out of nothing at little risk or cost to themselves and then charging us interest on it. He also knew the public would be outraged if it ever became more widely known.

Unfortunately, the true power of the bankers lies in the fact few know or understand the truth about this 'hidden hand' or how the financial system truly operates. However, the public has been kept in the dark long enough and it's time for all the 'talk fests', deception and confusing statements our politicians, bankers and media continue to make to stop. It's time we demanded the truth! It's time we learnt what past US Presidents, politicians, treasury secretaries and bankers knew long ago and why many felt compelled to warn us of its dangers. In doing so, we will be able to start understanding the true causes of our problems and finally fix them.

Why the Banking System is a Danger to us All

As a result of the banks being given this sole right to create money they have gained almost total control over our lives, our economies and our elected governments. This control is exerted in several ways. Firstly, by deciding who can and cannot borrow money. Secondly, by either increasing or decreasing the amount of money (credit) in circulation via their lending, thereby creating booms or busts (prosperity or hardship). Thirdly, through the setting of interest rates which increases or decreases our cost of living. Fourthly, their ability to create new money brings new purchasing power into existence which is the true cause of inflation. Nothing to do with workers demanding higher wages! No, it's the flood of new money created through the expansion of new debt which results in the existing money reducing in value (simple supply and demand) requiring more money to buy the same products (i.e. price increases). The current system where all money is loaned into existence automatically leads to distortions because new money enters the system as a cost, and all costs are reflected in prices. The effect is continually increasing prices (inflation) and continually increasing debt. Lastly, because they have the sole ability to create money and lend it, they are able to direct and influence government policy and laws when the government needs to borrow.

There is no "rationality" in allowing the banking system to continue to defraud and control us until "the worthlessness of the money becomes apparent, and the fraud upon the public can be concealed no longer." (John Maynard Keynes, *The Economic Consequences of the Peace*, 1920, page 240). Neither is there any logic waiting for the inedible to occur when our "Paper money eventually returns to its intrinsic value - zero" (Voltaire (1694-1778) since "a paper money system is liable to collapse eventually." (Federal Reserve Bank of Philadelphia, Gold, p. 10)

Nor is there any benefit in waiting idly by while the banks destroy our wealth, prosperity and freedoms since they will "first by inflation, then by deflation...deprive the people of all property until their children wake-up homeless on the continent their fathers conquered..." (Thomas Jefferson in the debate over the Re-charter of the Bank Bill (1809) for "the money changers have used every form of abuse, intrigue, deceit, and violent means possible to maintain their control over governments by controlling money and its issuance" (James Madison)

As Thomas Jefferson said, the "...banking institutions are more dangerous to our liberties than standing armies" so "The issuing power should be taken from the banks and restored to the people, to whom it properly belongs." (Thomas Jefferson in the debate over the Re-charter of the Bank Bill (1809)

The Worst Possible Banking System

The Governor of the Bank of England, Mervyn King states "Of all the ways of organising banking, the worst is the one we have today..." "eliminating fractional reserve banking explicitly recognizes that the pretense that risk-free deposits can be supported by risky assets is alchemy. To work, financial alchemy requires the implicit support of the tax payer...For a society to base its financial system on alchemy is a poor advertisement for its rationality." Paul Tucker, the Deputy Governor of the Bank of England also expresses no confidence in the integrity of the banking system, referring to it as a "cesspit", while Sir Josiah Stamp, director of the Bank of England in the 1920s believed "this world would be a happier and better world to live in" if we didn't have our current banking system.

The problem is the power to create, issue and control our money is in the hands of a few. Rather than creating a fair and just system that serves the masses, the few have usurped the power and used it to exploit, control and enslave the masses. Neither is the system secure, logical or permanent since the present financial system cannot hope to exist for long in its present fluid and expanding form. So trying to 'save' the "worst" possible system which was "conceived in iniquity and was born in sin" and now considered to be a "cesspit" is pointless and will only cause more harm than good.

