

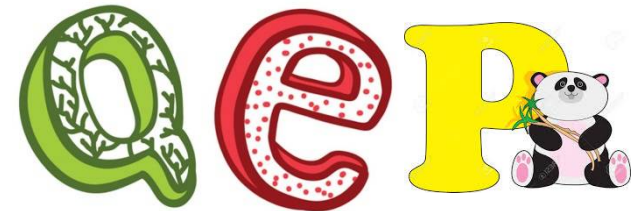
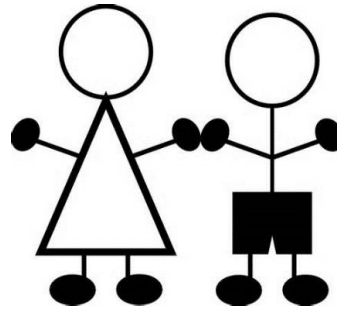
# **QEP – For the People?**

**Welcome to the Central Bank**

- **Central bank vs commercial bank -  
our two-tier monetary system**

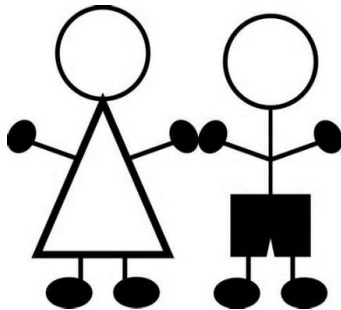
# QE COMES FROM THE CENTRAL BANK

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



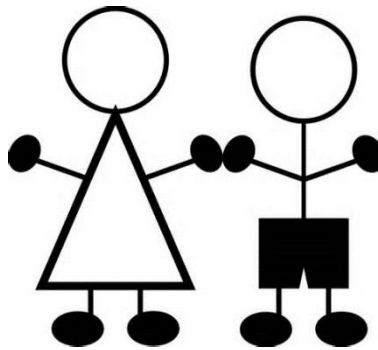
Well, it's not the government.  
It's the central bank.

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



# QE COMES FROM THE CENTRAL BANK

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.

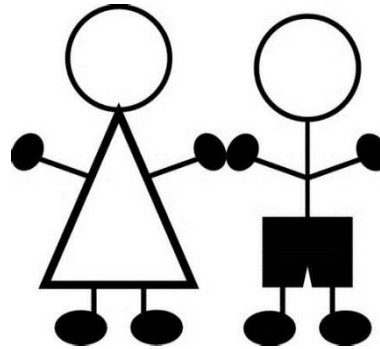
No, no. Have you ever heard of the Federal Reserve System?



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.

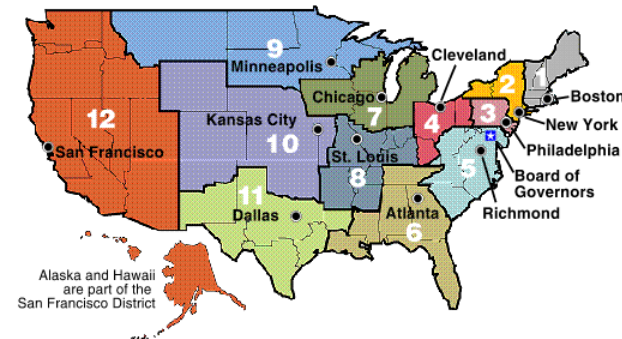
# QE COMES FROM THE CENTRAL BANK

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



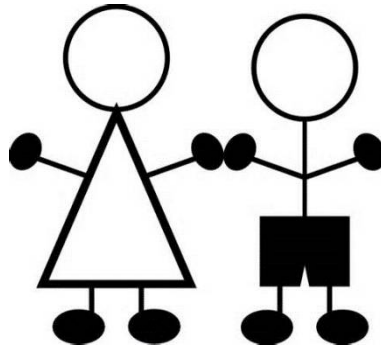
Private?  
What do you mean private?  
It's the U.S. central bank, no?

