

# MICHAEL

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## The corrupt Federal Reserve System

If you asked any American citizen what the Federal Reserve is, he probably would tell you that it is a government agency that creates all the money to run the United States. This unfortunately, is a misconception that most Americans have: that the Federal Reserve is a government agency, probably because the word "Federal" is used in its name. And this is exactly what the Bankers wish; ignorance among the population!

In the next few paragraphs, I am going to explain what the Federal Reserve is really all about, and how it is being used to control the United States. The resource book that I am using is entitled "Billions for the Bankers—Debts for the people" by Sheldon Emry.

### A private corporation

The first thing that must be understood is that the Federal Reserve Corporation is not a government

the Federal Reserve Corporation. The Fed printed "Federal Reserve Notes", which are still accepted today as money among the citizens of the country.

But we have to understand that these Federal Reserve Notes, used as money in the country, cannot be considered as being constitutional money. Why, you ask? Because the Congress went against the Constitution of the United States when it passed this Federal Reserve Act, for it specifically states that Congress, and only Congress shall have the power to coin and regulate the money of the country.

Some might ask: "What does it matter if Congress or private bankers create the money? It is accepted by the people just the same as a medium of exchange with which to perform business transactions."

Yes, the Federal Reserve Notes are accepted as a medium of exchange by the people of the Unit-

ledger books, and then giving loans to the American people with this money. This allows them to write checks on the numbers written in their accounts, but then requires payment with interest. Money is nothing but numbers, be it numbers in a ledger book, on checks, or dollar bills. Using this process most banks are legally allowed to lend out up to 50 times of what they have on deposit creating the money out of nothing and then charging interest on it. You have to admit that it is quite a racket!

And the Federal Reserve prints the paper money we use in circulation, the Federal Reserve Notes, by having numbers printed on pieces of paper of little value, since a few cents will print a \$1 bill or a \$10,000 bill (at the same cost). Money is very cheap to make, and whoever has the legal right to create the money in a nation can make a tremendous profit.



**A United States note (left), issued debt free by the U.S. Treasury and a Federal Reserve note (right)**

agency, as most people think. It is a private corporation controlled by the Bankers, and therefore it is operated for the financial gain of the Bankers over the people, rather than for the good of the people.

When our Founding Fathers wrote the Constitution of the United States back in the 1700's, they specifically stated in Article 1 of this Constitution:

*"Congress shall have the Power to Coin Money and Regulate the Value Thereof."*

It was the wish of the Founding Fathers that the power to create and control the money be in the hands of the Federal Congress, and not in the hands of private Bankers who could charge enormous amounts of interest, and then actually control the country by controlling its currency. They understood the tricks of the Bankers. Mayer Anselm Rothschild, the great European Banker, once said: "Permit me to issue and control the money of a nation, and I care not who makes its laws..." It was their belief that all citizens should share in the profits of its creation, not just private Bankers, and therefore the national Government must be the only creator of money.

So what happened? For several years after the Constitution was signed, the money in the country was handled both legally and illegally, the Bankers devised all kinds of ploys to try to take control of the nation's money.

### The Federal Reserve Act

But the final blow came in 1913, on Christmas Eve, when Congress passed the Federal Reserve Act which officially took the power to create the money to run United States away from the Congress and gave it over to private bankers, who called themselves the Federal Reserve Corporation. But take note: they are private bankers.

The passage of this Federal Reserve Act authorized the establishment of a Federal Reserve Corporation, with a Board of Directors (The Federal Reserve Board) to run it. And the United States was divided into 12 Federal Reserve Districts.

This new law completely removed from the Congress the right to create money or to have any control over its creation and gave this function over to

ed States. But this is debt-money; being interest, is charged on every dollar that is created, but the interest is not created! Let me give an example to illustrate this point.

### To obtain the money

Let us say that the Federal Government needs \$1,000,000,000 (\$1 billion) more, after it collects the taxes, to continue financing its projects. Since it does not have the money, and Congress has given away its authority to create it, the Government must go to the Federal Reserve, which is now in charge of creating the money for the country. But the Federal Reserve does not just give its money away! The bankers are willing to deliver \$1 billion in money or credit to the Federal Government only in exchange for the Government's agreement to pay it back – with interest! The Congress then authorizes the Treasury Department to print \$1 billion in U.S. bonds, which are then delivered to the Federal Reserve bankers.

The Federal Reserve then pays the cost of printing the \$1 billion (about \$1,000), and makes the exchange. The Government then used the money to pay its obligations.

Now what are the results of this transaction? The \$1 billion in Government bills is paid, but the Government has now indebted the people to the bankers for \$1 billion, on which the people must pay interest! And of course, the interest is not created!

And on this \$1 billion that the Federal Reserve received in bonds from this transaction, it is legally allowed to create another \$15 billion in new credit to lend to states, municipalities, businesses, and individuals. Added to the original \$1 billion, they could have \$16 billion of created credit out in loans paying them interest, with their only cost being the \$1,000 they spent for printing the original \$1 billion lent to the Government. Is this process diabolical? Of course!

### "Creating" money

We should clarify the term "create". When we use this term, we refer to the process used to bring money into existence. The bankers create money out of nothing, simply by writing numbers in their

### The national debt

The United States has plunged itself terribly into debt since the Federal Reserve Act was passed.

In 1910, before the passage of the Federal Reserve Act, the federal debt was only \$1 billion, or \$12.40 per citizen. State and local debts were practically non-existent.

By 1920, after only 6 years of Federal Reserve "shenanigans," the federal debt had jumped to \$24 billion, or \$228 per person.

In 1960, the federal debt reached \$284 billion, or \$1,575 per citizen, and state and local debts were mushrooming.

By 1981, the federal debt passed \$1 trillion, and was growing exponentially, being the Banker's tripled the interest rates. State and local debts were more than the federal debts and with business and personal debts; the total was over \$6 trillion, 3 times the value of all land and buildings in America.

In October 2005, the federal debt reached the \$8 trillion mark (\$26,672 for each U.S. citizen), and it is continuing to grow wildly out of control. (For the fiscal year 2004, the interest payments on the U.S. federal debt were \$321 billion.) And that's only the peak of the iceberg: the total debt (states, corporations, consumers) is currently close to \$100 trillion!

The Public Debt in the United States as of April 29, 2008 is: \$9,340,497,105,319.74. The National Debt has continued to increase an average of \$1.44 billion per day since September 29, 2006.

Our people have become tenants and debt-slaves to the bankers and their agents in the land our fathers conquered. Our children and following generations will be paying the debt for ever.

We are coming to a point where, eventually, the Government will own nothing, the people will own nothing, and the bankers will own everything. We are becoming enslaved by the financial institutions of the nation.

And to think that way back in the 1700's, Thomas Jefferson had warned the American people about

*(Continued on page 2)*

# The Federal Reserve System

(Continued from page 1)

such a thing happening. He said: "If the American people ever allow private banks to control the issue of their money... the banks and corporations that will grow up around them will deprive the people of their property until their children will wake up homeless on the continent their fathers conquered!"

It is conquest through the most gigantic fraud and swindle in the history of mankind. And to think that the key to their power and wealth is simply to put into action their legal right to create money out of nothing, and to lend it out at interest. If they had not been allowed to do that, they could never have gained control of the nation.

## The Depression

Now we can see that a depression is beginning to taking place in the United States. You might be asking, "Does this have anything to do with the operation of the Federal Reserve?" Of course it does.