The very nature of the banking system and economy requires the level of debt to continuously increase to avoid it imploding. If no new money is borrowed into existence, then the economy can't grow, since all new money must be created by debt. If the economy isn't growing then there won't be enough money to allow borrowers to

pay the interest on their debts. If this happens, then the banks begin to struggle, fail and ultimately cause the whole system to fail as is happening now. Some would call this a Ponzi scheme! We are getting close to that tipping point, when no government, business or individual will be able to afford to borrow any further money into existence and then the end will come.

This happens as explained earlier because "Money is created when banks lend it into existence. When a bank provides you with a \$100,000 mortgage, it creates only the principal, which you spend and which then circulates in the economy. The bank expects you to pay back \$200,000 over the next 20 years, but it doesn't create the second \$100,000 - the interest. Instead, the bank sends you out into the tough world to battle against everybody else to bring back the second \$100,000." (Bernard Lietaer, Economist) If no one else borrows that additional \$100,000 into existence then it will be impossible for the loan and interest to be repaid and the borrower will go bankrupt. As less and less money is able to be borrowed into existence then more and more individuals, businesses and governments will go bankrupt and eventually the entire system will collapse.

Even the Central Banks are Privately Owned

The problems and dangers we face are serious and need our urgent attention, however we must not be fooled into inaction by the idea the Central Banks around the world are supervising the banks and therefore protecting us. The truth is, we should not take any comfort from their 'supervision' since they are not independent, trustworthy or owned and controlled by governments. These are simply false ideas, all part of the same web of lies and deception the bankers have been spreading for hundreds of years.

Paul Warburg, one of the founders of the Federal Reserve wrote "...contrary to a widespread idea, the central banks of Europe are, as a rule, not owned by the governments. As a matter of fact, neither the English, French, nor German Government owns any stock in the central bank of its country. The Bank of England is run entirely as a private corporation....which leaves the management entirely in the hands of business men without giving the government any part in the management or control...Moreover in questions of national policy the government must rely on the willing and loyal co-operation of these central organs." (Essay entitled American and European Banking Methods and Bank Legislation Compared)

"What the people of the United States do not understand and never have understood is that while the Federal Reserve Act was governmental, the whole Federal Reserve System is private. It is an officially created private banking system." (Henry Ford, Dearborn Independent – Issue of 2 July 1921)

"The 12 regional reserve banks aren't government institutions, but corporations nominally 'owned' by member commercial banks." (Federal Reserve Bank of Chicago)

"The 12 regional Federal Reserve Banks, which were established by the Congress as the operating arms of the nation's central banking system, are organized similarly to private corporations...For example, the Reserve Banks issue shares of stock to member banks...The stock may not be sold, traded, or pledged as security for a loan; dividends are, by law, 6 percent per year." (Federal Reserve Website)

"The Federal Reserve is considered an independent central bank because its decisions do not have to be ratified by the President or anyone else in the executive or legislative branch of government, it does not receive funding appropriated by Congress, and the terms of the members of the Board of Governors span multiple presidential and congressional terms." (Federal Reserve Website)

To put it more clearly, the Fed is privately owned. Its shareholders are private banks. In fact, all its shareholders are private banks since none of its stock is owned by the government. The fact that the Fed does not get "appropriations" from Congress basically means that it gets its money from Congress without needing congressional approval and by engaging in "open market operations." "Open market operations" means buying US Government bonds on market and "When the Federal Reserve writes a check for a government bond it does exactly what any bank does, it creates money, it created money purely and simply by writing a check." (Wright Patman, Chairman of the House Banking and Currency Committee in the 1960s)

"The powers of financial capitalism had a far-reaching plan, 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 system 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." Carroll Quigley, Professor, Georgetown University 'Tragedy and Hope', 1966)

"Mr. Chairman, we have in this country one of the most corrupt institutions the world has ever known. I refer to the Federal Reserve Board and the Federal Reserve Banks. The Federal Reserve Board...has cheated the Government of the United States and the people of the United States out of enough money to pay the national debt...This evil institution has impoverished and ruined the people of the United States, has bankrupted itself, and has practically bankrupted our Government. It has done this through the defects of the law under which it operates, through the maladministration of that law by the Federal Reserve Board, and through the corrupt practices of the moneyed vultures who control it."