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



# QE COMES FROM THE CENTRAL BANK

But where does the government come into this?

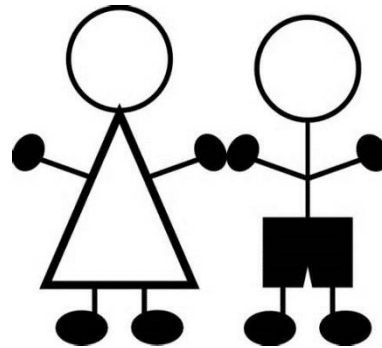


There is a Federal Reserve Board in Washington D.C.

The Board is not a bank. There is no money there. The Board makes policy, like controlling the reserve requirement for member banks.



# QE COMES FROM THE CENTRAL BANK



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?

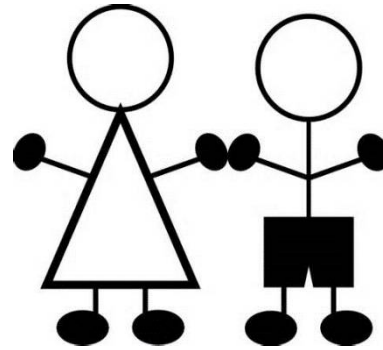


All I learned in school was ...

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

# QE COMES FROM THE CENTRAL BANK

No, banks don't work like that.



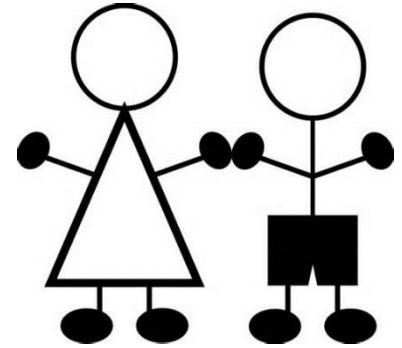
**No?**



# QE COMES FROM THE CENTRAL BANK

Banks work like this....

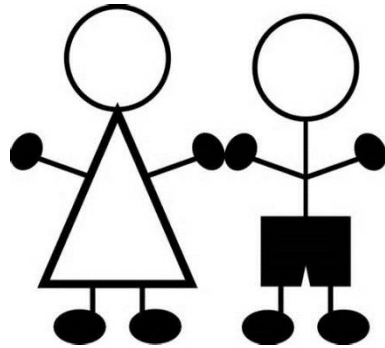
When you sign a loan contract with a commercial bank, the bank **CREATES** 'bank money' (also called 'bank credit') by typing a deposit into your account.



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.



# QE COMES FROM THE CENTRAL BANK



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

The bank lends you their IOU by creating a deposit in your bank 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).

IOU FOR CASH

## BORROWERS BANK DEPOSIT ACCOUNT

BEFORE LOAN

**Bank Statement**



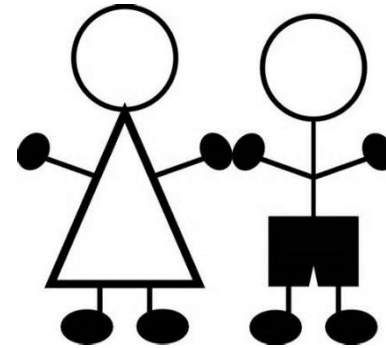
AFTER LOAN

**Bank Statement**

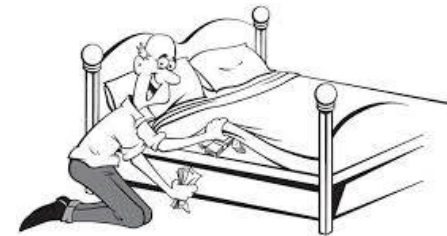


# QE COMES FROM THE CENTRAL BANK

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

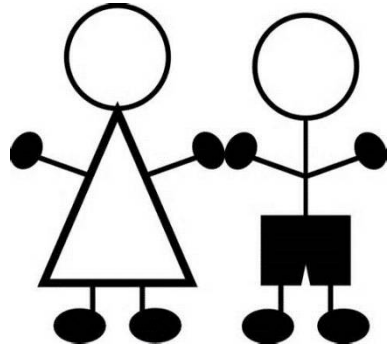


Wow, I'm glad you said that.  
I was just about to go down to TD  
and take out all my 'bank money' in cash  
and put it under my mattress!



