IS QE MONETARY REFORM?
Or What?

Welcome to the Central Bank
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Well, it’s not the government.
It’s the central bank.

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

Central bank? You mean the bank in the center of the town?
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.
The government does not own the Federal Reserve Banks. There are 12 Federal Reserve Banks, and they are privately owned.

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

Janet Yellin, Chairwoman, Fed Reserve Board
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.
No, banks don’t work like that.
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.”
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
But whatever happened to our Constitution, Article 1, Section 8?
“The Congress shall have Power ... to coin Money, regulate the Value thereof...”

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.”
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.
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

$.00

**AFTER LOAN**

Bank Statement

$50,000.00

The bank doesn't 'lend' reserve money – the real money?
Don’t worry! The commercial bank has reserves – real money – in the central bank.

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!
Don’t worry about the details!

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

10% !? But.. but..

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

Ok… um… sure….
Well…. yes…. but let’s not discuss Occupy. Let’s get back to QE.

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

Okay. So the central bank is doing QE?
QE – To create central bank money (also called ‘reserves’)
Okay. Here we go!

QE began after the Banking Crisis of 2007-2008.
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!
The Fed banks ‘create’ reserve money, and add it to a banks’ reserve account.

Umm… Why do this? Why give the banks reserve money?
The Fed Bank created the reserve to buy financial assets – bonds – from the commercial banks.

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.

Umm… Why do that?
QE COMES FROM THE CENTRAL BANK

Well, that’s another story…

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

Umm… Why do the banks own these MBS bonds?

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

Well… ok. The FED created about 1.74 Trillion reserves dollars.

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

Well… ok. Here. The FED created about 1.74 Trillion reserves dollars.

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**MBS Securities Owned by Fed Reserve Banks**

<table>
<thead>
<tr>
<th>Year</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>0.0 Trillion</td>
</tr>
<tr>
<td>2016</td>
<td>1.7 Trillion</td>
</tr>
</tbody>
</table>
Umm…
Umm… WHAT!
1.7 TRILLION!! RESERVE DOLLARS!

…. FREAKING TRILLIONS!!
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.
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.
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

Well …

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

Well …

Umm… How much?

Treasury Debt Owned by Fed Reserve Banks

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>0.8 Trillion</td>
</tr>
<tr>
<td>2016</td>
<td>2.5 Trillion</td>
</tr>
</tbody>
</table>
Umm… WHAT!

**ANOTHER** 1.7 TRILLION !!
RESERVE DOLLARS !!

Umm… That’s a total of 3.5 TRILLION DOLLARS

….3.5 FREAKING TRILLION
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.
How much bank reserves are earning interest?

Well….

QE COMES FROM THE CENTRAL BANK

Reserve Balances of Member Banks

2008
0.1 Trillion

2016
2.3 Trillion

2.3 Trillion dollars of reserves collecting interest. For who?

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

Of course….
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
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.
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.
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.
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 Continents, and Lincoln convinced the Congress to issue Greenback dollars, DEBT-FREE?

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

Well, yes… but this is not a good idea.
So, what’s wrong with Monetary Reform?

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

Sounds like a good idea to me....
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.
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.

GREENS FOR MONETARY REFORM

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

– Stephen Zarlenga, monetary.org
THE END