



**IS QE MONETARY
REFORM?
Or What?**

Welcome to the Central Bank

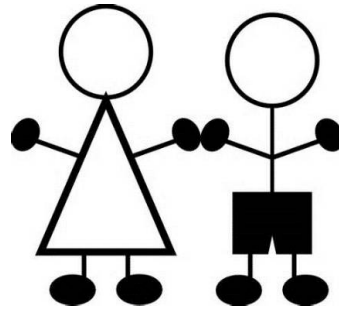
Table of Contents

- IOU MONEY
- QE
- SOVEREIGN MONEY

· IOU MONEY - BANK DEBT-MONEY

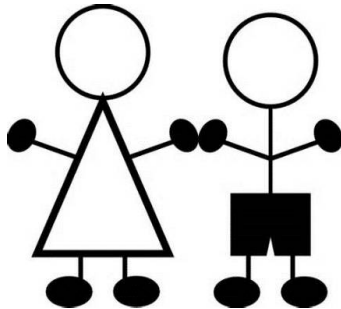
IOU MONEY

Hey, I heard our government was going to start something like QE? Sounds really weird.



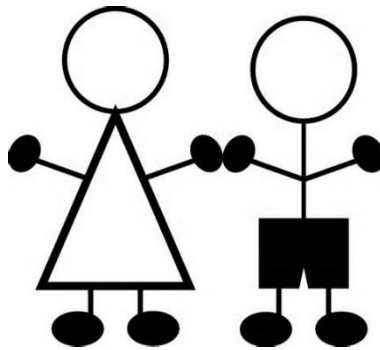
Well, it's not the government.
It's the central bank.

Central bank? You mean the bank
in the center of the town?



IOU MONEY

No, no. Don't you know the difference between a central bank and a commercial bank?



Ah... I only know about my bank – TD Bank.
My money is in there.

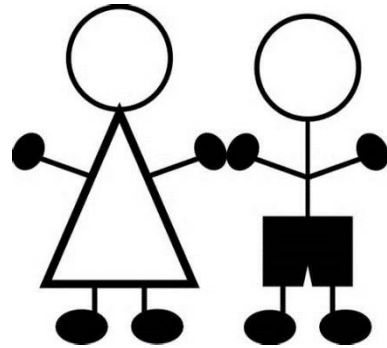
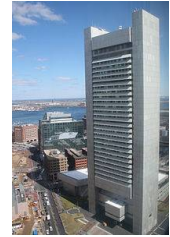
No, no. Have you ever heard of the Federal Reserve System?



Sure. Everybody has heard of the FED.
It's part of the government.
In Washington D.C.
The news is always talking about the FED.

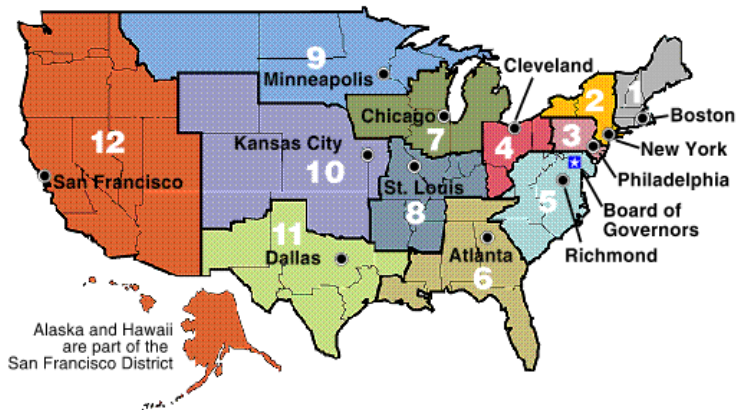
IOU MONEY

The government does not own the Federal Reserve Banks. There are 12 Federal Reserve Banks, and they are privately owned.

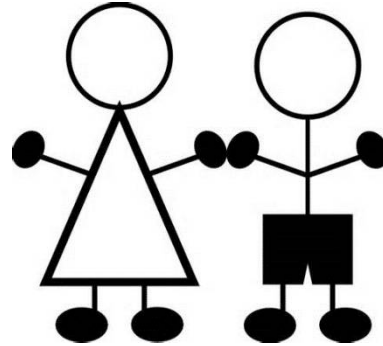


Private?
What do you mean private?
It's the U.S. central bank, no?

All shares of the 12 Fed banks are owned by their members, which are private commercial banks, like Bank of America or Citibank.



IOU MONEY



But where does the government come into this?

There is a Federal Reserve Board in Washington D.C.

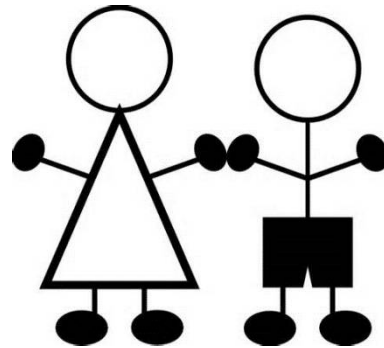
The Board is not a bank. There is no money there. The Board makes policy, like controlling the interest rate banks charge each other for lending to each other.