By law, the Fed requires that around 10% of bank deposits be held either in cash in the banks' vaults or at the local Federal Reserve bank.

# QE COMES FROM THE CENTRAL BANK

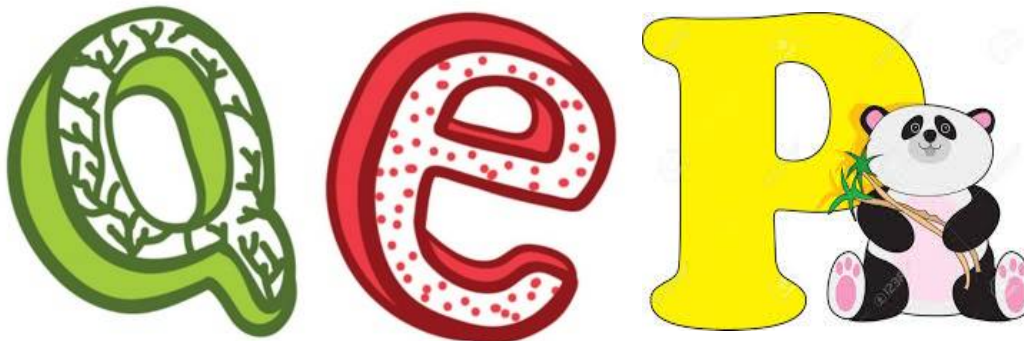
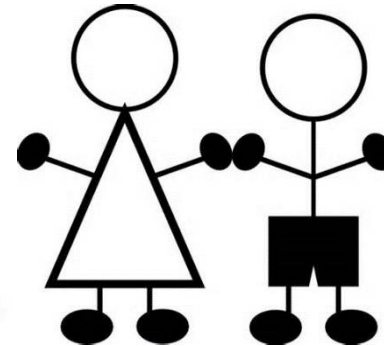


10% !? But.. but..

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

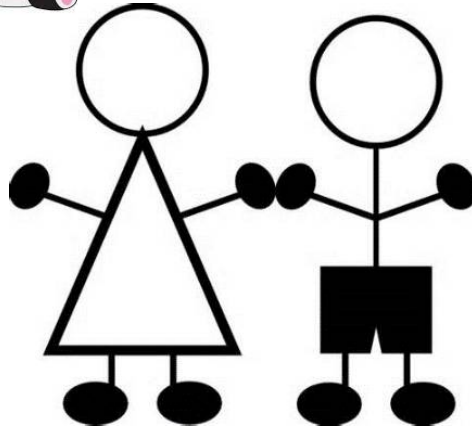
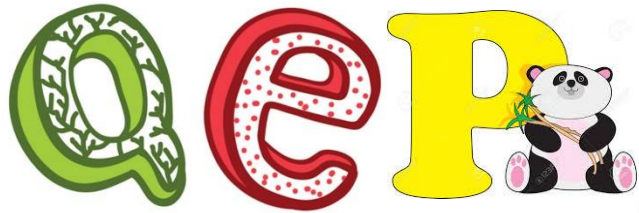
Don't worry about the details!

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



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

# QE COMES FROM THE CENTRAL BANK



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

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



Okay. So the central bank is doing QEP?

· QEP - QE for the People

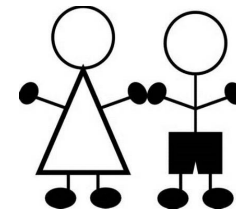
# QE COMES FROM THE CENTRAL BANK

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!