"Some people think the Federal Reserve banks are United States Government institutions. They are not Government institutions. They are private credit monopolies which prey upon the people of the United States for the benefit of themselves and their foreign customers; foreign and domestic speculators and swindlers; and rich and predatory money lenders. In that dark crew of financial pirates there are those who would cut a man's throat to get a dollar out of his pocket; there are those who send money into States to buy votes to control our legislation; and there are those who maintain international propaganda for the purpose of deceiving us and of wheedling us into the granting of new concessions which will permit them to cover up their past misdeeds and set again in motion their gigantic train of crime."

"These twelve private credit monopolies were deceitfully and disloyally foisted upon this country by the bankers who came here from Europe and repaid us for our hospitality by undermining our American institutions..." (Louis T. McFadden as Chairman of the United States House Committee on Banking and Currency from 1920 to 1931 Speech to the House of Representatives on 10 June 1932 (Congressional Record, 72nd Congress, 1st session, June 10, 1932; Vol. 72, pp. 12595-12603):

Again, the Federal Reserve is actually a private corporation, owned by a secret group of international bankers. Private banking cartels who have a total monopoly on the creation of the world's only reserve currency. Owned and run by the very banking interests which it is supposed to be regulating! Accordingly, the Federal Reserve System, is not Federal; holds no reserves, is not a system and its deceptive name cleverly hides the fact it is a private central bank. It is able to "create" money by executing a simple computer entry in their accounting system, and then loan it to the US government (actually exchanging it for U.S. bonds) and thus create an endless cycle of national debt. This is referred to as "monetizing the debt," which only erodes the standard of living for all Americans and ultimately the whole world and is completely unconstitutional and unethical.

The Fed's only real agenda is to turn a profit, and they do so, at the expense of every single man, woman and child living in the U.S.A. They do this in two different ways. They manipulate interest rates to create "boom-bust" cycles which always work out to the advantage of the large banks as they know exactly when the economy will boom and when it will bust. They also increase the money supply by "creating" money through the incredibly lucrative deal they've had with the U.S. government, ever since the Federal Reserve Act of 1913 was signed into law. When the U.S. Government needs money, they go to the Fed to borrow the money. They earn interest by loaning money which is not even theirs to loan which they just created out of thin air!

A few years after Woodrow Wilson signed the 1913 Federal Reserve Act he wrote: "I am a most unhappy man. I have unwittingly ruined my country. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation, therefore, and all our activities are in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated Governments in the civilized world no longer a Government by free opinion, no longer a Government by conviction and the vote of the majority, but a Government by the opinion and duress of a small group of dominant men."

While we were told we need the Central Banks to supervise the banking system to maintain confidence and trust; maintain stable prices and the value of our currency (i.e. no inflation or deflation) and reduce the booms and busts, we have had the opposite. In fact, since the creation of the Central Banks there have been more booms and bursts; more banking scandals; debt levels have gotten totally out of control while inflation has soared causing the value of our money and therefore our wealth to collapse.

"To see how inflation results in money becoming a less useful standard of value, consider that since the New Zealand dollar replaced the New Zealand pound in 1967 it has lost over 90 percent of its purchasing power..." (<http://www.rbnz.govt.nz/challenge/resources/2970552.html>) "Even in the U.S, where the wish for a stable

currency is strong, the dollar has fallen a staggering 86% in value since 1965, when I took over management of Berkshire. It takes no less than \$7 today to buy what \$1 did at that time. (Warren Buffett: Why stocks beat gold and bonds, 9 Feb 2012, an adaptation from his upcoming shareholder letter, Fortune)

"The Federal Reserve definitely caused the Great depression by contracting the amount of currency in circulation by one-third from 1929 to 1933." (Milton Friedman, Nobel Prize winning economist)

Or as Rep. Charles Lindbergh put it when commenting on the Federal Reserve Act, "This act establishes the most gigantic trust on earth. When the President signs this bill, the invisible government by the Monetary Power will be legalised. The people may not know it immediately, but the day of reckoning is only a few years removed...The worst legislative crime of the ages is perpetrated by this banking bill."

