The Value of Money

by

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We are all familiar with money. Indeed, most of us would like to be more familiar with even more of it. But we all get the basic idea, do we not? Money is all about what you can do with it. Those that have plenty of money get to do what they like and employ people: who haven't much money themselves, to work on their behalf. Those with little or no money have to work for those that have, and spend a lot of their time: a considerable portion of their adult lives, doing what rich people tell them to do. Now this isn't a charitable undertaking: the rich only employ poor people in order to enrich themselves even further. So money isn't just about buying things. More importantly, money is about power: the power, for those that possess it, to control other people's lives.

So, if I were to ask you, who are the more important in the money equation: rich people or poor people, you wouldn't have much trouble coming up with the answer. 'It's got to be the rich,' you would reply. Well, you would be wrong.

Now please bear with me as I attempt to justify that assertion. I would also ask you, the reader, to work with me as we progress. We need a few answers here: lets see if we can find them together.

The first question that we need to both ask, and answer, here is: what is money? Or, to rephrase the question for clarity's sake: what gives money its value? Now I'm not talking about fluctuating values; forget inflation or the value of a country's currency on the money markets. Think basic and ask: why does the money in my pocket possess value? Why is it worth anything at all?

Perhaps it would be better if we broke this question down even further and asked: what is it that defines value?

Let's take a look at something that everybody considers to be valuable: gold. Now why is gold valuable? Well, we've already provided the answer to that particular question. Gold is valuable simply because virtually everybody agrees that it possesses value. Furthermore, if people all over the world were to suddenly stop buying gold – if they suddenly stopped according it any value whatsoever – it would become virtually valueless in an instant. This is because it doesn't possess any *intrinsic* value of its own. Consider this: if you were on the point of starving to death, and the price of a loaf of bread was a billion dollar's worth of gold, would you pay that price - if you had it – or choose to die instead?

Gold is, therefore, only worth what people are prepared to pay for it. The catch here, however, is that the price that people are prepared to pay: their perception of what gold is worth, can be easily manipulated. We are all encouraged: by convention, to want to own gold. Convention dictates that certain milestones in our lives: becoming engaged or getting married, for instance, must be marked by the purchase of a gold ring. The ownership of these trinkets then serves as a constant reminder: to the relative poor, that gold is worth having and that they should constantly aspire to acquire as much of it as they can. What the poor do not realize is that by harboring these aspirations they are actually defining who is rich: those that possess gold in quantity, and who isn't.

We mustn't, either, delude ourselves that the price of gold (along with that of other precious metals, such as silver) is dictated solely by the *supply and demand* equation. These days, for every ounce of *physical gold* being traded on the markets there exists around a hundred or so *gold certificates* (quite literally: *paper gold*). All that is needed, in order to depress gold's value, is for thousands of these certificates to be dumped onto the markets. The opposite can be achieved: the price can be forced up, by financial institutions that buy gold from - and also sell gold to – the different subsidiary companies that they, *themselves,* own. This increases volume sales. Investors then see the accelerating activity in the market: which prompts them to start buying gold, and the price begins to rise along with the growth in demand.

So, we know that gold doesn't possess any intrinsic value of its own and that the cost of buying it isn't, either, dictated by market forces. In fact, what we have seen is that any value ascribed to gold is entirely synthetic. It is the result of manipulation designed to *depress* the price when the big financial institutions: many of whom have more economic clout than some nations, are in the market to *buy* physical gold and – on the flip side of the coin - to *raise* the price when those same institutions wish to *sell*.

There is, as well, another reason why the price of gold is often manipulated. In this instance the price is always depressed. Let me explain. There are times when gold can seem a much more attractive proposition to investors than just leaving their money in the bank, or buying shares. These include times of great uncertainty. Times when national economies: and the industries they encompass, appear to be under threat and a collapse in the value of the currencies associated with them becomes a very real possibility. It is during these periods that we are most likely to see '*runs on the banks*': when depositors fear that a collapse could wipe-out their savings and so begin queuing round the block to withdraw their money. Once withdrawn that money needs to be converted into a '*store of value*': something that – the ex-depositors hope – will retain its value until after the crisis has passed. The preferred choice for people facing this scenario is, of course, gold (with silver coming in a close second). Now the banks are not going to just sit still and let this happen. Their very survival is at stake. They are going to do everything in their power to prevent a *run on the bank* from wiping out their capital base. And the main stratagem that they will adopt to protect their interests is *precious metal price manipulation*. The logic that the banks are employing here isn't hard to understand: when money starts to look bad, make buying gold and silver look a whole lot worse.