Cagle.com

Janet Yellin,
Chairwoman,
Fed Reserve Board

IOU MONEY



I can't own a share of the Fed bank?
I can't open an account there?

You don't know how our banking system works?

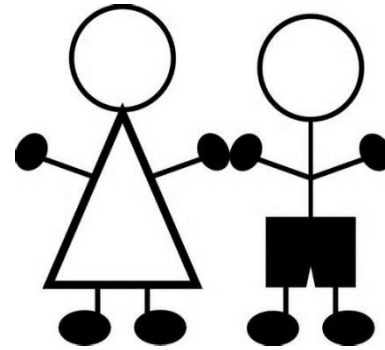


All I learned in school was ...

Ah... well... we all put our savings in a bank and then the bank lends out the money to people who need it.

IOU MONEY

No, banks don't work like that.

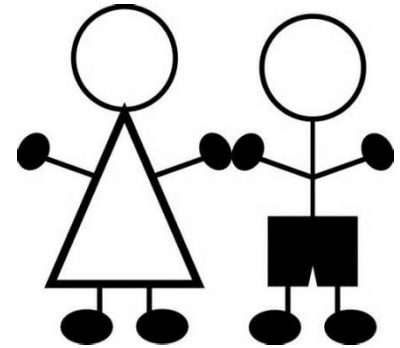


No?

IOU MONEY

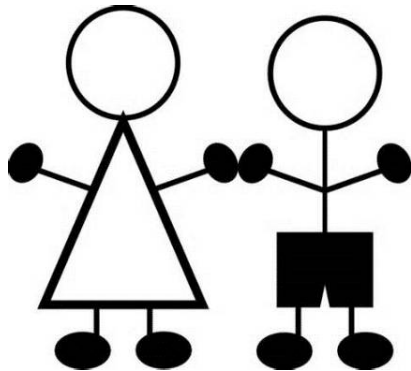
Banks work like this....

When you sign a loan contract with a commercial bank, the bank **CREATES** 'bank money' (also called 'bank credit' or 'checkbook money') by typing a deposit into your account. Our money supply is privately owned and we pay interest for it...



"I'd like a no-interest loan, since I have no interest in paying it back."

IOU MONEY



But that means to have money we have to be in debt to private banks?

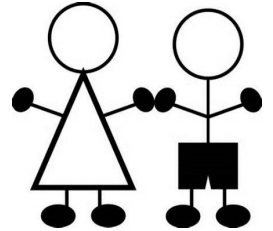


“That is what our money system is. If there were no debts in our money system, there wouldn’t be any money.”

Mariner S. Eccles
Chairman, Federal Reserve
under Franklin D. Roosevelt

IOU MONEY

But whatever happened to our
Constitution, Article I, Section 8?
"The Congress shall have Power ...
to coin Money, regulate the Value thereof..."



GREENBACK CURRENCY



ABRAHAM LINCOLN:

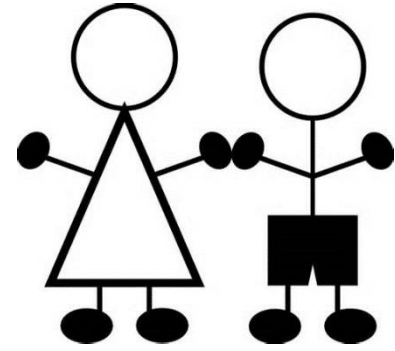
"The original issue of money should be maintained as the exclusive monopoly of national government.

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

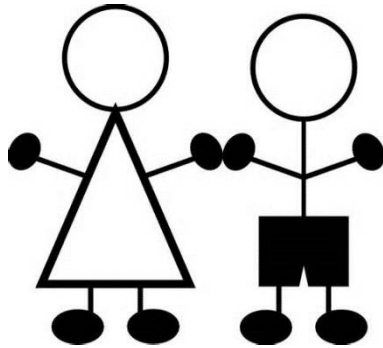
IOU MONEY

Don't worry about all that. Congress passed the Federal Reserve Bill in 1913 to give us a stable monetary system.

'Bank money' is an IOU for cash from the bank. You need to go into your bank and ask for cash (the real money) if you want it.



IOU MONEY



The bank doesn't 'lend' reserve money – the real money?



The bank lends you their IOU by creating a deposit in your checking account. You can spend this 'checkbook money' in most places in the country, though a business can refuse to accept checks and ask for cash (the real money).

BORROWERS CHECKING ACCOUNT

BEFORE LOAN

**Bank
Statement**



AFTER LOAN

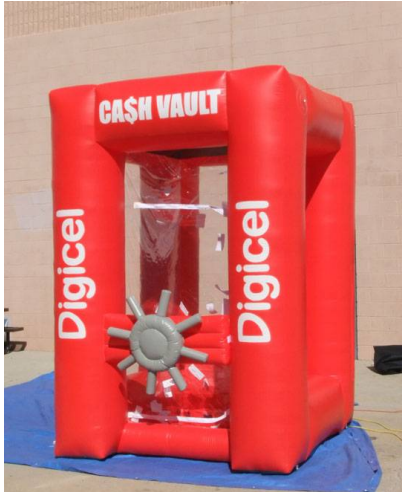
**Bank
Statement**



**IOU FOR
CASH**

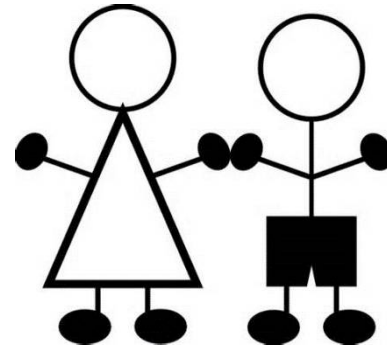
IOU MONEY

Don't worry! The commercial bank has reserves – real money – in the central bank.