Let us go back to the 1930's when some of you probably experienced what they called "The Great Depression." During that time, America had skilled and willing workers, good farmland, a highly efficient transportation system, industries; all that was needed to form a rich nation—all except an adequate supply of money to carry on trade and commerce.

Few people knew that the bankers had purposely withheld \$8 billion from going into circulation by refusing loans to the population while at the same time demanding payment on existing loans, so that money was rapidly taken out of circulation and not replaced.

Because of this control on the money, America was in deep trouble. Jobs were waiting, the goods were available to be bought, but there was no money. Food was thrown into the ocean while people were starving. Twenty-five percent of the workers were laid off. The greedy bankers took possession of hundreds of thousands of farms, homes, and business properties.

Believe it or not, some of the economic experts of that time blamed the moon for bringing about all the economic hardship. Others blamed the politicians. Still others blamed the consumers for not wisely spending their money. But the truth is: the Depression was purposely brought on by the bankers through their artificial control of money.

To end the Depression, the United States Government borrowed huge sums of money from the bankers for military equipment, which put a new supply of money into circulation. People were hired back to work, industries began to blossom, farmers sold their produce, and the economy boomed.

These same bankers, who in the early 30's had no loans for peacetime houses, food and clothing, suddenly had unlimited billions to lend the Government for war purposes. The nation, which a few years earlier could hardly feed its own people, was now producing bombs to send free to its allies. Upsetting? You bet it is! And to think it is all because some private bankers, who call themselves the Federal Reserve, have the legal right to create and control the money to run the country—as they so wish!

President Woodrow Wilson had this to say about the Federal Reserve: "A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation and all our activities are in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated Governments in the world — no longer a Government of free opinion, no longer a Government by conviction and vote of the majority, but a Government by the opinion and duress of small groups of dominant men."

(Just before he died, Wilson is reported to have stated to friends that he had been "deceived" and that "I have betrayed my country." He was referring to the Federal Reserve Act passed during his Presidency.)

## Unbelievable corruption!

We know the bankers, the hidden controllers of the countries, purposely instigate wars, financing both sides of the same war, to frighten the people into going billions of dollars into debt for national defense. They even finance Communism, and then turn around and have foreign aid sent to stop the Communism that they financed!

Tens of thousands of young people are killed, crippled and morally corrupted by war but this means nothing to them. In fact, it doesn't even matter who wins or loses the war, as long as all the countries involved are in debt to these bankers.

It was Henry Ford Sr. who once said: "The youth who can solve the money question will do more for the world than all the professional soldiers of history." I think you can understand why!

The bankers purposely try to corrupt the people so it is easier to control them, sweeping away anything that is honorable, such as morals, religion, family, love of country. They encourage drug use, alcohol, pornography, and crime. And they deliberately prevent real cures for diseases; stir up social and racial unrest, and work to degrade the educational system.

Many of our politicians have become agents of the Bankers, while our two political parties have become their servants. No matter whom you elect into high office, Rockefeller and his agents will be running the Government behind the scenes—you can be sure of it! How else could something as diabolical as the Federal Reserve, something so destructive to the national interest of the people, be allowed to continue so long?

We know that the bankers control all of the news media and information centers, even the financial writers, to prevent people from learning the simple truth about your money system. They blame the people for causing the increase in debt and the inflation of prices, when they know that the real cause is the debt-money system itself.

## The ultimate solution

By now you must surely agree that the only real solution to solve our financial problems is to put pressure on the Government to repeal the Federal Reserve Act of 1913 and to demand that Congress again be allowed to create and control the money of the nation, issuing interest and debt-free "United States Notes" as the legal currency. John F. Kennedy had begun to do this very thing just before he was assassinated!

With a reform in the money system, no private bankers would be able to rob the people. Government banks, under the control of the people's representatives, would issue and control all money and credit. A \$60,000 loan made to build a house would require only \$60,000 in repayment (with a little service fee), not \$255,931.00 as it is now. Everyone who supplied materials and labor to build the house would get paid just as they are today, but the bankers would not get \$195,931.00 in usury.

A debt-free America would mean that mothers would not have to work but could remain home with their children. Juvenile delinquency would decrease rapidly. The elimination of the usury and debt would be the equivalent of a 50% rise in the purchasing power of every worker. The bankers would no longer be able to steal billions of dollars from the people every year in interest. America would become the envy of the world, being prosperous and powerful beyond the wildest dreams of its citizens.

## Take action now!

It is imperative to take action now! You must do your duty as a patriot. Love of country and concern for your children should make you deeply interested in this, America's greatest problem. The future of the country depends on each one of you.

Order our free leaflets on the Federal Reserve to distribute in your area. Speak to the various organizations in your community to alert them about what is taking place. Get everyone to subscribe to the Michael Journal to learn more about the monetary system.



Write editorials in your local newspapers. Above all, write to your elected representatives in Government, asking them to work to repeal this Federal Reserve Act.

And last but not least, get down on your knees to pray to Almighty God to free America from the yoke of High Finance, so that it can again become "one nation, under God, indivisible, with liberty and justice for all."

**Melvin Sickler**

(Note: I would like to thank all those who have done the research to make the above presentation possible).

## The Executive Order

A Presidential Executive Order, whether Constitutional or not, becomes law simply by its publication in the Federal Registry. Congress is by-passed. Here are just a few Executive Orders that would suspend the Constitution and the Bill of Rights. These Executive Orders have been on record for nearly 30 years and could be enacted by the stroke of a Presidential pen:

- **EXECUTIVE ORDER 10990** allows the government to take over all modes of transportation and control of highways and seaports.
- **EXECUTIVE ORDER 10995** allows the government to seize and control the communication media.
- **EXECUTIVE ORDER 10997** allows the government to take over all electrical power, gas, petroleum, fuels and minerals.
- **EXECUTIVE ORDER 10998** allows the government to take over all food resources and farms.
- **EXECUTIVE ORDER 11001** allows the government to take over all health, education and welfare functions.
- **EXECUTIVE ORDER 11002** designates the Postmaster General to operate a national registration of all persons.
- **EXECUTIVE ORDER 11003** allows the government to take over all airports and aircraft, including commercial aircraft.
- **EXECUTIVE ORDER 11004** allows the Housing and Finance Authority to relocate communities, build new housing with public funds, designate areas to be abandoned, and establish new locations for populations.
- **EXECUTIVE ORDER 11005** allows the government to take over railroads, inland waterways and public storage facilities.
- **EXECUTIVE ORDER 11051** specifies the responsibility of the Office of Emergency Planning and gives authorization to put all Executive Orders into effect in times of increased international tensions and economic or financial crisis.
- **EXECUTIVE ORDER 11310** grants authority to the Department of Justice to enforce the plans set out in Executive Orders, to institute industrial support, to establish judicial and legislative liaison, to control all aliens, to operate penal and correctional institutions, and to advise and assist the President.

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# The History of banking control in the United States

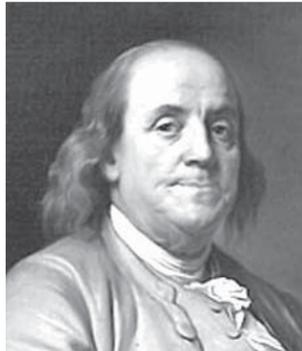
The dictatorship of the bankers and the debt-money system they have created are not limited to one country, but exist in every country in the world. They work to keep their control tight, because if one country freed itself from this dictatorship and issued its own interest (and debt-free) currency, it would set the example of how a straightforward system could function. That would be sufficient to bring about a worldwide collapse of the bankers' fraudulent debt-money system.