We Were Warned by Past US Presidents, Politicians and Bankers

The fact the banks have been allowed to create money out of nothing and lend it out at interest is not only morally unjust, but criminal. With this monopoly, they have gained almost total power and control over our lives, economies and governments and for these reasons, former US Presidents, politicians and world leaders have spoken of its evils and in doing so warned us all. It is up to us to heed their call and demand this injustice be stopped immediately. Otherwise we will allow the privileged few to continue to get richer and more powerful while the rest of us get poorer and eventually wake up "homeless".

"Whoever controls the volume of money in any country is absolute master of all industry and commerce."
President James A Garfield

"I believe that banking institutions are more dangerous to our liberties than standing armies." Thomas Jefferson

"History records that the money changers have used every form of abuse, intrigue, deceit, and violent means possible to maintain their control over governments by controlling money and its issuance." James Madison

"The Government should create, issue, and circulate all the currency and credits needed to satisfy the spending power of the Government and the buying power of consumers. By the adoption of these principles, the taxpayers will be saved immense sums of interest. Money will cease to be master and become the servant of humanity." Abraham Lincoln

"I have two great enemies, the southern army in front of me and the financial institutions, in the rear. Of the two, the one in the rear is the greatest enemy...As a result of the war, corporations have been enthroned and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until wealth is aggregated in a few hands and the Republic is destroyed." Abraham Lincoln

"When a government is dependent upon bankers for money, they and not the leaders of the government control the situation, since the hand that gives is above the hand that takes...Money has no motherland; financiers are without patriotism and without decency; their sole object is gain." (Napoleon Bonaparte, Emperor of France, 1815)

"That this House considers that the continued issue of all the means of exchange – be they coin, bank-notes or credit, largely passed on by cheques – by private firms as an interest-bearing debt against the public should cease forthwith; that the Sovereign power and duty of issuing money in all forms should be returned to the Crown, then to be put into circulation free of all debt and interest obligations..." (Captain Henry Kerby MP, in an Early Day Motion tabled in 1964)

"...our whole monetary system is dishonest, as it is debt-based...We did not vote for it. It grew upon us gradually but markedly since 1971 when the commodity-based system was abandoned." (The Earl of Caithness, in a speech to the House of Lords, 1997)

"Let me issue and control a nation's money and I care not who writes the laws." (Mayer Amschel Rothschild (1744-1812), founder of the House of Rothschild)

"The world is governed by very different personages from what is imagined by those who are not behind the scenes." (Benjamin Disraeli, first Prime Minister of England, in a novel he published in 1844 called Coningsby, the New Generation)

Is There a Solution?

Some will blame capitalism for the position we now find ourselves and argue that socialism is our only hope. However, let's not fail to appreciate the ultimate aim of both socialism and capitalism is identical, being the centralised rule of a political group which owns or controls all means of production, distribution and exchange. In fact, it can be proved that communism and socialism were financed and established by the capitalist bankers in the first place as a means to increase their power and control in the absence of any true competition since they controlled both. They used both ideologies and systems as necessary to create the changes they desired via 'conflict management' (offsetting one against the other). This method is a favourite of those who wish to control and manipulate government since the public is blinded to their true activities as they are led to believe they have a choice (i.e. two main political parties of the left and right) when in reality both are controlled by the same hidden hand.

"...the bankers who came here from Europe and repaid us for our hospitality by undermining our American institutions. Those bankers took money out of this country to finance Japan in a war against Russia. They created a reign of terror in Russia with our money in order to help that war along. They instigated the separate peace between Germany and Russia and thus drove a wedge between the Allies in the World War. They financed Trotsky's passage from New York to Russia so that he might assist in the destruction of the Russian Empire. They fomented and instigated the Russian revolution and they placed a large fund of American dollars at Trotsky's disposal in one of their branch banks in Sweden so that through him Russian homes might be thoroughly broken up and Russian children flung far and wide from their natural protectors." (Louis T. McFadden as Chairman of the United States House Committee on Banking and Currency from 1920 to 1931)

Others may argue, we must let the 'free market' determine our future as if it were some form of democracy. However, let's not forget this is merely capitalism by default since the 'free market' is not at all free, but controlled by the bankers too. It must also be understood that the essential characteristic of capitalism is not that it permits the private ownership of the means of production and distribution (e.g. land, buildings, machinery and businesses etc.) because the personal ownership of all these has existed since the beginning of time as part of the natural law. No, the distinguishing characteristic of capitalism is it is concerned with the means of exchange. A system in which usury (the lending of money at interest) plays the leading role in addition to the private creation, issue and control of money.