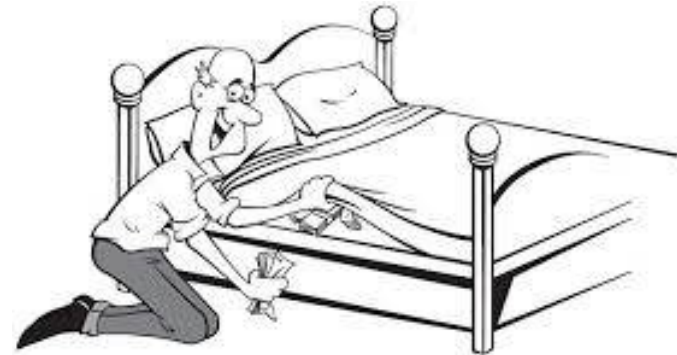


CENTRAL BANK RESERVES
ARE DIGITAL & CASH

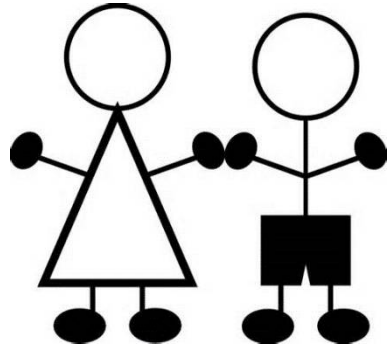
By law, a commercial bank is required to hold 10% of its customers' deposits either in cash in the bank's vaults or as reserves at its local Federal Reserve bank.



Wow, I'm glad you said that.
I was just about to go down to TD
and take out all my 'bank money' in cash
and put it under my mattress!



IOU MONEY

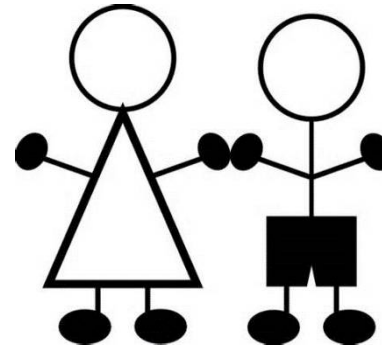


10% !? But.. but..

That's not enough if a lot of people want to take their 'checkbook money' out of the bank?

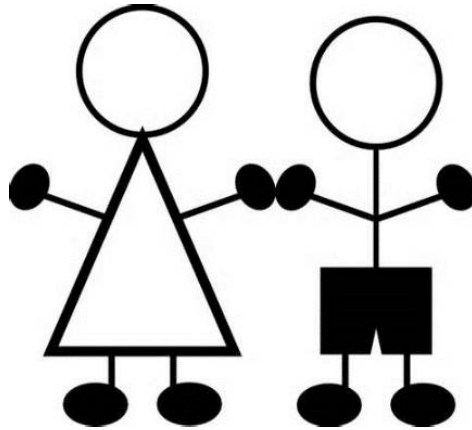
Don't worry about the details!

We're here to discuss the central bank's QE program, right?



Ok... um... sure....

IOU MONEY



Is that why the Occupy movement was called Occupy Wall Street? 'Wall Street' were the **PRIVATE** banks creating 'IOU checkbook money'?



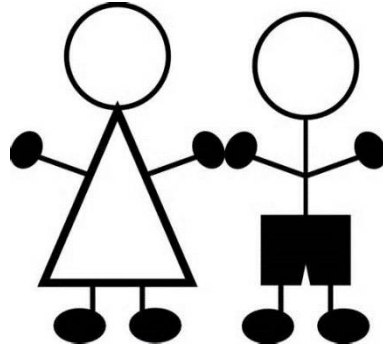
Well.... yes.... but let's not discuss Occupy. Let's get back to QE.

Okay. So the central bank is doing QE?

**QE - To create central bank money
(also called 'reserves')**

QE COMES FROM THE CENTRAL BANK

Okay. Here we go!



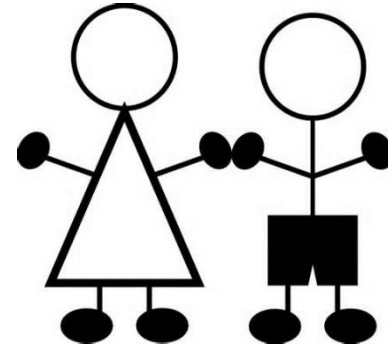
QE began after the Banking Crisis of 2007-2008.



QE COMES FROM THE CENTRAL BANK

After the 2007-2008 worldwide banking crisis, the economy had not gotten very good, even with many policies implemented by the FED.