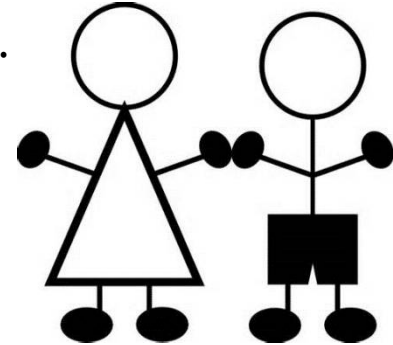
What is QE?



# QE COMES FROM THE CENTRAL BANK

The Fed banks 'create' reserve money.

For QE, the Fed banks created reserve money and bought financial assets – bonds – from the commercial banks.

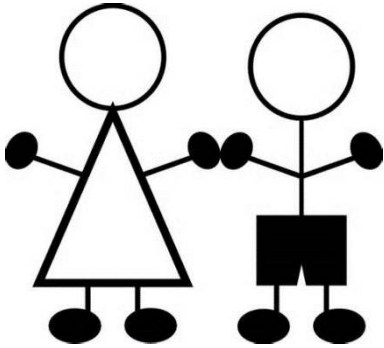


Well.... the banks had some Mortgage Back Securities – bonds - which are going down in value, so the bank was in trouble. The Fed banks bought the bonds from the banks.





# QE COMES FROM THE CENTRAL BANK



Well, the economy was still not working too well.

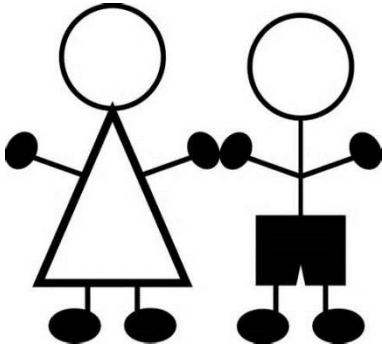
So the FED also started creating reserve money and going out and buying government bonds from insurance companies and pension funds.



Top Insurance Companies

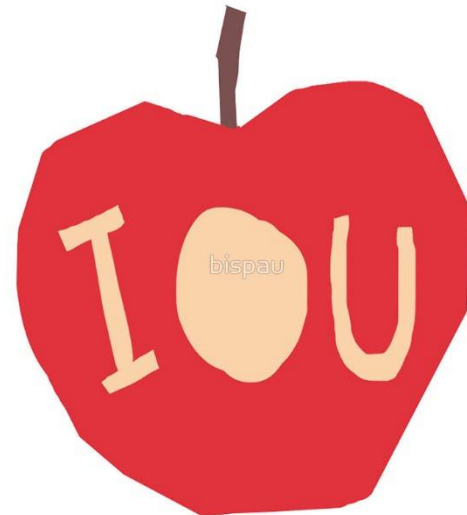


# QE COMES FROM THE CENTRAL BANK

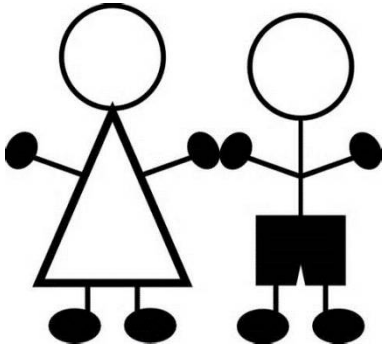


But I thought the FED could not give reserve money – the real money - to anyone but their member banks?

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'?

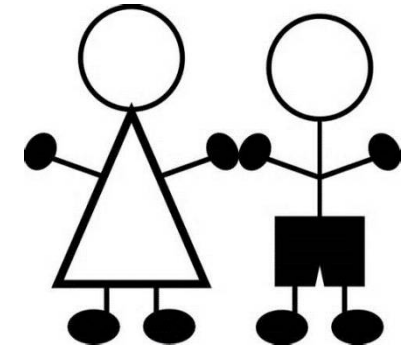
The newly created money went into the financial markets, boosting bond and stock markets nearly to their highest level in history.