So it would appear we have two choices, but only one master. Either the bankers directly own everything (socialism) or the bankers indirectly control everything (capitalism). Either way, it is the same and we would continue with the present charade under which the bankers are allowed to treat the world as their own private property, and enjoy its almost unlimited bonanza of benefits.

Thankfully, there is another choice and we need not be deceived into believing the 'modern' day banking system invented by the Babylonians some 4000 years ago is all there is or ever has been. In fact, the charging of interest on debt was banned in the west until relatively recent times with governments themselves creating and issuing their own currencies debt and interest free right up until the late 1600s in England and 1864 in the US without any difficulties.

For example, the 'Tally Stick' monetary system initiated by King Henry I around 1100 AD in England, was in continuous use until 1826. It was the most successful form of currency in recent history with the British Empire actually built on it. Notches were carved along the side of a wooden stick, indicating various denominations or amounts and then split down the middle. The King would hold one-half in safekeeping to avoid counterfeiting and "spend" the other half into the economy, debt and interest free. "Since tally sticks could be used to pay the taxes imposed by the king, he created a demand for tally sticks. This demand for tally sticks expanded their role, and they began to circulate as a form of money."(Carmack, 2003).

It is a shame so few people have ever heard of this currency, but it is not surprising. After the Bank of England was formed in 1694, they were never going to allow the Tally System money to continue for long since it was outside their power and control. What better way to eliminate a superior monetary system and rival in which the people had great faith than to pretend it simply never existed. This seems to be what happened when the first shareholder's in the Bank of England bought their original shares with notched pieces of wood and then retired the Tally Stick system.

In the US, Greenbacks were first issued by Abraham Lincoln in 1862 and continue in circulation to this very day. These were originally issued directly into circulation debt and interest free by the US Treasury to pay expenses incurred by the Union during the American Civil War. However, most of the public is kept in the dark about this as the Federal Reserve quietly works to retire this also.

Through a quirk of history, Guernsey was given the sovereign right to issue its own currency in 1690, but continued to only use British pounds issued by British banks. However, in 1816 facing extreme poverty, crippling debts, high unemployment and a failing infrastructure, the island's government concluded, their only hope was to start creating and spending their own money into existence, interest and debt free. This enabled vital infrastructure, schools and sea defences to be built, turning it into the prosperous island it remains today, with its low taxes and inflation, zero unemployment and public debt and a surplus of public funds.

In 1935, the New Zealand general election was won by the Labour Party, led by Micky Savage. They had been strongly influenced by the economist Major C. H. Douglas, who believed the financial system made the economy completely dependent on continual new investment and growth which was deemed to be unnatural and damaging. During Labour's election campaign they urged voters to follow the lead of Canada, where the then Prime Minister W. L. MacKenzie King had said, "Canada is faced with a great battle between money power and the power of the people. Once a nation parts with the control of its currency and credit, it matters not who makes the Nation's laws. Usury once in control will wreck any nation...Until the control of currency and credit is restored to the government and reorganised as its most conspicuous and sacred responsibility, all talk of sovereignty of the people is idle and futile."

One of their first actions in government was to nationalise the Reserve Bank and use its credit at 1.25% for state housing and public work reforms which started a remarkable economic recovery. "For the first time access to health care became affordable for all. The State assumed a major responsibility to provide low cost housing to those in need. A comprehensive social welfare system gave support and security to the elderly, the sick, and those without employment. Access was opened to secondary and tertiary education. The New Zealand economy was transformed and unemployment was reduced dramatically. Workers also benefited from the introduction of the 40 hour week..." (<http://www.labour.org.nz/about-us>)

Unfortunately, this success was short lived with Micky Savage dying in 1940 and Labour's enthusiasm for the democratisation of the creation of money along with him.