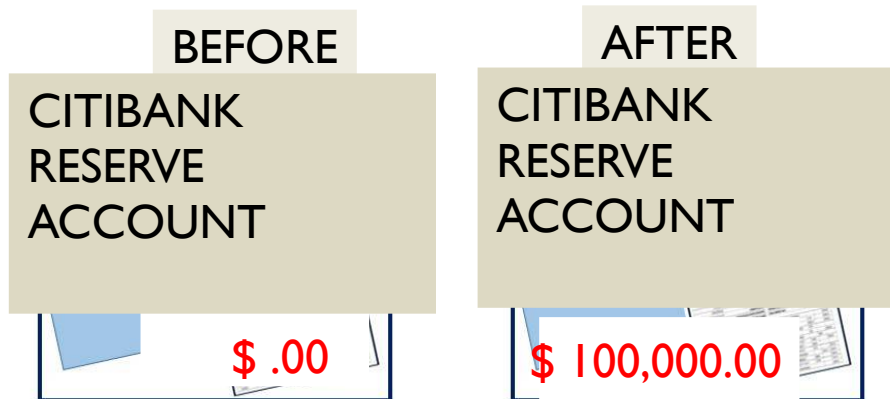
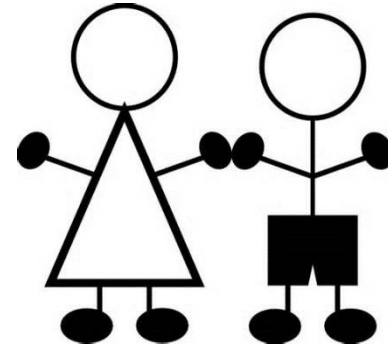
So the Fed decided to do 'quantitative easing'. This was brand new!



So what is it?

QE COMES FROM THE CENTRAL BANK

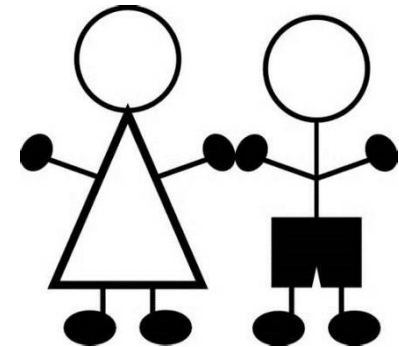
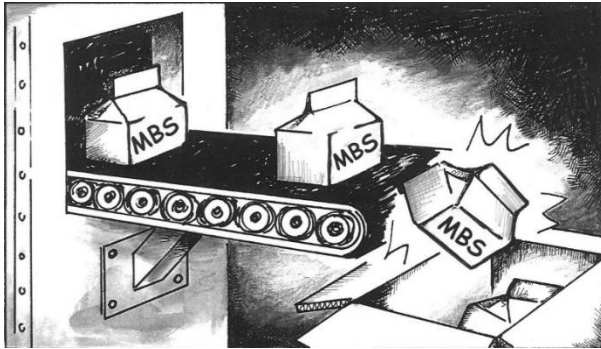
The Fed banks 'create' reserve money, and add it to a banks' reserve account.



Umm... Why do this?
Why give the banks reserve money?

QE COMES FROM THE CENTRAL BANK

The Fed Bank created the reserve to buy financial assets – bonds – from the commercial banks.



Umm... Why do that?

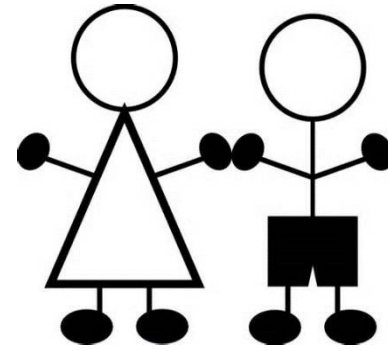
Well.... the banks had some Mortgage Back Securities – MBS bonds - which are going down in value, so the bank was in trouble. We had to make sure the banks were solvent.



QE COMES FROM THE CENTRAL BANK



THOUGHT WE WERE JUST BUYING A HOUSE!"



Umm... Why do the banks own these MBS bonds?

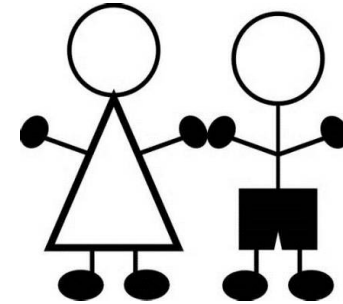
Well, that's another story...

So the Central Bank buys the MBS bonds from the commercial banks to help them out.

Umm... How much?

