The world today is quite different in many ways, even if we look back just 30 years ago. If we look back a hundred years, then things begin to look the same in many regards.

When I make this statement, I am referring mostly to the economic situation in the late 1800’s and early 1900’s. At that time the elites owned most of the property. They held the majority of national wealth of virtually all countries. They controlled the labour force, and labourers were living hand to mouth. Inequality was rampant. This is pretty much where we stand today. If things continue as they are, we will be reaching the levels of inequality that have not been seen since before World War I. The only difference is that instead of individuals owning most of the wealth, it will be the corporations and bankers that own the wealth, and with wealth comes control, and power.

The question therefore becomes, how did the world change so dramatically from the early 1900’s, a period of high inequality, to a period of equality after World War II. Then to another period of inequality which we have at present? Many scholars have written about these periods from historical and economic viewpoints. There are many books on this subject which go into great detail, some of which I will mention at the end of this article. However, my purpose for writing this article is to present positions that will require everyone to think differently about finance, and money, and how individuals and corporations have used our ignorance to expand their wealth and power.

Humankind has evolved from hunters and gatherers and nomadic tribes, to farmers and manufacturers living together in societies. When we began to grow crops, we ceased to be nomadic, and began to live in communities. These communities in turn expanded into cities and societies, which required leaders and ultimately governments. Governments are required to ensure a functioning society, and to provide services for its citizens. Initially this meant protection and defense, which then grew to include standards for commerce, and laws to ensure the rights of all citizens. As communities and societies grew, empires formed and expanded.

From small communities, to larger cities, to provinces and empires, people interacted to provide products and services. Initially this was done through a barter system, and then through various forms of commerce systems that used nomisma. Nomisma is something that is established by usage. This could take the form of notched sticks, or paper notes, or gold and silver. Today we refer to nomisma as money. But if we look at the direct meaning of nomisma, something that is established by usage, it can take many forms. Nomisma was not designed to be a commodity that you acquire, but a vehicle for allowing commerce to function. This is a key point, that nomisma, or money, is needed to facilitate commerce, nothing more.

To have a functioning and thriving society, empire, or country, a form of nomisma is required. This has always been the case, and money has been used throughout history. As an example, the Romans initially used bronze coinage, and then later gold coinage. It does not matter what substance the coinage is made from. What matters is that the government of Rome accepted the coinage for payments such as taxes, and that the population accepted the coinage for commerce. Through usage, the coinage had a value that was accepted by all.

So how do you create a nomisma or money system for commerce? The government must establish a money system based on law, not commodity value. The society must keep control of its money system within the nation, and not allow that control to slip away to foreign nations or merchants or even private elements within the nation. It must be understood that the control of money power is inseparable from national sovereignty. It should also be noted that control becomes vulnerable at times, such as during warfare or emergency situations. Basing a money system on commodities rather than law accelerates the concentration of wealth and power in the hands of the plutocracy, which in turn destroys civil justice. Commoditising the money system allows aspects of the commodity to interfere with the function of money.[1] The function of money once again is to facilitate commerce, nothing more.

Today we look at money more as a commodity, something we all strive to obtain and hoard. This interferes with money functioning as it should to merely facilitate commerce. I must stress this point as it is extremely important for us to understand how money works.

To summarize, if a government/society creates a money system, controls the amount of money issued, basing its function on laws, they will have a fiat currency that becomes valid and valuable based on usage. The Romans had a fiat money system, as did most empires, and now countries. The control of which must be with the government/nation. The value of money doesn't depend on the value of the material used to make it, but on the law. Anything can be a circulating medium. For example, paper is just as good as gold and I would suggest that it is better.

If it is required to provide loans or advancement of money, then this ultimately comes from the creator/controller of the money system. We are used to having to pay interest on these monies. This interest should be nominal. Money's sole purpose is to facilitate commerce, not to make money from lending. However today we find companies and banks that provide loans at extremely high interest rates. This is called usury, the lending of money at unreasonably high rates of interest. In the past usury was prohibited by governments and the clergy. Unfortunately, Henry the 8th reinstated usury and by 1519 usury was common. Throughout our ancient history usury was condemned and prohibited.

Aristotle spoke out against usury:

"The most hated sort of wealth getting and with the greatest reason is usury, which makes a gain out of money itself and not from the natural object of it. For money was intended to be used in exchange not to increase at interest. And this term interest which means the birth of money from money, is applied to the breeding of money from money because the offspring resembles the parent"

I need not ask you who profits from the lending of money in this fashion. We all know who they are. The one and only question we need to discuss is whether the power to control the money system should be in private or society's hands. Politicians and economists have avoided this debate in the past and it is avoided to this day. It should be noted that the banker's power over society has come from their ability to create and control a nation's money supply for private profit instead of the common good.

In regards to national banks today, the following should be noted:

In 1694 the Bank of England was in private hands. This eventually drove England into a serious debt situation. In 1884 it was agreed that England no longer had to pay interest on its loans. It was not until 1946 that the Bank of England was nationalised.

In 1791 the first US Bank was created in private hands. It was shut down in 1811, and then the second US Bank in private hands was created in 1817. The Federal Reserve was then created in 1913. The Federal Reserve is also in private hands rather than the government. The profits from operating the monetary system in the US, goes mostly into private hands rather than staying with the government which would benefit society as a whole.