Today, the New Zealand Reserve Bank retains the power to create interest free credit with no statutory restrictions on who they can lend to, or the terms on which it can lend. Accordingly, there is nothing to stop any government in New Zealand from simply creating and spending its own money into existence, interest and debt free through the Reserve Bank. Just as it did in the 1930s, resulting in unprecedented prosperity.

Of course, the bankers continue to hide these inconvenient truths because they do not have our best interests at heart. They are only concerned with the issue of their own bank notes which they can profit from at our expense. Obviously, if we still had our own currency issued debt and interest free we would be far more wealthy, prosperous and freer and have no need for the banks. Unfortunately, our governments through weakness, foolishness and greed have slowly loosened the laws which once protected us and allowed the banks to gain the power to create and control their own money (e.g. cheques, direct debits and credits, epost, credit cards etc.) and hide this truth from most of the public.

It's time we demanded our governments put a stop to these deceptions and lies and acknowledge our existing problems are incapable of solution within our existing economic and financial systems. Any and all efforts to build a sound and secure economic system on the shifting sands of man's conflicting ideals, deception, selfish ambition and ruthless competition are doomed to failure. Our only solution is to admit the truth, acknowledge our failings, hold our governments accountable and return to our God so we might restore and follow His laws again which originally made our nations and people great. Only when we realize that fame, power and wealth are not the greatest of all virtues, but love for one another will we build a lasting monetary system which serves the people rather than enslaves them.

Let's remember that our great nation, like other Anglo-Saxon-Celtic countries (i.e. Britain, America, Canada, South Africa and Australia) was founded upon the very commandments, statutes and judgments given by God to the Israelites at Mt Sinai. The English Common Law, Magna Carta and Bill of Rights etc inherited from England broadly based, though imperfectly on God's law given through Moses. The Ten Commandments providing the moral code for the individual and his or her relationship with others, while the statutes and judgements covered all the laws a nation would need to guarantee great national blessings, freedom and prosperity. These statutes covering all aspects of our national life including our structure of government; justice system; economy and taxes; foreign relations; personal property rights; sustainable agriculture practices; health laws; welfare system; employment relations; holidays; social responsibilities and military to name a few.

Only when we return fully to our God and His laws will we again experience peace, general wellbeing, perfect health and happiness. Justice, freedom and liberty. Just government; a prosperous economy; low taxes applied only to ones 'increase' (profit) with all personal property exempted. Protection of the individual, family and

possessions guaranteed. A nation and people free from all insecurities, fears and worries of life. Free from unhappiness, sickness, disease, poverty and want. Most of all, freedom from the burden of debt and inflation with all debt released every seventh year (natural business cycle) and the charging of interest outlawed. Governments again given the power to create the money needed, allowing them to spend it into the economy debt and interest free without cost to the tax payer.

There is no reason why the NZ Government (or any other for that matter) could not simply reinstate these basic natural laws which our countries were largely founded upon in the beginning. Laws designed to benefit the whole community, rather than favouring the rich; the powerful and the multi nationals. Of course, we must appreciate God's laws were designed for adoption by people who are willing to govern their lives by the moral code (ten commandments) which is summarised as "love the Lord your God with all thy heart...and your neighbour as yourself." If we don't have the right heart attitude toward God and each other we will always be prone to taking advantage and exploiting one another and our environment, while putting money and profit above the good of the community.

Let us call upon the Lord for we have paid a heavy price for neglecting God and His Laws. Let us repent, that He might forgive us, heal our lands, restore our prosperity and put a new heart and spirit within us which will enable us to keep His Laws. Then we will realize His yoke is easy and His burden light. For our loving God has made everything perfectly and wonderfully for a purpose. A God who knows us better than we know ourselves and has our best interests in mind at all times. "For God so loved the world that He gave His only Son, that whoever believes in Him, shall not perish, but have everlasting life." (John 3:16) "For I know the plans I have for you, declares the Lord, plans to prosper you and not harm you, plans to give you hope and a future. Then you will call upon me and come and pray to me, and I will listen to you. You will seek me and find me when you seek me with all your heart. I will be found by you" (Jer 29:11- 14)