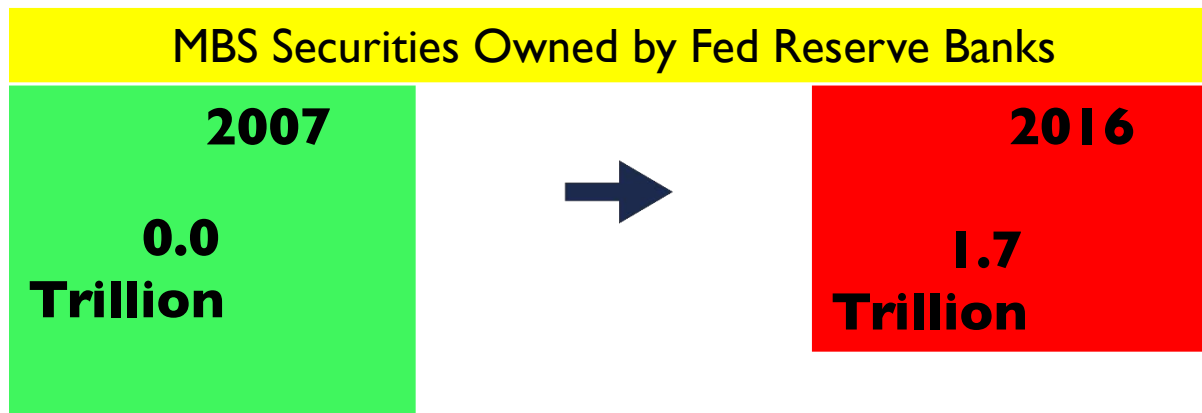
QE COMES FROM THE CENTRAL BANK

You really want to know how much reserve money was created by the FED?

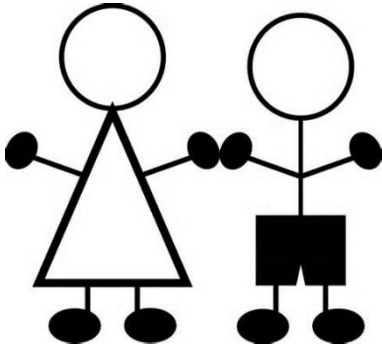


Umm... Yeah, how much reserve money was created by the FED to buy bonds from the banks
–**the crappy MBS bonds?**

Well... okay....here.... The FED created about 1.74 Trillion reserves dollars.



QE COMES FROM THE CENTRAL BANK



Umm...

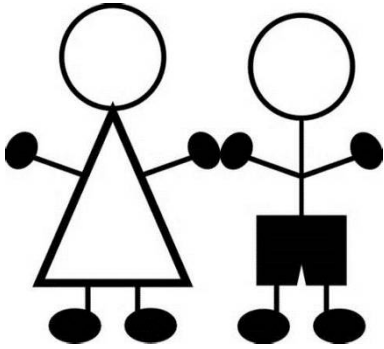
Umm... WHAT!

**1.7 TRILLION!! RESERVE
DOLLARS!**

.... FREAKING TRILLIONS!!



QE COMES FROM THE CENTRAL BANK



And how does this help 'the people'?

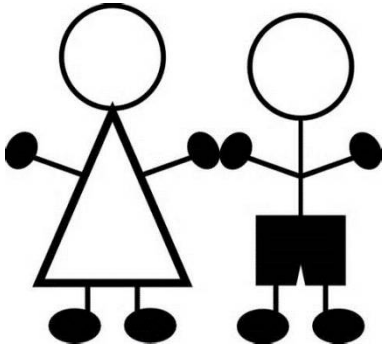


Well, this made sure the banks were solvent so our money in the banks was safe. That certainly helped all of us!

And, well, also... you see, to help the economy to create jobs and help 'the people', the FED also started creating reserve money and going out and buying government bonds from insurance companies and pension funds.

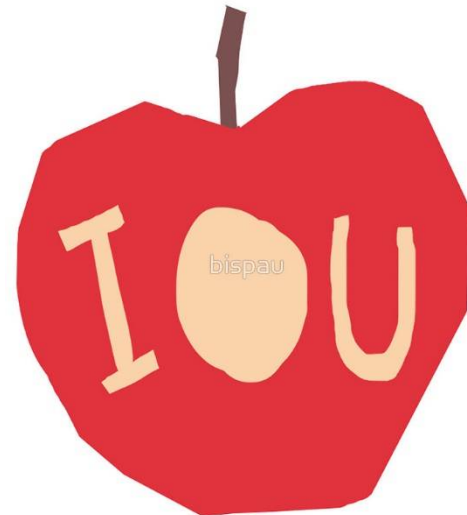


QE COMES FROM THE CENTRAL BANK

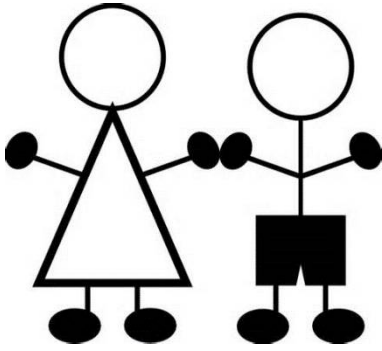


But I thought the FED could not give reserve money – the real money - to anyone but their member banks?

Yes, correct. Good for you. But you see, the way it works is ... the banks got the reserve money, and the pension funds and insurance companies got the IOUs of the banks – bank deposits.



QE COMES FROM THE CENTRAL BANK



It seems all we the people get are IOUs?

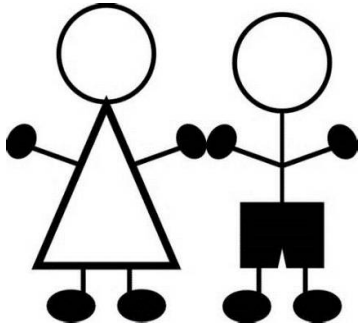
So did this help 'we, the people'?