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

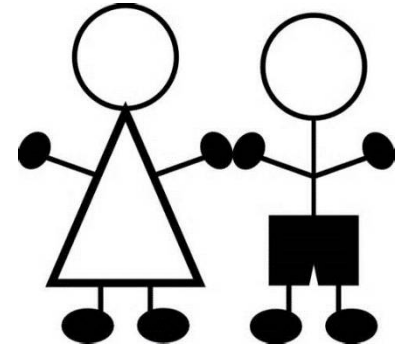
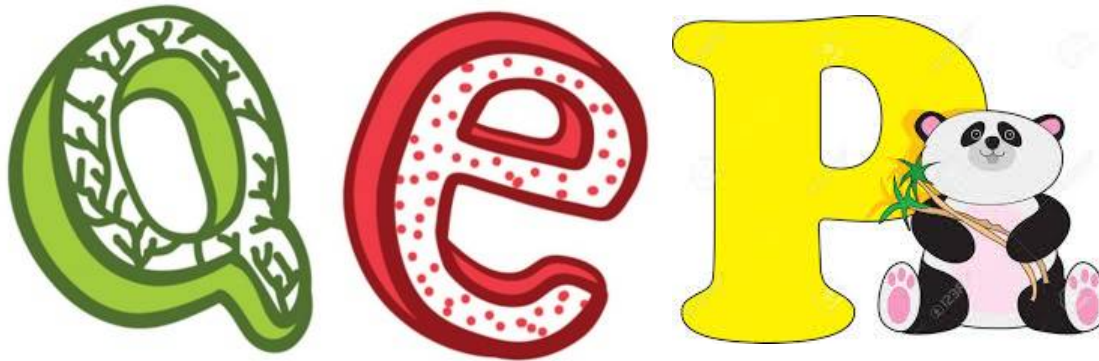
# QE COMES FROM THE CENTRAL BANK

Well... it will get better... we could have a 'QE for the People'!



**QEP?**

# QE COMES FROM THE CENTRAL BANK



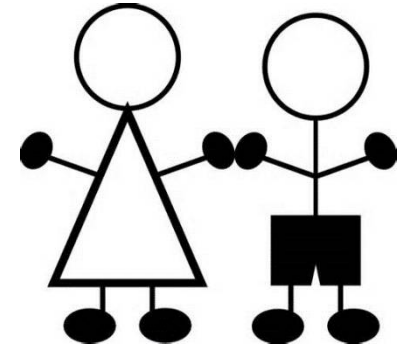
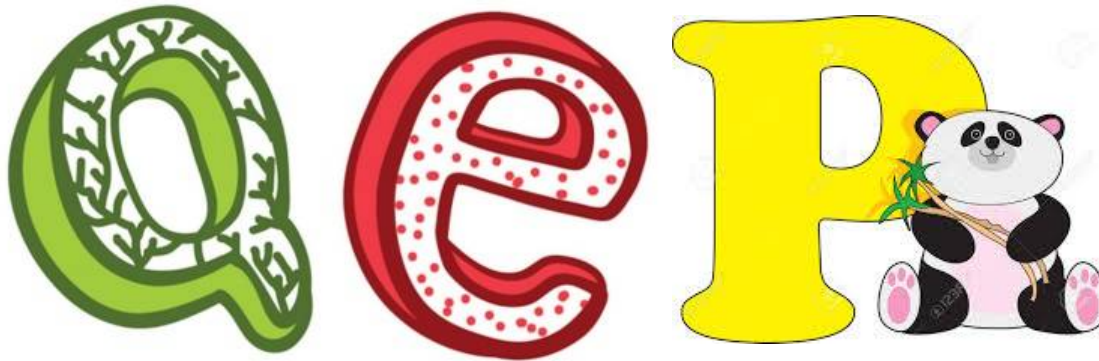
Yes, the Federal Reserve Banks could create reserve money and give that money to the government! And the government will spend that money for us – the people. Build infrastructure.

The government will not have to borrow money or raise taxes to have money and help the people.

So when the government spends the reserve money, we the people will finally get real money?