The fight of the International Financiers to install their deceptive debt-money system has been particularly vicious in the United States of America, since its very foundation. Historical facts show that several American statesmen were well aware of the dishonest money system the Financiers wanted to impose upon America. These statesmen were real patriots, who did all that they possibly could to maintain an honest money system for the United States, free from the control of the Financiers. The Financiers did everything in their power to keep this facet of the history of the United States in the dark; for fear that the example of these patriotic men would be imitated today. Here are some interesting facts that the Financiers encourage the population to ignore.

## The happiest population

We are in the year 1750. The United States of America does not yet exist; the 13 Colonies of the American continent now form "New England." Benjamin Franklin wrote about the population of that era: "Impossible to find a happier and more prosperous population on all the surface of the globe." When traveling to England to represent the interests of the Colonies, Franklin was asked how he accounted for the prosperous conditions prevailing in the Colonies, when poverty was rife in the motherland.

"That is simple," Franklin replied, "in the Colonies we issue our own money. It is called Colonial Scrip. We issue it in proper proportion to make the products pass easily from the producers to the consumers. In this manner, creating ourselves our own paper money, we control its purchasing power, and we have no interest to pay to no one."



Benjamin Franklin

When informed of this, the English bankers had a law passed by the British Parliament prohibiting the Colonies from issuing their own money. They ordered them to use only the gold or silver debt-money that was provided in insufficient quantity by the English bankers. The circulating medium of exchange was thus reduced by half.

"In one year," Franklin stated, "the conditions were so reversed that the era of prosperity ended, and a depression set in, to such an extent that the streets of the Colonies were filled with unemployed."

Then the Revolutionary War was launched against England, and this was followed by the Declaration of Independence in 1776. History textbooks erroneously teach that it was the tax on tea that triggered the American Revolution. But Franklin clearly stated:

"The Colonies would gladly have borne the little tax on tea and other matters, had it not been the poverty caused by the bad influence of the English bankers on the Parliament: which has caused in the Colonies hatred of England and the Revolutionary War."

The Founding Fathers of the United States, bearing all these facts in mind, and to protect themselves against the exploitation of the International Bankers took good care to expressly declare in the American Constitution, signed in Philadelphia in 1787, Article 1, Section 8, paragraph 5:

"Congress shall have the power to coin money and to regulate the value thereof."

## The bank of the bankers

But the bankers did not give up. Their agent, Alexander Hamilton, was named Secretary of Treasury in George Washington's cabinet. He advocated the establishment of a federal bank owned by private interests, and the creation of debt-money with false arguments like: "A national debt, if it is not excessive, will be to us a national blessing... The wisdom of the Government will be shown in never trusting itself with the use of so seducing and dangerous an expedient as issuing its own money." Hamilton also made them believe that only the debt-money issued by private banks would be accepted in trade abroad.

Secretary of State Thomas Jefferson was strongly opposed to the project, but President Washington was finally won over by Hamilton's arguments. A federal bank called the Bank of the United States was thus created in 1791, with a 20 year charter. Although it was termed "Bank of the United States" it was actually a "bank of the bankers" since it was not owned by the nation, but by the individuals holding the bank's stocks. This name of "Bank of the United States" was purposely chosen to deceive the American population and to make them suppose that they were the owners of the bank, which was not the case. The charter for the Bank of the United States ran out in 1811, but Congress voted against its renewal, thanks to the influence of Thomas Jefferson and Andrew Jackson.

"If Congress," Jackson said, "has a right under the Constitution to issue paper money, it was given them to use by themselves, not to be delegated to individuals or corporations."

Thus ended the history of the first Bank of the United States, but the bankers had not played their last card.

## The bankers launch a war

Nathan Rothschild of the Bank of England issued an ultimatum: "Either the application for the renewal of the charter is granted, or the United States will find itself involved in a most disastrous war." Jackson and the American patriots did not believe the power of the international moneylenders could extend so far. "You are a den of thieves-vipers," Jackson told them. "I intend to rout you out, and by the Eternal God, I will rout you out!" Nathan Rothschild issued orders: "Teach these impudent Americans a lesson. Bring them back to Colonial status."

The British Government launched the War of 1812 against the United States. Rothschild's plan was to impoverish the United States through this war to such an extent that the legislators would have to seek financial aid. This of course, would be forthcoming only in return for the renewal of the charter for the Bank of the United States. Thousands were killed, but what did that matter to Rothschild? He had achieved his objective; the U.S. Congress granted the renewal of the Charter in 1816.

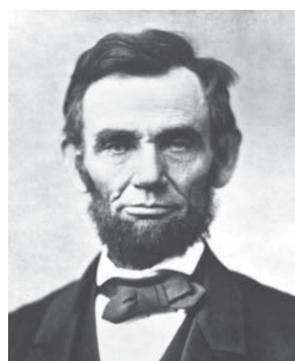
## Abraham Lincoln is assassinated

In 1862, in full conformity with the provisions of the U.S. Constitution, Abraham Lincoln caused \$450 million of debt-free Greenbacks to be issued to conduct the Civil War. Re-elected in 1864, he promised to attack the power of the bankers as soon as the war was over. In 1865, Lord Goschen, the spokesman of the financiers, wrote in the London Times:

"If this mischievous financial policy, which has its origin in North America, shall become indurated down to a fixture, then that Government will furnish its own money without cost. It will pay off debts and be without a debt. It will have all the money necessary to carry on its commerce. It will become prosperous without precedent in the history of the world. That Government must be destroyed, or it will destroy every monarchy on the globe." (The monarchy of the money lenders, that is.)

But Lincoln was assassinated on April 14, 1865, before he was able to take action against the bankers. A tremendous restriction of credit followed, organized by the banks: the currency in circulation in the country, which was in 1866, \$1,907 million, representing \$50.46 for each American citizen, was reduced to \$605 million in 1876, representing \$14.60 per capita. The result in ten years was 56,446 business failures, representing a loss of \$2 billion. And as if this was not enough, the bankers reduced the per capita currency in circulation to \$6.67 in 1887!

Lincoln's example nevertheless remained in several minds as far along as 1896. That year, the Presidential candidate for the Democrats was William Jennings Bryan and history textbooks tell us that it was a good thing that he did not succeed in his bid for the Presidency, since he was against the bankers' "sound money," money issued as a debt and against the gold standard. Bryan said:



Abraham Lincoln

"We say in our platform that we believe that the right to coin and issue money is a function of Government. We believe it. Those who are opposed to it tell us that the issue of paper money is a function of the bank, and that the Government ought to get out of the banking business. I tell them that the issue of money is a function of Government, and that the banks ought to get out of the Government business. When we have restored the money of the Constitution, all other necessary reforms will be possible, but until this is done, there is no other reform that can be accomplished."

The Federal Reserve: a most gigantic trust

## The Federal Reserve: a most gigantic trust

Finally on December 23, 1913, the U.S. Congress voted in the Federal Reserve Act, which took away from Congress the power to create money and gave it to the Federal Reserve Corporation. One of the Congressmen who understood the problems that this Act would cause was Representative Charles A. Lindbergh Sr. (Rep-Minnesota), who was the father of the famous aviator. He said: "This Act establishes the most gigantic trust on earth. When the President (Wilson) signs this bill, the invisible government of the Monetary Power will be legalized... The worst legislative crime of the ages is perpetrated by this banking and currency bill."

## The education of the people

What allowed the bankers to finally obtain the complete monopoly of the control of credit in the United States? It was the ignorance among the population of the money question, of course. John Adams wrote to Thomas Jefferson, in 1787:

"All the perplexities, confusion and distress in America arise, not from defects in the Constitution, not from want of honor or virtue, so much as downright ignorance of the nature of coin, credit, and circulation."