Well, the idea was that these companies would then take that bank-money and buy more stocks and bonds for their pensioners and insured. This would stimulate our economy.



QE COMES FROM THE CENTRAL BANK

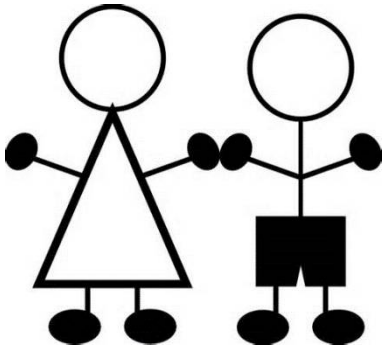
The newly created money went into the financial markets, boosting bond and stock markets nearly to their highest level in history.



And how does that help 'the people' when the majority of the stock market is owned by the 1% !

Well ...

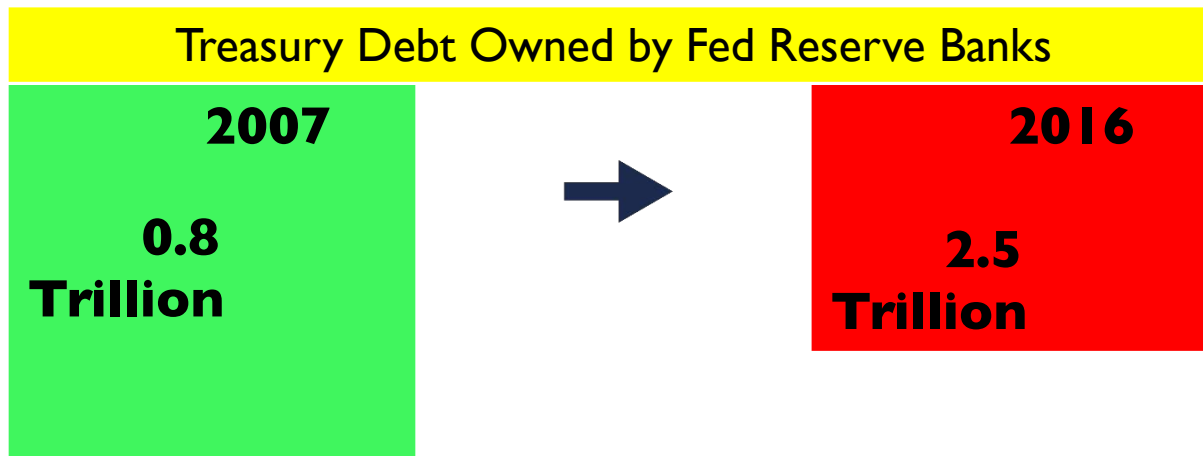
QE COMES FROM THE CENTRAL BANK



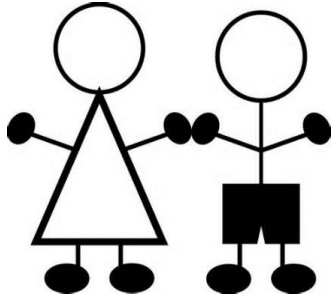
Umm... how much government debt was bought by the FED?

Well ...

Umm... How much?



QE COMES FROM THE CENTRAL BANK



Umm... WHAT!

ANOTHER 1.7 TRILLION !!
RESERVE DOLLARS !!