The government owned Bank of Canada was established in 1935, and monetary policy and management stays with the government, which ultimately benefits society.

As I stated, the Federal Reserve is a private national bank. The Federal Reserve was established in 1913, just before World War I. By the end of the war the US was in debt by 24.3 billion in 1920. This would never have occurred if the US government controlled the money system. This example by itself is the reason that the US government has such a perceived large national debt.

Private control of a nation's monetary system leaves the direction and financial policy up to the whims of the wealthy owners of the banks. I would suggest that those in charge of the US money system must bear most of the responsibility for the great recession in 1929, the stock market and banking collapse in 1973/74, as well as the sub-prime crisis in 2008. The Federal Reserve, along with their associated banks, controlled the money supply and the responses to these events. Who paid the price for these banking catastrophes? The answer is our ancestors and now you and me. For example, after the sub-prime crisis, there was much finger pointing, but the banks were never prosecuted and were bailed out by governments. This played out globally. Why is this allowed to happen? Why is the banking sector not held accountable?

If a government issues the money, it is essentially a tax, the proceeds of which are available to benefit the society. If the bankers are allowed to issue money, they will primarily enrich themselves.

I have attempted to show that monetary systems that create and manage money must be controlled by the government/nation, to provide a vehicle for commerce to operate. This then provides products and services that people need. The monetary system should not be used to create profits, as this was never the intention of money.

If a government/nation loses control of the monetary system, then the destruction of the justice system will not be far behind. By this time the concentration of wealth will be with the elites. Most likely workers will struggle to make a living considering that the control of commerce, labour rates, and housing is managed by the elites. Given this scenario, civil strife will be rife, which could lead to political upheaval and possibly plutocracy or autocracy replacing democracy.[1]

The following is an excerpt from a small book written by Warren Mosler, "7 Deadly Innocent Frauds". I am providing a link to this document which I recommend be read in its entirety. The following are the Seven Frauds.

Deadly Innocent Fraud #1 - The federal government must raise funds through taxation or borrowing in order to spend. In other words, government spending is limited by its ability to tax or borrow.

Fact – Federal government spending is in no case operationally constrained by revenues, meaning that there is no "solvency risk". In other words the federal government can always make and all payments in its own currency, no matter how large the deficit is, or how few taxes it collects.

Deadly Innocent Fraud #2 – With government deficits we are leaving our debt burden to our children.

Fact – Collectively, in real terms, there is no such burden possible. Debt or no debt, our children get to consume whatever they can produce.

Deadly Innocent Fraud #3 – Federal government budget deficits take away savings.

Fact – Federal government budget deficits add to savings.

Deadly Innocent Fraud #4 – Social security is broken. (Will run out of funds)

Fact – Federal government cheques don't bounce.

Deadly Innocent Fraud #5 – The trade deficit is in an unsustainable imbalance that takes away jobs and output.

Fact – Imports are real benefits and exports are real costs. Trade deficits directly improve the standard of living. Jobs are lost because taxes are too high for a given level of government spending, not because of imports.

Deadly Innocent Fraud #6 – We need savings to provide the funds for investment.

Fact – Investment adds to savings.

Deadly Innocent Fraud #7 – It's a bad thing that higher deficits today mean higher taxes tomorrow.

Fact- I agree – the innocent fraud is that it's a bad thing when in fact it's a good thing.

If you disagree with any of these statements, or don't understand why these statements are made, then you have started to question how money works. Now you can and should read the 7 Innocent Fraud's booklet to understand Warren Mosler's concepts.

I champion the following regarding changes that should be made today to allow a sovereign monetary system to function for the benefit of society.[1]

- A countries national bank must be government owned to allow a fiat currency to function for society.
- Fractional Reserve Banking should not be allowed. 100% Reserve should be implemented, and all banks must hold 100% reserve of the money they lend.
- Anti-deflation programs should be in place. We must always be on guard for deflation. The limitations of banker's power to create money must be accompanied by clearly defined powers for the governments to take their place to provide specific programs requiring money creation. Such as infrastructure build, social security programs, and health care etc.
- Stop usury. Make it a crime.

I realise that what I have spoken about in this article goes against what we have been taught about monetary systems. I would not be surprised if most economists would disagree entirely with most of what is written here. What theory is taught in schools and universities is what the bankers and the elites want us to believe. Could it be possible that they wish to keep the systems in place as they are? They are the ones benefitting from the wealth generated, versus society as a whole being the beneficiaries.

Below you will find the links to Warren Mosler's website and to Mr. Mosler's, "7 Deadly Innocent Frauds" booklet. Additionally I am providing a link to the American Monetary Institute website where you can purchase the book, "The Lost Science of Money", which discusses how money was used throughout history. I am also supplying other reading suggestions regarding Modern Monetary Theory, and how capital funds have been used in the past, and how they function today.

Happy reading!

Warren Mosler's Website	http://moslereconomics.com/warren-mosler-bio	
7 Deadly Innocent Frauds	Under the Tab Mandatory Readings on the above website	
American Monetary Institute	https://www.monetary.org/	
Books	Capital in the 21st Century	Thomas Piketty
	Capital and Ideology	Thomas Piketty
	The Deficit Myth	Stephanie Kelton
	Modern Monetary Theory Concepts can be found on Mosler's website, and on the American Monetary Institute website, as well as multiple locations on the web.	

Bibliography

1.The Lost Science of Money