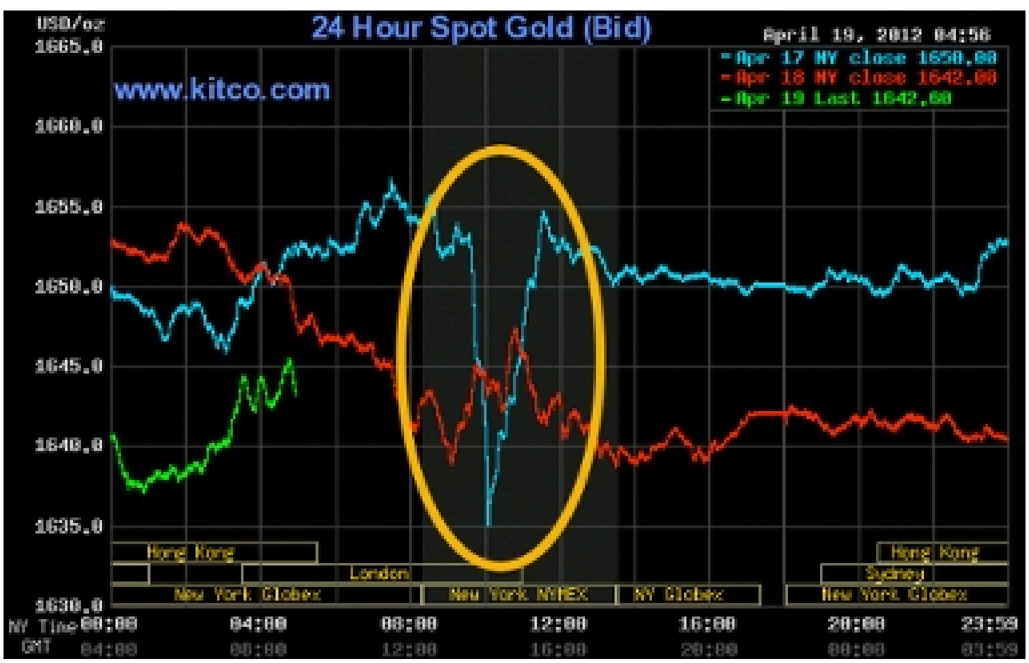
Evidence: that the central banks do, indeed, deliberately depress the price of precious metals has been mounting for years. However, despite this evidence, you will still come across 'analysts': on the financial blogs and in the press, that deny that this occurring. Do not listen to them.

The evidence includes:

- A now famous US district court case: heard in New Orleans in June, 2003, wherein the legal team acting for Barrick Gold and JP Morgan Chase moved that a federal anti-trust lawsuit brought against them be dismissed on the grounds that they had undertaken to depress the price of gold at the behest of an unspecified central bank. The legal argument being that central banks possess sovereign immunity from prosecution.

- The Federal Reserve: in the minutes of one of its meetings, actually admitted manipulating the price of precious metals. (**NB** This has been covered on a lot of the financial blogs – check it out.)

- In order for precious metal price manipulation to work there has to be coordinated attacks on both gold and silver. If the price of only one of these commodities was depressed people would just buy the other. The evidence for such co-ordination is both plentiful and compelling.



Charts courtesy of www.kitco.com

Clear enough evidence of co-ordination – don't you think?

Many financial bloggers: such as those on ZeroHedge.com, confidently attest that there is at least one such coordinated attack per week.

(**NB**. I would recommend: to readers who would like to learn more about this subject, visiting the *Gold Anti-Trust Action Committee* (**GATA**) web site. This organization has been gathering evidence relating to precious metal price manipulation by the central banks and their proxies: known collectively as '*The Cartel*', since 1999.)

Unfortunately, this is not the end of the story with regard to price manipulation in the gold and silver markets. There are other, related factors, that tend to predispose investors to want to acquire precious metals in preference to hard currency - and so engender the classic manipulative response from the central banks.

The first of these is interest rates. At the moment central banks: around the world, are keeping interest rates very low. This is great for borrowers - they can take out loans and, later, repay them with very little interest added. It isn't so great for savers though. For them low interest rates mean that the money they keep in the bank isn't earning them anything.

