



CHAPTER 6 | Financial system

Where the idea that it is necessary for people to be ruled by other people has led to unfreedom and slavery, the monopoly that the state has acquired on money is a confirmation of that. For a good understanding of this scheme, it is important to realize where money comes from. Politics and government have played no role in the development of money. Money is a means by which an economy based on barter has been able to transform itself into a monetary economy. In order to function as a suitable means of exchange, money itself had to have real value. After all, the goods and services that were exchanged against each other had that too. In the course of time, civilizations have made gold and silver a valuable and practical means of exchange. We know the examples from our history lessons. It is also important to realise that the development of the value of a currency in relation to the goods and services to be traded has been a process of centuries. Numerous commercial transactions have been at the basis of this value creation. Those in power have always tried to control money. This has finally succeeded in our time. In the twentieth century, the gold standard definitively disappeared and the state acquired the monopoly on money by setting up central banks. The gold standard was replaced by paper money and the fractional reserve banking system. Since then, money no longer has any counter value. It comes in the form of a worthless piece of paper. It only has value because we assign that value to it. If we stop doing so, the end of the current financial system will be a fact. It is clear that this system is untenable. With this system, politics and government have given themselves the opportunity to create money 'out of thin air'. The only thing that needs to happen is that the money press is switched on at the central bank after, for example, government bonds or loans have been issued and brought into the financial system. This is only an administrative act, hence the term money creation 'out of thin air'. This explains, among other things, the gigantic deficits on the balance sheets of governments all over the world. The debt that the United States has been able to build up as a result of this is the largest in history (May 2020: \$25 trillion) Our entire financial system, including all our savings and pensions, everything we think we own, therefore runs on unsecured paper money issued by the state. The U.S. Federal Reserve Bank (Fed), as the guardian of the world's largest economy and the official "world reserve currency", largely determines how much money is spent on earth, has been doing so since 1980 without any control or restrictions, entirely at its own discretion. Attempts to increase transparency have been rejected several times by the U.S. Congress. Under the gold standard, money creation by monarchs or the state was limited. After all, gold had to be mined first. Now money is available without limit. After all, it is only a printed sheet of paper with a number and a figure on it. The money press has become the means par excellence for politicians and the government to buy lasting support and to favour allied interests or to artificially keep technically bankrupt companies, such as banks or poorly profitable market sectors, alive. This is both theft and deception. The consequences of this system are the sole and



solicited responsibility and risk of citizens. The price paid for this comes in the form of inflation. After all, the more money is added to the existing amount of money, the less this money becomes worth. The less money is worth, the fewer products can be bought with it. Inflation is nothing but a hidden tax on the use of the money press by the ruling elite. It is the surcharge paid because the state has acquired the monopoly on money. For this reason inflation has become a constant factor in the economy. It is theft and deception, because politics and government knowingly and willingly deprive a currency of its value. In 1940 the price level in the Netherlands was as high as it was at the start of the Kingdom of the Netherlands in 1815. The general price level is now 19 times as high as in 1940. In other words: since 1940 we have had 1,800% (!) inflation. The Dutch guilder of that time is now only worth 5 cents. The American congressman Ron Paul puts it as follows: "Inflation eats away at the savings and wages of the people who hardly have a chance to protect themselves from this looting. However, they can exchange their paper money for a good that escapes the grip of central banks and the spending policies of the state, such as gold and silver". That's why you don't hear a politician talk about deflation (buying more with your money). In fact, the term deflation has been demonised in the media and economic science as something negative. Another aspect you don't hear anyone talking about is the fact that a debt-free society has become an illusion. In the current financial system, only debt creates money. And who has an interest in debt? Right, the (central) banks. The special thing is that where money is created by the banks out of thin air, the underlying securities, such as real estate, do have a real value. These accrue to the banks when their debtors fail to meet their financial obligations. The interference of politics and government with money has turned out to be one of the biggest disasters in human history. The debts in the world are bigger than ever before. It keeps causing economic recessions whose social costs are unimaginable. It disrupts the self-regulating functioning of the free market economy and negatively affects the general level of prosperity of societies. The current monetary system, which can only be compared to a pyramid scheme (Ponzi fraud), has turned citizens into economic slaves. Only through labour are they able to continue to finance their personal debts as well as, through paying taxes, the debts of their governments. In the meantime so much money has been pumped into the market through this system that it is no longer possible to pay off these debts in full. Hence the term Ponzi fraud. Every new generation is paying for the consequences of this fraudulent system. The only radical solution is to deprive politics and government of the monopoly on money and return to a system like the gold standard. Money is a means of exchange. Only production and labour in a free market environment create sustainable prosperity.