# QE COMES FROM THE CENTRAL BANK



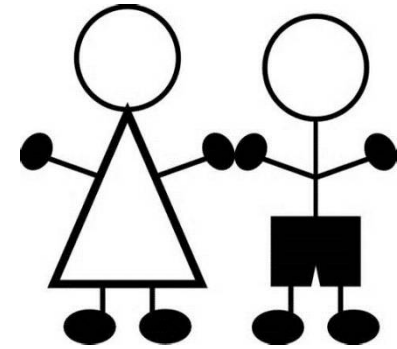
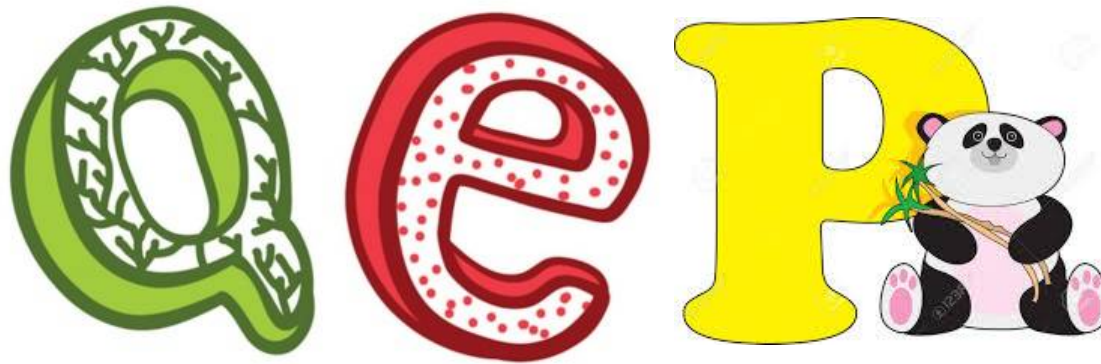
Well... well... no.

No?

You see, it will work this way. Say the government wants to build a bridge. The construction company will receive a bank deposit IOU to build the bridge, and the company's bank will get the reserves from the government.

Is it legal for the Fed to create reserves for the government?

# QE COMES FROM THE CENTRAL BANK

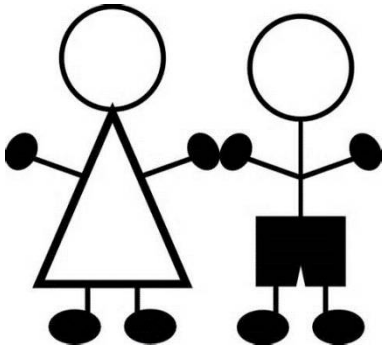
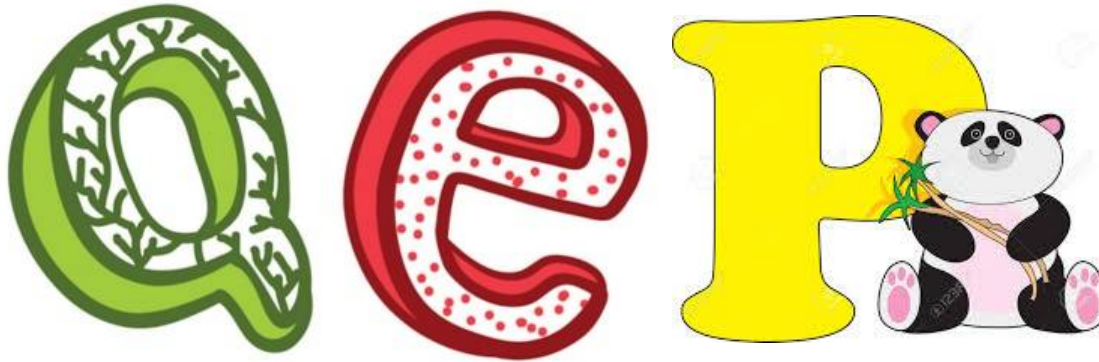


Well, we will have to change the Federal Reserve Law, since this isn't allowed now.

