

Understanding the Fiat Money Injustice in a Nutshell

By

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Imagine that somehow you were able to create legal tender money (“dollars”) out of nothing and with no work. Can you conceive of how much power that would give you?

For openers, you would have the ability to buy off politicians with unlimited “campaign contributions,” thereby corrupting the political process.

You could then enlist the coercive powers of government to consolidate your advantage over ordinary people and otherwise further your ends.

Think of how you would be able to enhance your own life and those of your friends and colleagues by, in effect, redistributing the real wealth of society from those who earned it to favored parties.

Depending upon how greedy you were, you could expropriate almost all of the wealth leaving those who produced it substantially poorer.

As John Maynard Keynes pointed out in 1919 in connection with the redistribution of wealth at that time:

"The sight of this arbitrary rearrangement of riches strikes not only at security, but at confidence in the equity of the existing distribution of wealth. Those to whom the system brings windfalls, beyond their deserts and even beyond their expectations or desires, become profiteers, who are the object of the hatred of the bourgeoisie, whom the inflationism has impoverished, not less than of the proletariat."

This is the situation that maintains today. A small group of private corporations, both at home and abroad, has acquired the power to create legal tender money out of nothing.

These corporations are called banks.

Suppose the banking system were to propose legislation to allow itself:

- a monopoly on the creation of money out of nothing;
- an exclusion from Securities and Exchange Commission rules to allow banks — and only banks — the privilege of carrying a substantial portion of their assets at historic cost rather than marking-to-market;
- a public subsidy whereby ordinary taxpayers would guarantee bank balance sheets and replenish them if they become impaired; and,
- the privilege of having some of their very top executives to meet regularly — and in secret — with the Board of Governors of the Federal Reserve, their putative regulators.

If you had your way, would you allow this legislation to go forward? If not, why permit the banking system to keep these privileges?

Mindful of how all of this works to the disadvantage of ordinary people, why are our elected representatives allowing the banking system to maintain — and with the repeal of Glass-Steagall — to enhance these privileges?

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