This state of affairs is further complicated by another factor that we need to consider: monetary inflation. Monetary inflation occurs when central banks print money and commercial banks issue credit (bank money). Both actions increase the amount of money in the *money supply*. And money – like most things – diminishes in value in direct proportion to the increase in the number of units available. In everyday terms this means that the buying power of the money in your pocket, and bank account, decreases as prices begin to rise in the shops.

(**NB**. Monetary inflation is always accompanied by price (of goods) inflation. There are differing opinions: among economists, as to why this occurs.)

Now we are all aware that over the past four years: since the 2007/2008 sub-prime mortgage debt/derivatives debacle, governments (with their bank bail-outs/re-capitalization) and central banks (with their liquidity injections) have pumped almost unimaginable amounts of money into the world's financial systems. We are also aware that this is an ongoing situation: with the likes of Greece and Spain ETC. seeking bail-outs (for their private banks, not their governments), from their partners in the Eurozone. America: the most indebted country in the world, isn't immune either. The American government is issuing treasury bonds at an ever accelerating rate – with most of the debt issued: around 70%, being bought up by the privately owned Federal Reserve.

What we have here is, in effect, an ongoing crisis situation that has led to an endless round of emergency summits attended by our presidents, premiers and prime ministers. These summits invariably end with our 'leaders' pledging even more tax payer money to help keep the *too big to fail* private banking system afloat.

All of this activity is, by definition, inflationary. All of it increases the amount of money sloshing around in the world's financial systems. (Where all this money has gone – and just who is benefiting from it - is another matter: a matter to which I shall be returning shortly.) And all of the '*new money*' being created by this process is driving up prices and seriously eroding the value of savings and pensions.

At the moment, money itself – it would seem – is in crisis. Which forces me to ask: if the future of money looks so uncertain, and the buying power of bank deposits is rapidly declining, why on earth aren't people pulling their money out and converting it into something more tangible? Something safer like precious metals?

Well, there is another factor at work here that influences how people respond to this situation. And this is – '*the message*.' We have to factor in the message that people are receiving: about this situation, transmitted via the privately owned media machine and the plethora of experts, pundits and politicians assembled to drive it home. And the mantra - chanted in unison - by all of these is: '*Too big to fail*.'

We have all become familiar with the phrase: '*Too big to fail*.' Certain banking institutions are just: '*Too big to fail*'. But what does this mean exactly? We are being told that our governments will not, under any circumstances, allow the larger, privately owned banks to succumb to the cut-and-thrust of free market capitalism. Or, for that matter, suffer the consequences of their own bad-decision making. In effect, our governments have decided – on our behalf, *and with our money* – to underwrite all of the banks' bad debts. However, this is tantamount to issuing them a blank cheque because the banks haven't declared how much bad debt they are actually carrying. Furthermore, the full extent of the debt within the banking system is impossible to pin down, because it is repeatedly re-packaged into new '*derivatives*', and shuffled around from bank to bank. (If you are familiar with the 'three-card-trick' you will understand exactly how this works.)

So the message that is constantly being driven home here goes something like this: *your money is safe in the banks because your governments are not going to allow the banks to fail*. Well, lets not mince our words, that's pure bullshit. What our governments have actually done is give the banks the power to extract funds directly from the tax payer. All the banks have to do now is find a sizable hole in their accounts and our governments will step in and start shoveling *our money* into it.

Our governments – it would seem - are no longer ours.

Consider this: last year we saw the appointment of two banking technocrats to prime ministerial positions in Europe. Both of these: Mario Monti in Italy, and Lucas Papademos in Greece, have either worked with, or directly for, Goldman Sachs – the predatory American investment bank - known to many as, 'The Vampire Squid.' They are, also, both members of the *Trilateral Commission*: a think tank set up by billionaire banker David Rockefeller, to promote political and economic integration across the globe. Further to this, Monte has served as a European Commissioner: with a remit covering taxation, and Papademos has served as Vice President of the European Central Bank (ECB), and as an adviser to the IMF.

Now, let's just back-it-up a minute here and think this over. The banks blew it big-time - right? And the answer to solving all the problems: caused by the banks, is to hand over direct control - of entire national economies - to the bankers? Really? Did I miss something? Does this make any sense to you? It most certainly doesn't to me.

But then I am a natural born cynic.

For all of this to make sense, to me, the '*banking crisis*' had to be something other than just a '*crisis*'. It had to be the result of deliberately planned action by the banks. But is there evidence to support this assertion?

Of course there is.

This is what they did.