After the passage of the National Banking Act in 1863, Lincoln's Secretary of Treasury, Salmon P. Chase stated publicly:

"My agency in promoting the passage of the National Banking Act was the greatest financial mistake of my life. It has built up a monopoly which affects every interest in the country. It should be repealed, but before that can be accomplished, the people will be arrayed on one side, and the banks on the other, in a contest such as we have never seen before in this country."

Automobile manufacturer Henry Ford said: "If the people of the nation understood our banking and monetary system, I believe there would be a revolution before tomorrow morning."

**The education of the people, that is the solution to the problem in the banking system. And that is precisely the method advocated by the "Michael" Journal. Make this journal known to those around you and solicit subscriptions to those around you, your family, friends and neighbors. Help them to understand and encourage an honest money system.**

Alain Pilote

# An interview with a former Swiss banker

Here is an interview hosted by one of our representatives from the United States, Mr. Yves Jacques. He recently spoke to François de Siebenthal, who is a former banker from Switzerland, on the crisis in the financial world today and what solutions he would suggest to correct the chaos that is occurring.



François de Siebenthal

YJ: François, you are from Switzerland, trained as a professional banker and economist, is that correct?

FS: Yes.

YJ: And you've been an economist for how many years?

FS: For more than twenty-five years.

YJ: Some textbooks and other sources mislead people by saying that banks lend from the depositors savings. Can you tell us what really happens?

FS: The truth is that credit makes deposits, and not the other way around. This means that, for example, more than 90% of the money in circulation is created out of thin air. We can estimate that 99.99% of the United States dollar was created out of nothing. We call that Fiat Money, or *Ex Nihilo*. The problem is that, on the whole, they have been using the credit system to sustain the growth of the United States, to conserve the American economy at the cost of the poor of the world.

Recently the financiers even used the real estate market of the United States to uphold the credit industry. They have created massive amounts of credit (*Ex Nihilo*) as loans for real estate, and then sold the American mortgages to investors such as Fanny Mae and Freddie Mac at huge profits. They then used the massive import of funds and savings from all over the world to tell the American people that the value of the American industry is rising all the time. But now we have reached a limit in credibility and it (the American dollar) is starting to downslide. It has lost 60% of its value already since the beginning of the Iraq war. The entire system is a lie, and it is causing a massive lack of confidence, and of faith...

When credit is created only to sustain the virtual growth of the economy, there are various ways to get out of it. One of them would be to create a general war with millions of victims, or a bloody revolution, or even a credit crunch such as Japan experienced with its liquidity trap and massive depopulation, or then again, a general collapse of the economy such as what happened in 1929.

YJ: So, this is their solution?

FS: Yes, from my point of view the International Bankers are planning new wars and revolutions. I think that the best solution would be to do as the poor people of the United States did in 1929; establish local banks with 6,000 local currency systems. We can improve all those local systems and coordinate them, like a franchising chain of free and open local banks sharing the same values that are open to all people of good will.

You can find such a proposition at [www.paviech.com](http://www.paviech.com) with all the details on how to function with this local system, as they are already doing in some poor countries.

The dollar will collapse for sure, and you need to persuade everyone to start local systems, improved LETS (Local exchange systems) with dividends and compensated discounts (see social credit on the internet). In fact, the dollar is collapsing faster now; its value is going down all the time. For instance, when I began in the banking business the dollar was nearly four Swiss francs to one dollar. Now, it is one Swiss franc to one dollar. So it is, in fact, a massive inflation. If a Swiss, for example, wants to buy a Chevrolet, he must convert it to cheese, watches, machinery and other goods. If an American wants to buy a Swiss watch, he pays in dollars. And what is a dollar? It is a piece of paper on which is printed,

"One dollar: in God we trust" or just some bits in a computer.

YJ: Do you think that the reason they want the US dollar to collapse in the United States is because they want to change it for the Amero?

FS: Yes. What they are doing is the same as they did in 1929. The banks print and open more credits to buy more assets very cheap, that way they control more of the people and you can do nothing without their consent. The Patriot Act is a method of dictatorship and they suddenly wanted to change all the notes and put RFID devices in all the currency.

YJ: What do you think of people who say we should exchange US dollars to Euros or Japanese Yen?

FS: If the dollar is collapsing and the same people are behind the Euro or the Yen, it will all come to the same conclusion. Let's talk about the Japanese Yen. In Japan there is a big, big problem with the population. One third of the Japanese population will disappear before 2050. It is already beginning. There will be a massive depreciation in the real estate markets and this will create a huge crisis, even bigger than the United States, because the Japanese will not allow immigration. The only solution I can foresee for the Japanese is a massive drop in the price of properties. Already I have information from Japan that they are pushing to establish euthanasia. You know the situation is really a war, a war against the weakest in society. They are buying a lot of robots to cope with this trend. The truth is that they want a massive reduction in the population; by the billions... Julian Simon said in his book "The Ultimate Resource 1" that he was paid by those people to prove that the earth was overpopulated, however he wrote books and articles proving exactly the opposite.

"The Ultimate Resource" (now "The Ultimate Resource 2") and "Population Matters" discuss trends in the United States and the world with respect to resources, environment, population and the interactions between them. Simon concludes that there is no reason why material life on earth should not continue to improve, and that increasing population contributes to that improvement in the long run. Those popularly-written books developed positive ideas and foresaw the falling natural resource prices, increased world oil supply, and decline in farmland prices. His view of population economics is unique and persuasive. In the discussion, he covers resources, environment, population growth with analytical methods.

As said on Amazon, Julian L. Simon is the world's greatest contrarian. "The Ultimate Resource 2" – an update, not a sequel – skewers the sacred cows of environmentalism, population control, and Paul Ehrlich. In the contest between resource scarcity and human ingenuity, Simon bets the farm on the ability of intelligent people to overcome their problems. Thankfully, he is not a theorist. This book lays out convincing empirical evidence for his prediction of a prosperous future. The keys to progress are not state-run conservation programs, he says, but economic and political freedom. Only then can talented minds properly apply themselves to their earthly dilemmas. (To read his book, go to this link: [http://www.juliansimon.com/writings/Ultimate\\_Resource/](http://www.juliansimon.com/writings/Ultimate_Resource/)).

He wrote in his book "Population matters," how he was ostracized by the "rulers" of the new world disorder.

The last book about this type of manipulation is by Steve Mosher. The book is entitled "Population Control," and it does not simply outline the problems; it proposes a solution as well. Mosher dedicates his final chapter to possible ways that developed nations can avoid the demographic disaster that now threatens. Small tax credits and paltry child subsidies are not nearly enough. Young couples, he argues, need to be sheltered from taxes altogether. And population control programs need to be discon-

tinued as soon as possible. Mosher ends by quoting the late Julian Simon: "Human beings are the ultimate resource." We need everybody to find good solutions. (For more information see [www.pop.org](http://www.pop.org)) A play list for all of Julian L. Simon's videos can be found at: [http://www.youtube.com/view\\_play\\_list?p=DDAF5AC211C1A](http://www.youtube.com/view_play_list?p=DDAF5AC211C1A)

The members of those Clubs hate poor people. Most of these wealthy New World Order people are racists, in fact they are racists of the worst kind. They condition people to believe that our earth is overpopulated. And so the poor are corralled like cattle into big cities such as Mexico, just to control them and prove that they are right. But in fact, the rest of the earth is empty. The world is huge and we can feed more people. Ramses of Egypt, in the Bible, had this way of thinking and he killed all the male Jews. Now we have "white" bankers living in New York, London and Paris doing the same well-paid job; killing millions or even billions of aborted children with financial soft Gulags to earn billions of dollars.

