MONEY REFORM PL

How to change current monetary system for better one

without waiting for the next global financial crisis

2014

This document indicate a way out of the current monetary system, it's not incitement to break the law and contains only theoretical considerations.

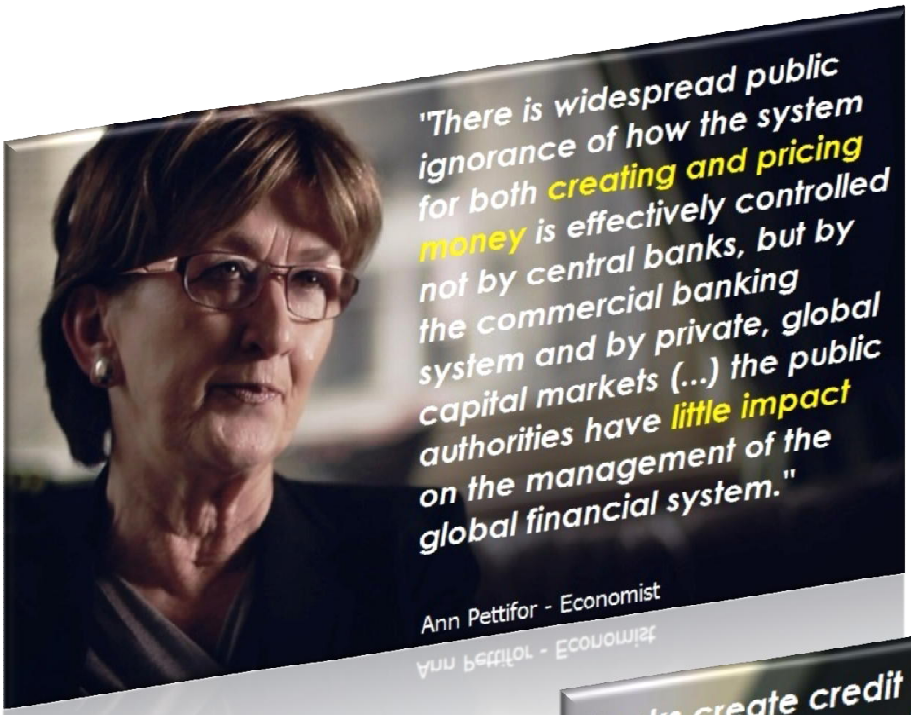
The initiative supported by HartFerrisTG Fund.

Diagnosis

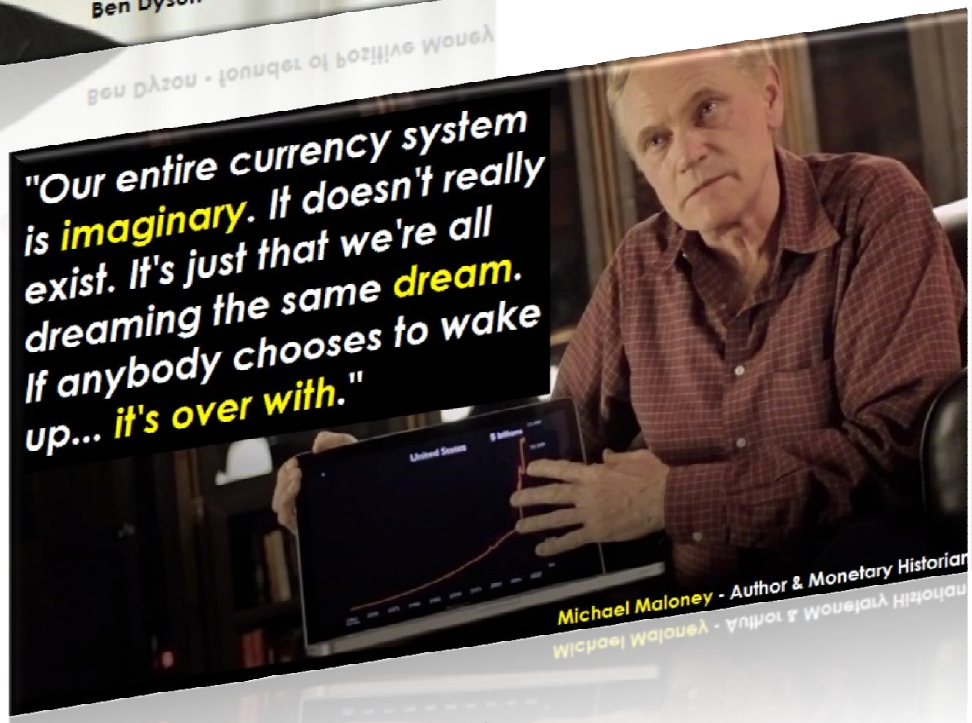
First, some basic and indisputable **facts**:

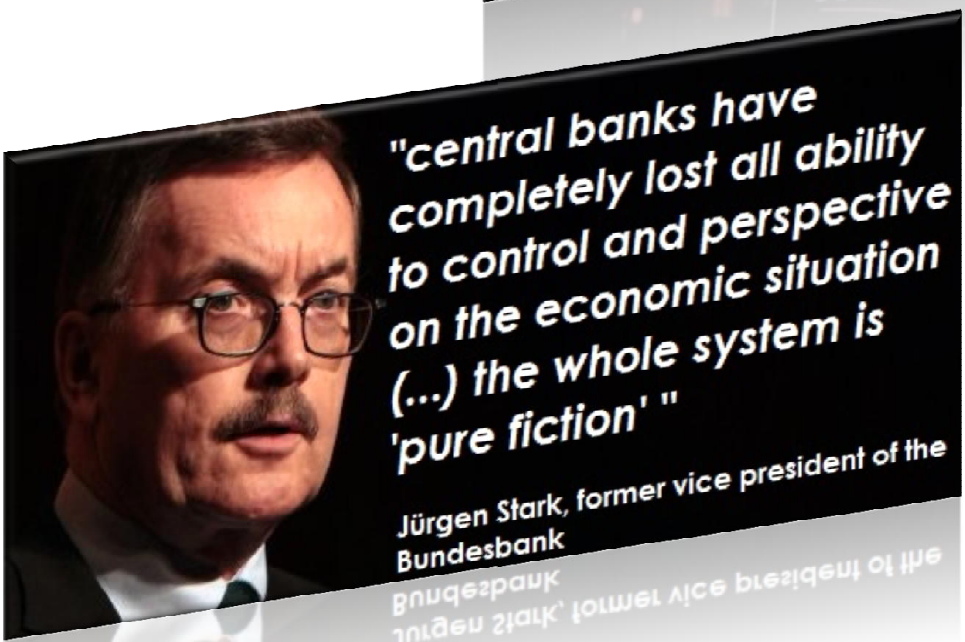
The essence of the contemporary monetary system is the creation of money, out of nothing, by private banks' often foolish lending.

Martin Wolf, Financial Times, 9th November 2010




"(...) money is currently created every time a new loan is made, by bankers who have no interest in the effect of their lending on inflation."
Ben Dyson - founder of Positive Money


"Our entire currency system is imaginary. It doesn't really exist. It's just that we're all dreaming the same dream. If anybody chooses to wake up... it's over with."
Michael Maloney - Author & Monetary Historian


"central banks have completely lost all ability to control and perspective on the economic situation (...) the whole system is 'pure fiction' "
Jürgen Stark, former vice president of the Bundesbank

Examples of similar statements by other economists, experts, bankers, former heads of central banks or even ministers can multiply.

Second, **Credit River Case** - How easily undermine the essence of the system:

In **1968** man named Jerome Daly was a defendant in a civil case in which some bank was seeking to evict him from the property for nonpayment of the mortgage. The immediate effect of the court decision was that Daly **did not have to** repay the mortgage or relinquish the property. (below - the grounds of the judgment on base that the bank had thus not given Daly anything of value and was not entitled to the property that secured the loan). **Unfortunately** the Credit River decision was **nullified**, after bank appeals, so the case has **no value as precedent**. It proves, however, that the **system is very fragile** and relies more on social quiet acquiescence by the lack of knowledge rather than on logical foundations. It may thus be **readily replaced** with another, just.

MEMORANDUM

The issues in this case were simple. There was no material dispute on the facts for the Jury to resolve.