Umm... That's a total of 3.5 TRILLION
DOLLARS

....3.5 FREAKING TRILLION

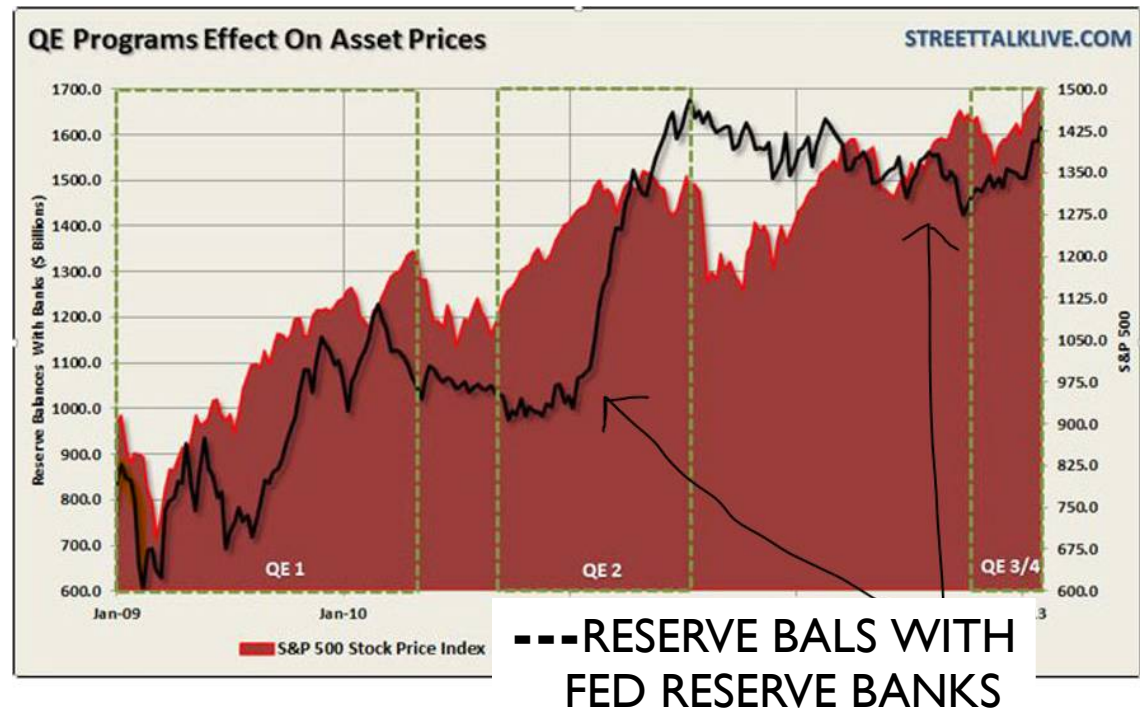


QE COMES FROM THE CENTRAL BANK

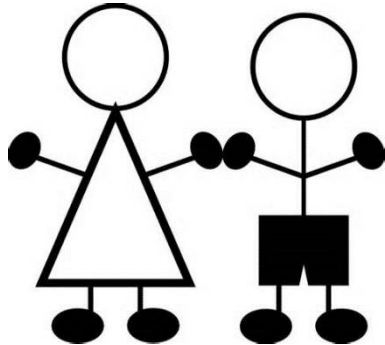


What did the PRIVATE banks do with all their reserve money?

Well, in 2008 the FED started paying interest on reserve balances of the member banks. So, a lot of the new reserve money was left in the Federal Reserve Banks collecting interest.

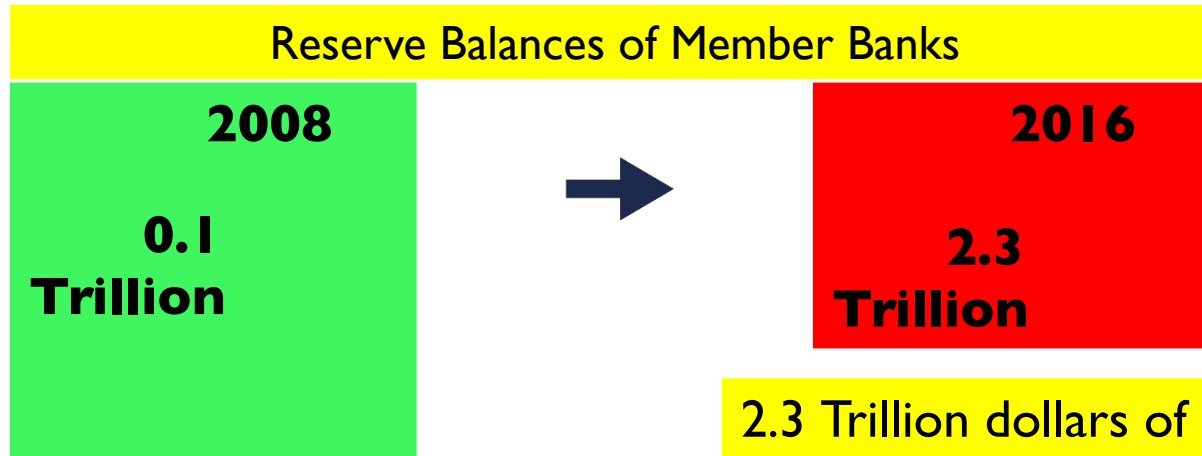


QE COMES FROM THE CENTRAL BANK



How much bank reserves are earning interest?

Well....

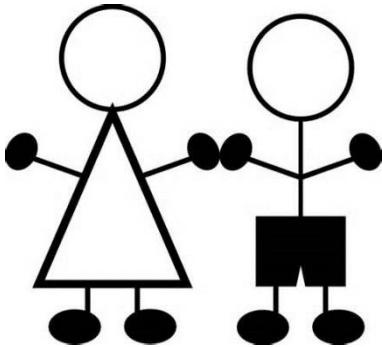


2.3 Trillion dollars of reserves collecting interest. For who?

Well... well.... for the member banks...
the owners of the Fed...

Of course....

QE COMES FROM THE CENTRAL BANK



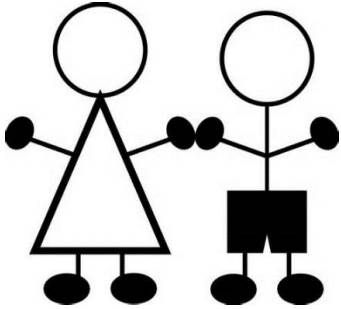
It appears to me that all this QE reserve money always ends up being given by the PRIVATE Fed Banks to their PRIVATE commercial banks, who own the FED?

They get the real money and WE GET IOUs from the bank. Many... many... many more IOUs than there is reserve money. And all of these IOUs come with INTEREST!

Well, yes... but that is our system....