I recommend this film: "Freedom to Fascism" from the filmmaker Aaron Russo, who exposed his first-hand knowledge of the elite global agenda during a live video interview with Alex Jones' nationally syndicated radio show.

Nick Rockefeller told Russo about the plan to microchip the population, (see *Bilderberg* and *micro-chip* on the internet) and warned him about "an event that would allow us to invade Afghanistan and Iraq" some eleven months before 9/11. Rockefeller foretold that the "War on Terror" would be a hoax where soldiers would be looking in caves for non-existent enemies. Rockefeller also tried to recruit Aaron Russo into the Council on Foreign Relations during the tenure of their friendship. A picture sent by the Russo family verifies that friendship, and strengthens evidence of a global agenda of which Rockefeller's creation of women's lib, and the elite's ultimate plan for world population reduction and a micro-chipped society, played important roles.

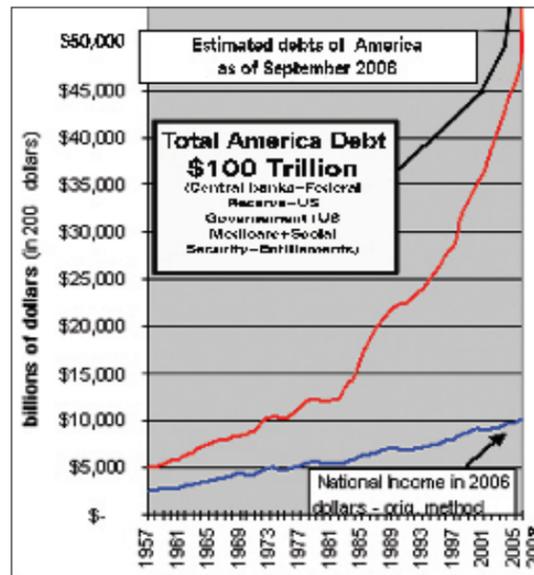
YJ: Can you explain to us briefly, how money is created today and how it should be created? Then maybe we can speak more about the practice of interest.

FS: In the United States most of the money, as credit-bearing interest, is created by the Federal Reserve Board and other private banks. The Federal Reserve is about as Federal as the Federal

Express. That means that it is a private company owned by a few people. I have a list of about 12 families who are the shareholders that own the Federal Reserve. These people are using this private business for their own personal gain, to generate private profits of trillions (yes, trillions) of dollars. If you add the amounts that are generated every year since Christmas of 1913, sums hidden in various foundations and trusts in tax haven "paradises," the profits are unbelievable. Wars are for their own profit only and not for the benefit of the American people.

And on the credit base, which is called M zero, you have a massive creation of money, and this credit is based on nothing. Alan Greenspan said that they create the money out of thin air. You have the statistics published by the Federal Reserve (which is a private company) that show that it is allowing and emitting credit to the other banks or other financial vehicles.

A few months before his assassination, President John F. Kennedy was summoned by his father Joseph to the lobby of the White House. He said to him, "If you do this, they will kill you!" But the President was not deterred. On June 4, 1963, he signed Executive Order number 11110, that repealed the Act and Executive Order number 10,289, calling the production of banknotes into the hands of the state and depriving the cartel of private banks of a large part of their power. After \$4 billion of US dollars in small denominations called "United States Notes"



had already been put into circulation, and while the state was preparing to deliver even larger cuts of Fed currency, Kennedy was assassinated on November 22, 1963. This happened 100 years after Lincoln's death. He had created debt-free "Greenback" notes for the United States as well, and he was murdered by a sniper. Kennedy's successor Lyndon B. Johnson suspended the printing of the notes for an inexplicable reason. The twelve Federal Reserve banks withdrew the Kennedy banknotes immediately from circulation and exchanged them with their own acknowledgements of debt. A few of those notes are still in the hands of Imelda Marcos because her husband was trying to escape the system.

And now with the sub-prime crisis, they are printing millions or trillions of dollars but we don't know exactly where this money is going. Perhaps it is going to sustain the banks that are in bankruptcy. Crooks are sustaining crooks. And of course, all of this money is created with an interest rate. This interest rate is imposed on the American population mainly through taxes, on the backs of the poor people. For one example, see the LTCM 3 Trillion dollar scandal under Clinton, and other similar situations. The poor of the world cannot eat; they are starving. And the worse problem is that babies are not even allowed to live! Their goal is to have fewer people that are more easily controlled with laws that are becoming even more and more stupid. One such case is Monsanto, a plant that patents pigs or plants and ruins farmers; their goal is to raise the price of food, all the while saying that they are working for the good of humanity...

The Fed began with approximately 300 people or banks that became owners (stockholders purchasing stock at \$100 per share—the stock is not publicly traded) in the Federal Reserve banking system. They make up an international banking cartel of wealth that has no comparison. The Fed collects billions of dollars annually in interest and distributes the profits to its shareholders. Congress illegally gave the Fed the right to print money (through the Treasury) at no interest to the Fed. The Fed then creates money out of nothing, and loans it back to us through the banks, and charges interest on our currency. The Fed also buys Government debt with money printed on a printing press and then charges US taxpayers interest. Many Congressmen and Presidents have said that this is fraud.

Louis T. McFadden, Chairman of the House Committee on Banking and Currency from 1920-21, accused the Federal Reserve of deliberately causing the Great Depression. In several speeches made shortly after he lost the chairmanship of the Committee, McFadden claimed that the Federal Reserve was run by Wall Street banks and their affiliated European banking houses.

McFadden said: Mr. Chairman, we have in this country one of the most corrupt institutions the world has ever known. I refer to the Federal Reserve Board and the Federal Reserve Banks. The Federal Reserve Board, which is a Government board, has cheated the Government of the United States out of enough money to pay the national debt. The twelve credit monopolies that were deceitfully and disloyally foisted upon this country by the bankers who came here from Europe and repaid us for our hospitality by undermining our American institutions... The people have a valid claim against the Federal Reserve Board and the Federal Reserve banks. For the text of his entire speech, see this website: [http://www.afn.org/~govern/mcfadden\\_speech\\_1932.html](http://www.afn.org/~govern/mcfadden_speech_1932.html)

McFadden was killed in the same way as Kennedy and Lincoln and many other opponents to those who control this system of usury.

"Quid prodest scelus, is fecit" which means: "The one who takes profit from the crime, has done it."

An encyclical called "Vix Pervenit" a text stating what contracts are good or bad in business, has been eliminated from the bookshelves. This encyclical may be found at these addresses on the internet: <http://www.papalencyclicals.net/Ben14/b14vixpe.htm> and also at [http://en.wikipedia.org/wiki/Vix\\_Pervenit](http://en.wikipedia.org/wiki/Vix_Pervenit)

**So who owns the Federal Reserve Central Banks? The true ownership of the 12 Central banks, a very well kept secret, has been partially revealed. Here is a list of some of them:**

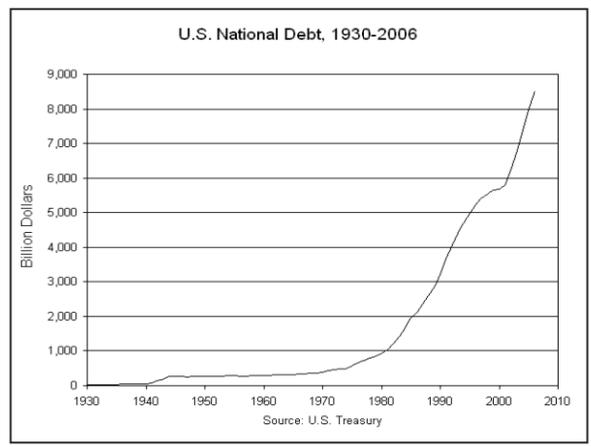
- Rothschild Bank of London**
- Warburg Bank of Hamburg**
- Rothschild Band of Berlin**
- Lehman Brothers of New York**

- Kuhn Loeb Bank of New York**
- Israel Moses Seif Banks of Italy**
- Goldman, Sachs of New York**
- Warburg Bank of Amsterdam**
- Chase Manhattan Bank of New York**
- Lazard Brothers Bank of Paris**

These bankers are all connected to London Banking Houses in the totally free City which ultimately controls the Fed. When England lost the Revolutionary War with America (our forefathers were fighting their own government), they planned to control us by taking over our banking system, the printing of our money, and our debt.