Plaintiff admitted that it, in combination with the Federal Reserve Bank of Minneapolis, which are for all practical purposes, because of there interlocking activity and practices, and both being Banking Instutions Incorporated under the Laws of the United States, are in the Law to be treated as one and the same Bank, did create the entire $14,000.00 in money or credit upon its own books by bookeeping entry. That this was the Consideration used to support the Note dated May 8,1964 andthe Mortgage of the same date. The money and credit first came into existance when they created it. Mr. Morgan admitted that no United States Law or Statute existed which gave him the right to do this. A lawful consideration must exist and be tendered to support the Note. See Anheuser-Busch Brewing Co. v. Emma Mason, 44 Minn. 318, 46 N.W. 558. The Jury found there was no lawful consideration and I agree. Only God can created something of value out of nothing.

Cure

Two ways of change:

1. **By customer revolution** - simpler and faster, but may cause temporary legal and physical repressions for citizens, also the transitional turbulence in the country economy...

2. **By legislation** - more difficult, peaceful and requiring coordinated action of many often antagonistic political groups - not recommended due to the risk of a very distant time horizon, probably calculated in decades...

Therefore, let's focus on the **first** way...

Step 1. Prepare the ground.

Quiet but appropriate organized/coordinated "**bank runs**" in order to get rid of electronic money "**out of our pocket**". It should not take more than a year, because the central bank will have to constantly print new cash to refill commercial bank's cashboxes to cope with increased cash payments for customers. Of course there will always be a group of the victims, who will not have time to withdraw their money for various reasons. As a result, we want to cause a significant reverse the proportions in the money supply.

Step 2. Real action.

Imagine that in a short period of time, about a week, all debtors of banks shall submit a **written notice of renouncement** from credit/loan agreements.

Then, all of them stop to pay its obligations **at the same time** (nearest installment). **How** to pay off the debt that was created **out of thin air**, right?

What banks could do about it?

Of course, issue an **enforcement order** and they will try to **block** our accounts (after all, there's almost nothing there, right?). And we still do not want to pay. What therefore? Do they put hundreds of thousands (maybe millions) of people to prison? Impracticable. Do they begin force us to receive cash and bullion back? Do they bring martial law? No. The result **would** be that the country economy will **collapse**. Any reasonable government would not want such a scenario. A radical change in the system will therefore be forced on the government and parliament through the concerted action of hundreds of thousands of citizens. By ordinary termination of obedience to the banking system.

Step 3. The new money.

Rule 1. New money is created **free of any debt**.

Rule 2. **Resignation** from the fractional-reserve banking system on commercial banks level and fiat money system on central bank level.

Rule 3. Nationalization the money supply, which means that **only the state** can create all money. Notes and coins plus electronic money are still legal tender.

Rule 4. Commercial banks can **fail and go bankrupt** just as any other ordinary business. When a bank collapses taxpayer does not have to pay for bail him out.

Rule 5. Electronic money isn't so easily **convertible** on notes and coins and vice versa (e.g. cash machines). You have to make such a disposition at any commercial bank or directly at the central bank branch. You decide about kind of money proportion in your "wallet". You must predict, whether you need more money to make electronic transfers or cash payments.

Step 4. Benefits of rules.

Rule 1. Money returns to his **original role** of social invention. Continuous creation isn't necessary to prevent the collapse of the economy. Countable supply.

Rule 2. Commercial bank customers can have **two types of accounts**: transaction and investment/saving. Banks can lend money that was invested by customers on the second type of account. The customer has the current view of the changing balance sheet on this account. He sees how much money was borrowed (disappeared from his account) and what is the expected yield. Banks can't use transaction accounts to fund credit/lending action. In result banks don't create money "out of thin air" by making loans. All money (traditional and electronic) is secured by an appropriate **ratio of reserves** in the precious metals collected in the central bank.

Rule 3. Money can be **injected into the economy** by central bank via commercial banks (notes and coins deposits and electronic transfers - closely monitored by the central bank - to cope any citizen disposition of convert one kind of money to another - look Step 3. and Rule 5.) or in form of direct payments to citizens (e.g. government spending). The state **don't have to** borrow money to finance domestic expenditures. The state can borrow non-interest money directly **from central bank** to finance foreign expenditures. In result public debt is decreasing. Taxes can be lower.