- First of all they created a mountain of debt by using artificially low interest rates and (*miss-sold*) variable rate mortgages to draw millions of people on low incomes (mainly Americans) into the housing market. All of this high risk debt was then collateralized to become complex derivatives that were sold to banks and institutions all over the world.

- Then they effectively pulled the plug - by massively restricting credit - which caused an equally massive contraction in the money supply. Now all those low income folks found that their once affordable mortgages were becoming more and more expensive to finance. Tens of thousands began handing back the keys of their dream homes to the banks. Tens of thousands more saw foreclosure notices pinned to their front doors. Consequently, all those derivatives: which depended on all those mortgages being paid back in full for them to be of any value, were suddenly worthless. And there is smoking-gun evidence: in the form of inter-bank emails, that banking insiders knew the derivatives were worthless - but sold them on all the same.

(**NB**. If you do not understand the fractional reserve banking system. Or how the banks create money out of debt then it is high time you learned. The quality of your future life here on Planet Earth depends upon you understanding this stuff. For now though, just accept that the banks create – quite literally out-of-thin-air – over 90% of all the money in circulation. This gives the banks the power [often referred to as, '***The Money Power***,'] to control: by turning the credit tap on and off, how much money is circulating within a national economy at any given time.)

Now the creation of all that toxic debt is not at issue here – we've all heard enough about it, have we not?

But the contraction of the money supply - although covered to some extent in the media - hasn't been associated with any deliberate act or policy of the banks (which is a bit weird). Nor has the contraction's role in bringing about the the banking '*crisis*', been given much airtime/column space either. But money doesn't just evaporate. It is created out of nothing by the banks, and it can also be made to disappear by the banks.

Please read these extracts from the UK's Daily Telegraph newspaper:

- *'The US money supply has experienced the sharpest contraction in modern history, heightening the risk of a Wall Street crunch and a severe economic slowdown in coming months.'*
- *Data compiled by Lombard Street Research shows that...money aggregates fell by almost $50bn (£26.8bn) in July, the biggest one-month fall since modern records began in 1959.*

  19 August 2008

And records continued to be broken.

I found this on ArabianMoney.net:

- *'The...money supply in the US is contracting at a rate that is only comparable with the period 1929-1933. This is the hidden killer that the global economy now faces.'*

Along with another extract from the Daily Telegraph:

- *In the three months to the end of April...institutional money market funds fell at a 37 per cent rate, the biggest ever fall.*

  28 May 2010.

(**NB** These extracts only tell you what is happening – not why it is happening – or who is responsible.)

So the banking '*crisis*', wasn't a '*crisis*'. It was the result of deliberate planning. And if we look – now - at the appointment of two technocrats to positions of political power, it doesn't seem so nonsensical, does it? Because these guys have a plan. And they are not alone.

The banks have also managed to place other agents/operators in key, strategic positions right at the heart of government. For instance, President Obama's current Chief of Staff: Jack Lew, previously worked for banking conglomerate Citigroup. The guy he replaced: Bill Daley, worked for JP Morgan Chase. Last year, here in the UK, Stephen Green: a former CEO of HSBC (the bank currently embroiled in a scandal concerning money laundering for the Mexican drug cartels and channeling Saudi Arabian petrodollars to terrorist networks), was ennobled and appointed trade minister. He has also secured a role at the Treasury advising George Osborne on financial services and banking issues.

The banks aren't, either, only exercising power through unelected placemen parachuted into high political office. The '*strings*' that both the IMF and ECB attach to their loans makes the receipt of their funding conditional upon changes being made to the domestic policies of national legislatures.

And we have all seen the effect that such interference: the imposition of '*austerity measures*', by the IMF and ECB is having – it is driving people out onto the streets across Europe.

But, hang on a minute, if the banking '*crisis*' is a lie – then where does that leave the '*austerity measures,*' that our governments, and the central banks, put in place as a response to that '*crisis*'?

Well, I am afraid that this is just another deception. What we are looking at here is actually a wish list that the bankers have been carrying around in their back pockets for the best part of a century.

Let me explain. The '*austerity measures*' were needed: we are expected to believe, to pay for the bank bail-outs. The bail outs were needed to re-capitalize the banks: after they had suffered enormous losses, so that they could resume lending. This, we were promised, would result in a speedier return to normal economic activity with the banks making funds available to businesses so that they could continue operations and maintain employment levels. More lies. As we are all now aware – this didn't happen.

Which is unsurprising. The funds made available by the bail out regime were to be distributed by the banks, of course. But why would the banks – after engineering a '*crisis*' – effectively put an end to it by distributing funds into the wider economy?