The individuals listed below owned banks which in turn owned shares in the Fed. The banks listed below have significant control over the New York Fed District, which controls the other 11 Fed Districts. These banks also are partially foreign owned and control the New York Fed District Bank:

- First National Bank of New York, James Stillman
- National City Bank, New York, Mary W. Harnman
- National Bank of Commerce, New York, A.D. Juillard
- Hanover National Bank, New York, Jacob Schiff
- Chase National Bank, New York, Thomas F. Ryan, Paul Warburg, William Rockefeller, Levi P. Morton, M.T. Pyne, George F. Baker, Percy Pyne, Mrs. G.F. St. George, J.W. Sterling, Katherine St. George, H.P. Davidson, J.P. Morgan (Equitable Life/Mutual Life), Edith Brevour, and T. Baker (*source: http://www.rense.com/ufo2/fedrez.htm*)



*YJ: Well, I think this interview will help the people understand the system a bit more, and what is happening today.*

**FS:** It is better to fight this way, and create a credit club or a local system with coupons free of interest as we wrote about in the "Michael Journal" with the example of Madagascar and the Philippines, than to take out your gun and fight a war! Please, see <http://www.michaeljournal.org/localmoney.htm>

*YJ: The truth is blinding and people do not see it. They want a complicated system, but in fact the solution is very simple.*

**FS:** During the Great Depression in the 30's the citizens started 6,000 local systems, local credit systems all over the United States. Tell people to study the history of their country. While they were creating their own credits, the big banks were stopped. Do the same! Improve it with Social Credit systems and dividends to share the profits of the robots and computers! 90% of the workload will be done by computers and robots, the challenge is how to distribute the abundance.

*YJ: Well, I think that's the plan of the Pilgrims of St. Michael, we want to start the local exchange systems all over the world. I know that in Columbia they have several systems that are working very well.*

**FS:** In the United States, your grandfathers were the organizers of the local systems. Ask them how it was done. You had more than 6,000 systems all over the United States. The WIR system in Switzerland has made our country one of the richest in the world. ([www.wir.ch](http://www.wir.ch)) Just think of what happened in Argentina when the banks collapsed there. That can happen in the United States as well.

Maurice Allais, Professor of Economics at the National School of Mining Engineering in Paris, France and the 1988 Nobel Prize Winner in Economics, had this to say in his book "Les Conditions Monétaires d'une Economie de Marché" ("The Monetary Conditions of a Market Economy" p. 2): "In essence,

the present creation of money, out of nothing, by the banking system is, I do not hesitate to say it in order to make people clearly realize what is at stake here, similar to the creation of money by counterfeiters so rightly condemned by law. In concrete terms, it leads to the same results."

We need to practice all five Shabbats and Jubilees, every 7 days, weeks, months, years and 49 years (7 times 7 years) and fight usury at all levels, because usury kills.

Please read this extract from Louis Even. "But what about the term 'usury practiced under another form' used by the Pope? Does it mean too high an interest rate? If so, of what percentage? Or is it a form of something else?"

An English priest named Father Drinkwater, wrote a book in 1935 that identified this "devouring usury under another form" that is the monopolization of credit, which was to amount more and more to a monopolization of money, although the workings of this monopolization of credit were still mysterious to almost everyone at that time.

Father Drinkwater recorded that a committee based at the University of Fribourg, Switzerland, had prepared some elements for the drafting of *Reverum Novarum*, and that among the members of this committee there was at least one person from Austria who was well aware of the money question and of bank credit. A text that this Austrian had prepared and that was apparently approved by the committee, showed clearly how mere bank money—which is created in banks and consists basically of figures written in bank-books and ledgers, and which was already becoming the major monetary instrument for trade and industry—was nothing but the monetization of the production capacity of the whole community. The new money thus created can only be social in nature (belonging to all of society), and not the property of the bank. This new money is social because of its basis: the community, or society, and because it can buy any good or service in the country. The control of this source of money therefore puts in the hands of those who exercise it, a discretionary power over all economic life.

The text of this Austrian expert also showed that banks do not lend their depositors' money, but rather deposits that they create out of nothing simply by inscribing figures in bank-books. When banks lend money—no account is diminished in the bank—they do not have to extract one penny from their safes. So the interest charged on their loans is certainly usury: whatever its rate—it is actually more than 100%, since it is interest charged on a capital of zero, nil—the lender (the bank) does not have to do without the money he lends, he just creates it! This usury can rightly be described as "devouring", since banks require creditors to pay back money that has never been created, that has never been put into circulation. (Banks create the principal they lend, but not the interest.) It is therefore mathematically impossible to pay back all loans; the only way for the economy in such a system to keep going is to borrow again to pay the interest, which creates unrepayable private and public debts.

What was the exact wording of this text about the monopoly of credit? One cannot know, since there is no mention of it in the encyclical. Was it suppressed in Fribourg in the final draft sent to Rome? Was it stolen between Fribourg and Rome, or between its arrival in Rome and its delivery to the Sovereign Pontiff? Or was it Pope Leo XIII who decided to put it aside? Fr. Drinkwater raises these questions, but gives no answer. End of quote. This scandal is producing the same absurd situation as in Canada.

And finally let us quote Mackenzie King, who stated while he was campaigning to become Prime Minister of Canada in 1935: "Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of Parliament and of democracy is idle and futile." For more graphs depicting our financial situation see our website: <http://www.michaeljournal.org/images/croisdet2.gif> and <http://www.michaeljournal.org/images/debtcan.jpg>

*YJ: We thank you for this interview with us, Mr. de Siebenthal; you are included in our prayers and our support for you and your family.*

**FS:** You are welcome, be assured of our prayers as well, and all the best to you. If you need any further information, please do not hesitate to ask me. Please contact me at my email address:

siebenthal@gmail.com



# How to apply Social Credit locally

## A simple system to exchange goods and services

The following is a lecture given by Mr. François de Siebenthal—an economist and the consul general of the Philippines in Switzerland—at our headquarters in Rougemont, Quebec, Canada, in March of 2005. Mr. de Siebenthal demonstrated to those present how easy it is to open a local bank with just the use of simple cards. Mr. de Siebenthal has gone to several countries to explain this system to various interested audiences. In fact, Social Credit is no longer only a theory, but is put into practice in these countries with a growth of many local debt-free banks.

In an age where the use of the microchip is becoming a real threat, this is certainly a way in which one could exchange goods and services without having to bow down to the use of this microchip. Why not read and study what Mr. de Siebenthal has taught on this subject. It could prove to be very useful in the future!