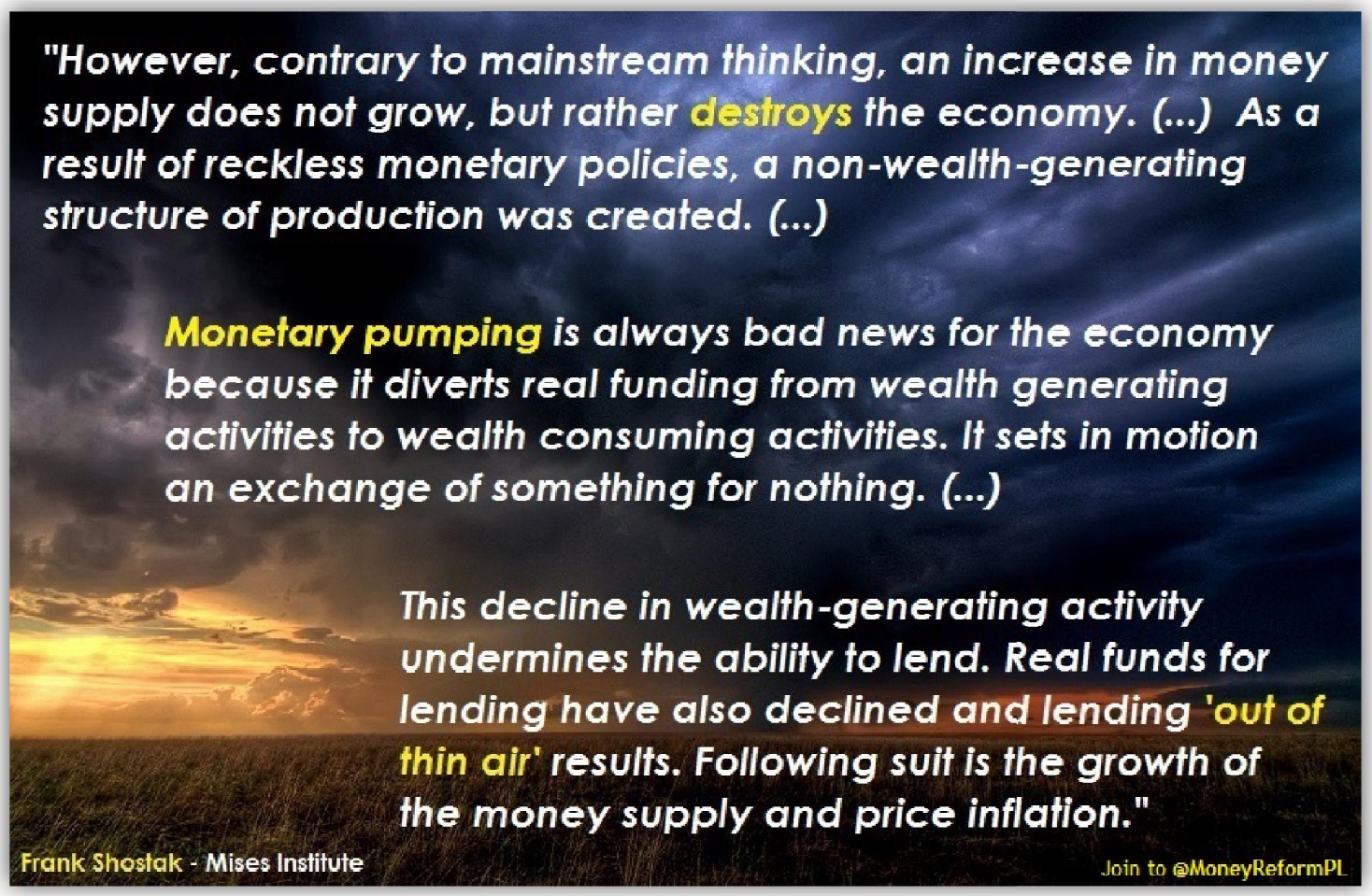
Rule 4. Banks must **focus more** on products and services that have a real benefit to the wider domestic and international economy. Make better efforts to calculate of risk and asset quality. Banks must first **collect** funds before they can make a loan.

Rule 5. **Facilitate** the supervision and control of the money **supply** in the country. The possibility of predicting periods of scarcity and the prevention of excessive deflation and inflation. Lower costs of the banking system by the lack of necessity to maintain cash machines network.

Transitional problems of system change:

1. Many banks will be at the breakeven or collapse.
2. Possible chaos during the technical implementation of the new system.
3. Short-term domestic economic turbulence.

If we decide not to change the system we will still be stuck in just such a reality:



Don't hesitate to **contact us** if You have similar ideas:

moneyreformpl@yandex.com

Copyright by **@MoneyReformPL**