**PART 1 THE MONEY MATRIX: The Private Money System\***

by Sue Peters

Private commercial banks create what we all use as ‘money’. This fundamental fact is not taught in our schools. Why? The answer: because it is the power supply to the ruling elites of our American society.

U.S. history can be viewed as a power struggle between public control and private control of money.(1) Beginning with the signing into law of the U.S. Constitution, the Congress used its constitutional power to issue money, but, at the same time, states chartered private commercial banks to issue bank credit (‘bankmoney’). Congress created the money for public needs. Banks created bankmoney for private profit and power.

**Sovereign money**. Money issued by a government through its legal authority is called **sovereign money**.(2) The legal power of Congress to issue money is found in our U.S. Constitution: Article I, Section 8 -- “Congress shall have Power…to coin Money, regulate the Value thereof, and of foreign Coin.” Back in 1789, the word ‘coin’ meant any form of money, such as metal coins, paper money, written ledger entries, etc. There was no debt associated with sovereign money. Nobody paid interest on its use. The government spent it into circulation, and it passed from person to person until collected back as national taxes. Today, coins are the only sovereign money issued by government – a miniscule part of our money supply.

**Bankmoney**. By contrast, **bankmoney** is issued by commercial banks, chartered by national and state governments. Whenever a commercial bank makes a loan contract with a borrower, the bank CREATES bankmoney in the loan account of the borrower in the form of a deposit. The borrower spends this deposit into the economy, and it circulates between checking accounts in the banking system. Therefore, the bank has CREATED what we all use as money. But – this bankmoney is debt, and interest must be paid on it to the bank! Bankmoney is usury! Today, 97% of our money supply is bankmoney.

For example, I am a borrower of JPMorgan Chase. I sign a loan contract with JPMorgan Chase, and the bank CREATES a deposit in my JPMorgan Chase bank account for the loan amount, say $10,000. Of course, the loan contract says that I will repay $11,000 – the additional $1,000 being the interest to the bank. Note: the bankmoney for the interest is never created by the bank. This means there is never enough money to pay off all the bank debts. Some borrowers will have to default, and the bank will get their collateral. Today, the 1% has used the bankmoney system to concentrate most of the wealth of the world.

Say this 15,000 times: “The bank makes a loan and CREATES the deposit in the borrower’s account.”

And the dollar bills we get from the bank for their bankmoney? Isn’t that sovereign money? No. Dollar bills are issued and sold by the twelve private Federal Reserve Banks to their member commercial banks (who own all shares in the Federal Reserve Banks). According to the Federal Reserve Act, dollar bills are the DEBT of the U.S. government.

We Americans have grown up in a matrix created by our manipulators, the financiers of the Federal Reserve and Wall Street. We are led to believe the battle is between the Democrats and the Republicans, but this is part of the matrix cinema on TV. There is no difference between the two parties – both protect the secrets of the money power and do its bidding.

Let’s turn our sights to the power of the multinational corporations. Again, this is part of the matrix cinema. Most of the multinational corporations are dependent on loans from Wall Street banks, renewed over and over, year after year, with a constant stream of interest flowing to the banks.

If you have the power to create what everyone uses as money, you will eventually own the world…and the 1% is almost there.(3) Obscene economic inequality. Starving of the real economy where we all live, and shamelessly inflating the speculative financial markets.

Today the Money Matrix rules the world, but it can be overturned.(4) To begin this fight, its secrets must be exposed.

NOTES:

(1) https://monetary.org

(2) Zarlenga, Stephen, THE LOST SCIENCE OF MONEY (2002, American Monetary Institute Charitable Trust), p. 34.

(3) James B. Glattfelder, TEDxZurich 2012, “Who Controls the World?”:

 https://www.ted.com/talks/james\_b\_glattfelder\_who\_controls\_the\_world?language=en

(4) https://www.gp.org/platform – Section IV. Economic Justice and Sustainability, N. Monetary Reform

 (Greening the Dollar

\* This essay is part of a ‘Money Matrix’ series on the Money Power, being published in the monthly Newsletter of the Green Party US Banking and Monetary Reform Committee (BMRC). You can sign up for the Newsletter by going to the website, GreensForMonetaryReform.org.

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