No, the banks have a much better use for our money. They are using it to fund: with the provision of zero interest loans made to their friends on Wall St, high frequency stock market trading. The actual trading is undertaken by computers (its known as algorithmic trading; Google it) that can buy and sell a tranche of shares in under seven seconds. This is maintaining a massive share price bubble that will eventually be burst, deliberately, at a time of the banks' choosing. This, in turn, will collapse economies worldwide. This, my friends, is the gun that the banks are currently holding to our heads.

But we still need to understand what the '*austerity measures*' really are. Alright. Let's have a look at what these measures: and the stated reason for their implementation, *deficit reduction*, mean for ordinary citizens. *Cut-backs* is the key phrase here. Governments are now drastically cutting-back on public expenditure. The areas affected cover: social welfare – including healthcare and unemployment benefit, the provision of social housing programs, education, public services such as policing, and the reduction of staffing levels throughout the public sector.

In some instances public services are being privatized – this includes, here in the UK at least, policing.

Governments are also raising the retirement age and forcing workers to contribute more toward their pensions whilst: at the same time, clawing back public sector pension fund surpluses.

Central banks are, as well, demanding labour market reforms that strip away worker's rights: making them easier to hire-and-fire. Any resistance: from organized labour, to such reforms is to be met with the full force of the state.

Going hand-in-glove with this are changes to tax regimes. Here in the UK this has meant increasing the tax burden on individuals – with the less well off having to meet a disproportionate amount of the increase.

Governments are also increasing the amount of VAT levied on goods and services: including fuel. This increases the cost-of-living at a time when net incomes are falling, and leads to the impoverishment of millions of people.

Lastly we have the sale of national assets to the private sector. What we can be sure of here is that our governments: in collusion with the banks, will settle on the '*right price*' for these assets. This will enable the asset stripping, Mitt Romneyites of this world to move in and: using zero interest loans provided from bail out money given to the banks (yet again), snap up some pretty nifty bargains. (You can pull your pants back up now folks.)

All of these measures – we are told – are required if governments are to reduce their budgetary deficits to manageable levels, and keep the cost of public borrowing within sustainable limits. Well, I'm sorry, but there is no other way to say this: what a load of bollocks.

For a start, whether or not we can pay down the deficit is entirely in the hands of the banks: not our governments. The banks control how much money there is, at any given time, in the *money supply.* If the billions required to pay down the deficit doesn't exist within the money supply/economy then the deficit cannot be paid down.

(**NB**. You should also try checking out what kind of impact the measures have had – so far – on your country's national debt and deficit. [The deficit is the difference/shortfall between a country's tax take and the interest payments it must make on the national debt.] I guarantee that: no matter where you live [apart from Iceland], the national debt, and the deficit, are both still rising.)

So if the '*austerity measures*' aren't, then, a response to an unplanned economic catastrophe: what are they? Would you believe established economic policy? What we are looking at here are decades old policies: dressed up as emergency measures. They are the: '*Privatize everything*,' economics of Milton Friedman and the Chicago School. These were also the same policies that: back in the 1980s, defined the nature of the Reagan and Thatcher governments. Both of these were big fans of Friedman and both accepted that their adoption of his: '*Let the market decide*', approach to fiscal policy would lead to growth in unemployment and the creation of an economically disenfranchised underclass.

Thatcher and Reagan were not, either, the only national leaders enamored of Milton Friedman's doctrines. After the CIA inspired coup: which brought down the democratically elected government of Salvador Allende in Chile in 1973, the murderous military dictatorship (junta) responsible embraced his brand of free-market-fundamentalism and applied its tenets with brutal efficiency.

This was real bad news for the people of Chile. Friedman's, '*shock program*', began two years after the junta's bloody seizure of power. It was implemented by a group of Chilean economists whose education: at the University of Chicago, was paid for by the Rockefeller Foundation. First of all they stopped printing money and drastically reduced the money supply. State expenditure was then cut back by 25%, with tens of thousands of public employees losing their jobs. Wage and price controls were abolished. Labour market reforms saw decades of hard won worker's rights rolled back overnight. A sweeping privatization program: which included healthcare, handed the ownership of all state industries to the corporations. Finally, the capital markets were completely deregulated. As a consequence of these savage measures millions were thrown into poverty and the quality of life – for the vast majority – took a sudden nose-dive.

Now, does any of this sound familiar to you?