### A simple bank

I will now teach you how to open a local bank using Social Credit principles. It is very easy to do and everyone can do it.

In past history, small local banks in Switzerland were established by farmers. The banker is a farmer, the bank is in a farm house, the customers are farmers, and the owners of the bank were and are farmers. These little banks, put together in Switzerland, make up the third largest Swiss bank currently in operation with the best ratio and the best management because the costs are very low. Since the banks are very small and in small houses, and because you do not need big armoured cars and security personal, these banks are very efficient. These little banks can also be found in Austria and some other countries.

### The tragedy of debt money

You know that money is created in the form of debts with interest rates, and you know that the theory of Social Credit is true, and that interest kills. The statistics of the International Labor Organization in Geneva state that every day you have 5,000 people dying in work places. That makes more every day than the people who died in the Twin Towers. Every day! That means that because of capitalism and because of exaggeration in productivity, you have 5,000 people dying on the work place every day. And I am not counting all the stress, the psychological problems, suicides, alcoholism, drugs, and children at home without the parents there because the father and the mother are both working.

Now, with our system that is without interest rates, you can imagine it will save a lot of money. It will save at least three hours every day for each one of you, it will cut the prices by half, and it will give the houses 77% more space because the interest rates are taking a lot of productivity in the whole world.

So now I am teaching you how to found a bank. These banks have been already founded in Switzerland, Madagascar, Africa, the Philippines, Poland, and Canada. These banks have had such a success that now the World Bank and the International Monetary Fund are already attacking them. In the Philippines there are already attacks from the government and the newspapers. Since the forces in front of us are attacking this kind of banking system, that means it has possibilities of success.

### Where to start

How do we make such a bank in a country? What we did first was to listen to the people. What are their real needs? What are the real needs in Madagascar? What are the real needs, the basic needs to survive, because in most of those countries the people do not have enough just to live. Then, after listening to them, we also learn the mentality of these people. We have to adapt to the culture and the local mentality.

Social Credit is the answer to the real needs, the basic needs of these countries. After having listened to the people, we tell them that we have something that can help them. It is not a magic wand that will give them paradise on earth, but it is a system that

will guarantee each individual access to the basic necessities of life and allow the poorest countries to make use of the resources to help their own population.

The main thing is to look for the Kingdom of Christ and His justice: "But seek first the Kingdom of God and His righteousness, and all these things will be given you besides." (Matthew 6:33.) This is really what we are doing here with this local exchange system; we are dealing with justice, the justice of God. Work for justice, and everything else will follow!

### Christian coin

At this point of my talk, I would like to show the 5-franc coin that is currently in circulation in Switzerland. (See pictures below.) On one side, one can see the Swiss cross, which represents the Kingdom of Christ, and on the other side, social justice is represented by William Tell, the Swiss national hero and liberator of the poor and of the oppressed. On the edge, one can read these Latin words: "Dominus providebit—God will provide", which specifically refers to the verse of the Gospel of Matthew mentioned above.



In all our meetings to organize local debt-free banks, we need to remind people that God does provide, that He is indeed very generous. In the Philippines, for example, they can raise three crops of corn. If you take one seed of corn, this seed will give you three stalks which will give you around 200 seeds. So if one gives you 200, then ten gives you 2,000; one hundred then gives you 20,000. Three crops per year (20,000 X 3) yields 60,000%. And the banker will probably give you 6%. This means that God is indeed generous.

There are fish in the sea you can fish. You can till the earth, and the earth is very generous. You know that the earth could feed many times the world's population. It is not a problem of food but a problem of distribution. Then it is important to remember how much the earth gives us and that there is enough room for everybody on this earth.

In Switzerland, as I told you, this system of small banks is working. There is also another system in place: a parallel money called "wir", the German noun signifying "we" in English. This involves a notion of community. This money has been in existence since 1933, was created during the Depression, and is now working very well. It is a parallel money. Few know about this money. Switzerland, which is the poorest country in the world as far as natural resources are concerned, is one of the richest countries in the world because of its organization of small banks and this kind of parallel money.

### Usury is condemned by the Church

You know too that the Catholic Church has always condemned the charging of interest on the loan of money, calling it usury. As a matter of fact, the social doctrine of the Church, which supplies principles of justice to be applied in human activities, is the least known among all the teachings of the Church. And the least known part of the social doctrine, the best kept secret, is certainly the encyclical letter *Vix Pervenit* issued in 1745 by Pope Benedict XIV. It was addressed to the Bishops of Italy about contracts and in which usury, or money-lending at interest, was clearly condemned. In 1836

Pope Gregory XVI extended this encyclical to the whole Church. The text of this encyclical was destroyed in many countries of the world just to hide this most well-kept secret of the social doctrine of the Church. It states:

"The kind of sin called usury, which lies in the loan, consists in the fact that someone, using as an excuse the loan itself—which by nature requires one to give back only as much as one has received—demands to receive more than is due to him, and consequently maintains that, besides the capital, a profit is due to him, because of the loan itself. It is for this reason that any profit of this kind that exceeds the capital is illicit and usurious.

"And in order not to bring upon oneself this infamous note, it would be useless to say that this profit is not excessive but moderate; that it is not large, but small... For the object of the law of lending is necessarily the equality between what is lent and what is given back... Consequently, if someone receives more than he lent, he is bound in commutative justice to restitution..."

### What you need to start a bank

To establish a local debt-free bank is very easy. You just need small sheets of paper or small booklets, which we will call the accounts, and a general ledger. In fact, we will do exactly like the five people in the tale of Salvation Island (in a leaflet entitled "The Money Myth Exploded"), who realized they could create their own money. (See n. 17.)

The following system will therefore allow any community or village to make financially possible what is physically possible in that community, that is to say, to create as much money as they need to exchange goods and services. Just like in the tale of "The Money Myth", you can first use a blackboard and a chalk to explain the system to the people gathered in front of you, who wish to be part of this local bank and exchange system.

Then you distribute a small card to each member of the community, which will be their bank account. (See Figure 1 on page 7) You can use any bookkeeping card, small enough so it can be put in your pocket, or in your purse. This will be the money and, at the same time, the way to create local money without interest. It is very important to state: without interest!

You distribute pens in the poor countries because, many times, they do not even have pens, and you write on the card the basic personal information: your name, your address, your card number (which is the same as your bank account number), your birth date and signature. The signature proves that you are the owner of this card; even if you lose it, nobody else can use it. As you will see later, your signature is required on the cards—yours and that of the person with whom you are exchanging goods or services—every time you make a transaction.

The first thing to do after these cards are distributed is to give numbers to the people. That means that everyone that is in the room should be allocated a number, one after the other. The first row can have the number 1, 2, 3, and so on. Everyone says the next number in sequence and everyone writes his number on his card. One person in charge of the ledger for the community writes all the names in the ledger with the corresponding account number. This will be your bank account number. It is like a football team—you give a number to everyone, and this number matches the name on the card.

Depending on the level of development in the community, you can add your phone number and e-mail address, if applicable. You can also mention your trade (present occupation) and other jobs you could do or services you could offer. This information can be used if one wants to create a catalog of all the goods and services offered in the community. On the back of the card, there is the address and phone number of the local bank.

In the other columns, you have the date, the reason for the transaction, a column to show the money you spend (money out of your account), the account number and signature of the person with whom you

are dealing with, and a column for the money coming in to you. You can see that this is very simple.