· SOVEREIGN MONEY - DEBT-FREE MONEY

SOVEREIGN MONEY



We need to change our system to sovereign money.

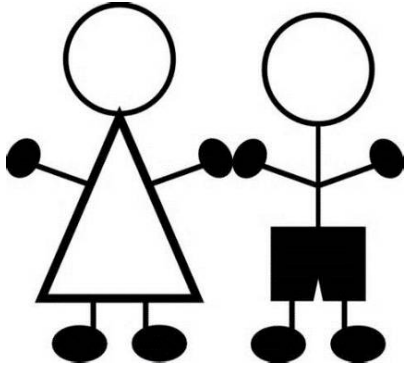
Today 97% of all money in the economy is created by **private** banks out of nothing and **lent** to us at interest.

IT IS NOT A LAW OF NATURE THAT WE HAVE TO HAVE A DEBT-BASED MONEY SYSTEM

IT CAN BE REDESIGNED

Well, yes... but this is not a good idea.

SOVEREIGN MONEY



There will no longer be a dual system of RESERVES and BANK IOU'S. There will only be one type of money – sovereign money – for the central bank, commercial banks, and people.

Government will no longer borrow, but create sovereign money and spend it into the economy for our needs and creating good jobs.

Banks will no longer create their IOU money, but lend sovereign money from their accounts.

Our money in banks will not disappear if a bank fails! The bank will disappear but not our money! Aha!

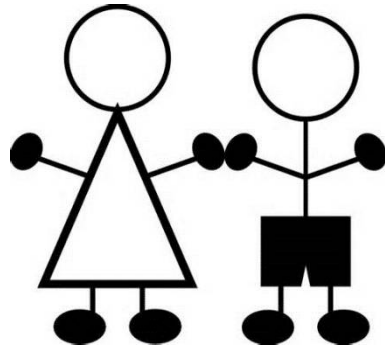


"I have never yet had anyone who could, through the use of logic and reason, justify the Federal Government borrowing the use of its own money."

Wright Patman, TX Democrat,
Chair, US House Committee on Banking and Currency (1965-75):

Well, yes... but this is not a good idea.

SOVEREIGN MONEY



But our constitution says our government can create debt-free sovereign money. Our constitution does not mention this system of 'reserve money with bank IOUs'.

Well, yes... but this is not a good idea.

SOVEREIGN MONEY



SCRIP



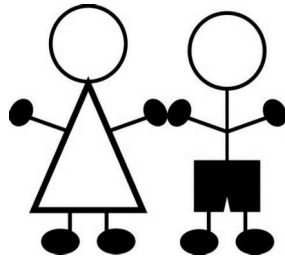
CONTINENTAL



GREENBACK

Why isn't this a good idea?... Our country has successfully issued debt-free sovereign money numerous times.

All our colonies issued DEBT-FREE money called scrip, our revolutionary congress issued DEBT-FREE money called Continentials, and Lincoln convinced the Congress to issue Greenback dollars, DEBT-FREE?



Well, yes... but that would cause INFLATION !!!!

SOVEREIGN MONEY

Wait one BIG MOMENT!

That's what the banks want us to think. That is what the banks say without revealing the actual history of the scrip, Continental, and Greenback.

The colonial scrip brought prosperity to the colonies. The Continental was the cornerstone of the Revolution, and only lost value when the British counterfeited billions! The Greenback worked so well people would not turn them in for gold. The government did not abuse this power to issue money.



SCRIPT

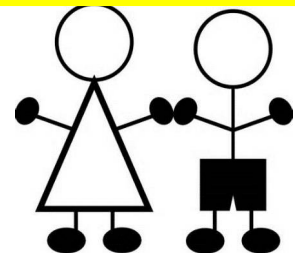


CONTINENTAL



GREENBACK

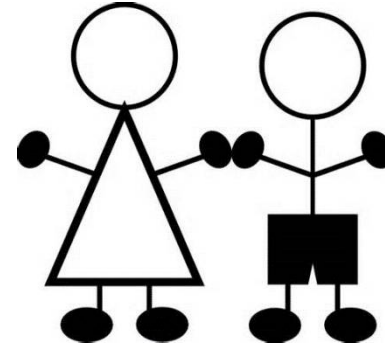
Well, yes... but this is not a good idea.



SOVEREIGN MONEY



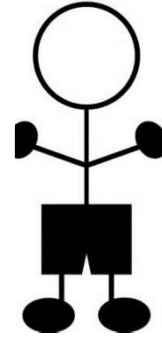
So, what's wrong with Monetary Reform?



But... but... the banks will not be in control....

Sounds like a good idea to me....

SOVEREIGN MONEY



Monetary Reform for the People

It's found in the Green Party's Platform called "Greening the Dollar".

It's also found in Dennis Kucinich's bill, called the NEED ACT, HR2990, of the 112th Congress.



GreensForMonetaryReform.org



GREENS FOR MONETARY REFORM

“Over time, whoever controls the money system, controls the society.”

— Stephen Zarlenga, monetary.org

HOME

PROBLEM

Welcome!

Hello, Green Party Members and friends, Welcome to our new website.

Here you can find out why changing our monetary system is one of the most important issues for the Green Party and the nation.

THE END