Unfortunately, for the people of Chile, poverty and deprivation weren't the only evils that confronted them. The junta: led by Augusto Pinochet, also launched a terror campaign against anybody that resisted the imposition of market driven, totalitarian rule. This - it has been estimated - cost the lives of at least 3,000 people at the hands of the junta's secret police. Another 30,000 or more were imprisoned and tortured. And, at one point, even the national football stadium in Santiago was used as a prison camp/execution center.

So, as you can see, the austerity measures aren't new measures. Nor are they the response to a crisis. They're the motivation that drove the fabrication of a crisis. And they've been heading our way for some time now.

We can also draw parallels between how the Chilean junta dealt with resistance to these policies and the way in which police: on the streets of Athens, Madrid and across America, are using the application of brute force to suppress demonstrations against those same policies.

What we could do with knowing here is: how far are they prepared to go? Will the banksters push their goon squads to lethal extremes? Are they prepared to kill us to defend their right to define what money is and who should control it?

We could, also, ask ourselves the question: how far are we prepared to go? Because – and make no mistake about this – it is really all about us. Money is all about us.

Not convinced? Then imagine with me: and consider carefully, this simple, little scenario.

To start, let's invent two characters to populate our story. The first of these is a banker: who does not need a name. The second we'll call Joe Bloggs: a self-employed plumber. Joe is in need of a new van with which to ply his trade. Trouble is, he doesn't have the cash - to hand - with which to buy one. So he goes to see the banker.

He explains his predicament to the banker and between them they arrive at an arrangement. The banker will lend Joe the money: let's say £18,000, to buy his new van. In return Joe agrees to pay the loan back: in 18 installments of £1,000 plus 12% interest, over a period of one and a half calendar years. Then – after they have both signed the loan agreement - Joe shakes hands with the banker and leaves.

Once Joe has left the banker scans the loan agreement onto a computer hard drive. He then calls up a record of Joe's transactions: with the bank, on an electronic data base. After entering his password, the banker carefully keys the figure £18,000, into the credit column of Joe's electronic bank account. Now – as far as the banker is concerned – that's it. He has no further contribution to make in this transaction.

Things are little different for Joe though. Over the next eighteen months Joe installs 36 new bathroom suites and 48 new loos. He also fixes 125 leaky pipes, 93 leaky taps and drains off - so that he can unblock - 78 central heating systems. Having the new van was, of course, a great help in getting Joe and his many tools-of-the-trade to and from all this work.

However, what Joe didn't realize: what very few do actually, is that – when he and the banker both put their names on that agreement – they were actually creating the money that would pay for the van. All Joe understood was that he had to pay the money back (even though the money hadn't really existed in the first place).

Now all of this might seem simplistic – but it does allow us to make some very pertinent comparisons. Try – for instance – comparing the banker's contribution to this arrangement with what Joe brought to the table. To which of these would you assign any real value? Now ask yourself this: what was it – about the figure £18,000 – that transformed a few flickering pixels on a computer screen into something that possessed *intrinsic* value? If Joe hadn't signed, on the dotted line, what would those pixels be worth?

The only thing that possesses intrinsic value here is Joe's time and what he chose to do with it. And, what is more, the world is chock full of people like Joe. It is how they spend their time: how much of their lives that they choose to spend working to earn money, that gives money what value it has. And we are not just talking about the money in working people's pockets and bank accounts here. We are talking about all of it

– *in toto* – all the money in the world.

So, if I were to ask you, who are the more important in the money equation: rich people or poor people, you wouldn't have much trouble coming up with the answer. 'It's got to be the poor,' you would reply. And, you would be right.

Now, here's the rub. If working people are so all important in the money equation – why is it that they have no say, whatsoever, in how the *Money Power* is used and abused?

Because, let's face it, the *Money Power* is: at the moment, being deployed to attack the interests of the very people that define what money *is,* and supply *the only value that it has.*

How has it come to this?

It has come to this because the *Money Power* resides in the wrong hands.

Well, it is now time for that to change.

The *Money Power* rightfully belongs to you: dear reader. So the only question left to ask is: what are you prepared to do to claim what is rightfully yours?

Useful links:

http://www.gata.org/

http://www.kitco.com/

The Money Masters: a three and half hour long documentatry video that examines, in depth, how the banks usurped the ***Money Power*** that rightfully belongs to you.
http://video.google.com/videoplay?docid=-515319560256183936

http://cognizantnationhq.weebly.com/