But to help our economy... the people..

One last question...

# QE COMES FROM THE CENTRAL BANK



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

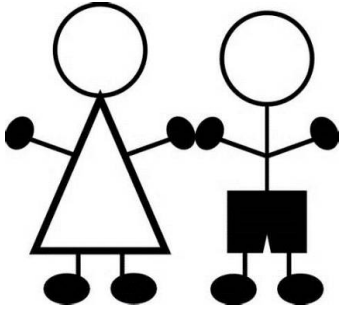
They get the real money and WE GET IOUs from the bank. Many... many... many more IOUs than there is reserve money.

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



**- SOVEREIGN  
MONEY**

# SOVEREIGN MONEY



We need to change our system to sovereign money.

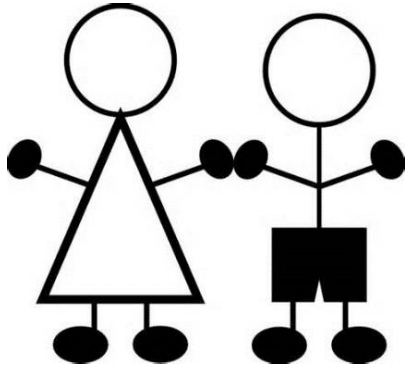
Today 97% of all money in the economy is created by **private** banks out of nothing and **lent** to us at interest.

**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



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

Banks will not longer be allowed to create their IOU money and lend it with interest. The banks will have to have sovereign money to invest and lend.

Sovereign money is debt-free. We, the people, will not be charged interest by private banks just to have a money supply!

And if a bank fails, our sovereign money does not disappear!



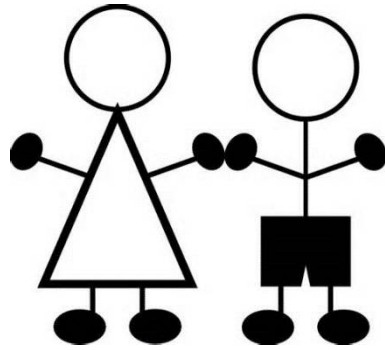
"I have never yet had anyone who could, through the use of logic and reason, justify the Federal Government borrowing the use of its own money."

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



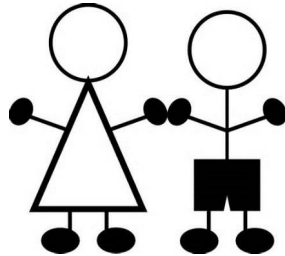
CONTINENTAL



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!** The government did not abuse this power to issue money.

That's what the banks want us to think. That is what the banks say without revealing the actual history of 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.



SCRIPT

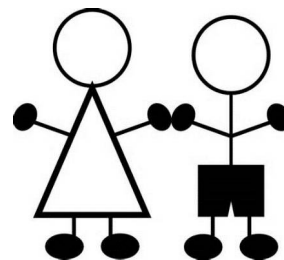


CONTINENTAL



GREENBACK

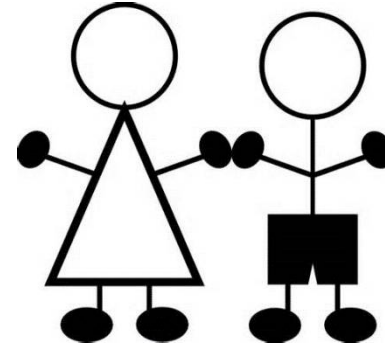
Well, yes... but this is not a good idea.



# SOVEREIGN MONEY



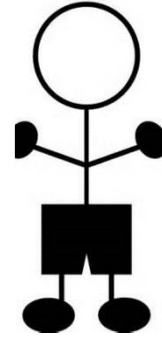
So, what's wrong with Monetary Reform?



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

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## GREENS FOR MONETARY REFORM

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

— Stephen Zarlenga, [monetary.org](http://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**