### An illustration

In order to understand better how it works, we have an example you can look at. (*Figure 2, Tom Smith's card.*) The first amount written down on your card will be an effective implementation of Social Credit: a social dividend, given periodically (once a month) to every member of the community, representing their common heritage in the wealth of the community (progress, life in society, natural resources). This amount is to be determined by the community, and must cover the basic necessities of life. So on the first line you see a date, the reason (a dividend), nothing is in the money-out column (you draw a line; it is money that you receive, not money that you spend), the number and signature of the person giving you that money (in this case, the signature of the local bank or its director, and for the sake of the example, the number "0" was allocated to the bank.) And on the last column, money in, \$100 is inscribed. The bank has given you a dividend of \$100. This transaction has also been inscribed in the ledger of the bank.

Last name:		First name:		Account No.:	
Address:		Signature.....			
Phone (home):		Birth date:			
Present occupation:		Others:			
DATE	REASON	MONEY OUT	No.	COUNTERSIGNATURE	MONEY IN

Figure 1 — Blank card

Now on the second line, let us suppose that Tom Smith wants to buy from Paul Jones 50 kilos of apples that costs \$50. So you have the date of the transaction, the reason (purchase of apples), the amount you spent (\$50), the number and signature of Paul Jones who sold you the apples. (Paul Jones, for the sake of this example was allocated account number 2.) Paul Jones signs his name on your card, and you sign your name on his card.

Every transaction always involves two cards, therefore two signatures. A purchase for you on your card will be a sale for the other person involved in the transaction on the other card. If you look at Paul Jones' card (*Figure 3*), the reason of the transaction will be "sale of 50 kilos of apples" and the \$50 will be written in the column of the money-in, not the money-out. Tom Smith's signature will appear at the end of the line.

Now, let us suppose Paul Jones has a chair that needs to be fixed. He knows that Tom Smith is a carpenter. He goes to see him, and Tom Smith agrees to do the job for \$10. So you will have on both cards the reason for the transaction (chair fixed), with the amount (\$10) written on each card—as money that comes in on one card, and money that comes out on the other. And the examples could go on and on.

This system is presented to the people for the first time during the meeting for the foundation of the local bank. The best thing for you now is to train yourself with such a card. When the cards are distributed, you put your name on the card—you do not need to put all the other details. And you make transactions with your neighbours. You buy and you sell. And you will see that you have now in your hand the same money-creation system that the banks have; they do the same in computers and ledger books in accounts in banks, but it is without interest that you do your transactions.

Now train yourself for a while with your neighbours on how to create local money. This period is very important, and you will need to give at least 15 minutes for this training period, until everyone in the room has understood. It is very important! In the Philippines, the young people went to the old people to teach them, some of them not even being able to read or write. But they were able to understand the system because it is only figures. Even if they do not know how to write letters, they know how to write numbers.

You have a contract every time you create money. You have, at the same time, the proof of a contract, a commitment with the signature, and the number to double check the signature.

### You are in control

And you control the system. Money creation is under your control and under that of your local community. You know each other and you can create as

much money as it is necessary for your needs. So what is physically possible is now financially possible. Your community will never lack money.

This system you have now used is the same system that the banks use to create money, but you control it! And you control it without interest! It is very cheap and efficient. You can create any amount of money according to the available production and services. You can exchange any number or kind of goods and services and you are in control. You own the money-creation system.

And it is even more efficient than the actual system because it costs a lot to print bank notes. Just one line of printing machines with special ink, special paper, etc. costs \$100,000,000 US and you save this amount with this system. And it is even better than a bank note because you have your name on it. If you lose your card, someone will phone you telling you he found your money. And this person who finds your money can do nothing with your money because your signature is needed. It is really your money.

You cannot dispossess someone who has lost his money. If the money (the card) is destroyed by fire or other means, you can reconstruct a card using information from other cards. All cards are consolidated in the local bank ledger. This means that if your bank card is destroyed, you can reconstruct your bank card with the accounts of the others because the other cards have your card number for every operation they did with you. You can rebuild your accounting books and reclaim your assets; an even better method than the actual system with bank notes. And you have, naturally, no interest. This means every transaction will be cheaper in the community because today, interest rates kill people.

### To own a bank

In my presentation to start a new bank, I say to the audience: "So, do you want to be the owner of a bank? Yes? Who does not want to be the owner of a local bank? I assume that everyone wants to be the owner of a bank. You can be the owner of a bank, like we did in the Philippines, Madagascar, Switzerland, and Poland. But to be the owner of a bank, this bank needs to have a management. This bank needs to have auditors. Then we now need to have people who are willing and ready to act as managers, and auditors. So now I ask you who will volunteer to act as managers of the bank and auditors of the bank? I need at least three managers (a director, a secretary, and a treasurer) and two auditors (who verify once in a while the bookkeeping of the bank). Now, those who are willing to be and to act as the management of this local bank owned by the local community, please come in front of the room."

Last name: Smith		First name: Tom		Account No. 1	
Address: 5 1st Ave., Smalltown		Signature..... Tom Smith			
Phone (home): (123) 444-5555		Birth date: 50/02/02			
Present occupation: Carpenter		Others:			
DATE	REASON	MONEY OUT	No.	COUNTERSIGNATURE	MONEY IN
05 06 01	Dividend	-----	0	Bank manager	100.00
05 06 01	50 kg apples	50.00	2	Paul Jones	-----
05 06 02	chair fixed	-----	2	Paul Jones	10.00

Figure 2 — Tom Smith's card

It was very interesting to see how many people were willing to act and to take the responsibility of running the bank. In Poland, we had so many people who came on the stage, it was just unbelievable. In the Philippines too, a lot of people were volunteering to come in front to fill these positions. So be sure you have seats in front of the general assembly so the new managers and auditors will be able to sit down. It is the community that chooses the people who will be on the board of the bank, people they can trust and who have enough skills to do the job.

In Madagascar we established a bank in one of the poorest villages in the country and now we are receiving great reports signed by the management of the bank. They understood, and they took the responsibility of their new bank very seriously.

To be the bank manager of the local bank is very easy: your only task is to be in charge of the bank ledger. There is no need for a safe, bullet-proof windows, armoured trucks or armed bodyguards to carry the money, etc. The only thing you have to keep in your house is the bank ledger.

### The prices

Now at this stage you have the general management, you have the auditors, and you have the gen-

eral assembly. It is now important to put in writing equitable prices for basic goods and services of the area. This is to be decided by the general assembly. It is also extremely important to put in writing how the profits will be divided within the community, because this bank can create money as any other bank and will create money to allocate investments for the production of goods. Thus the people, when they have a lot of pluses (money in) on their cards, can invest those pluses in projects and those projects will give more abundant production. So it must be put in writing how the profits of this abundance will be distributed. This way, the people will be more eager to share.

Last name: Jones		First name: Paul		Account No. 2	
Address: 3 Main St., Smalltown		Signature..... Paul Jones			
Phone (home): (123) 444-1212		Birth date: 49/11/24			
Present occupation: Apple farmer		Others:			
DATE	REASON	MONEY OUT	No.	COUNTERSIGNATURE	MONEY IN
05 06 01	Dividend	-----	0	Bank manager	100.00
05 06 01	50 kg apples	-----	1	Tom Smith	50.00
05 06 02	chair fixed	10.00	1	Tom Smith	-----

Figure 3 — Paul Jones' card

In the Philippines, for example, a rice producer who understood the system signed a contract to share 70% of the profits from his rice production with the general assembly, keeping only 30% of the profits for himself. It was really astonishing for me to see this generosity. A priest explained to me that when there is no interest charged, when there is no usury, the producers are very happy because in those countries usury can climb up to 1,000% per year. That makes 20% a week. And because we now have a local banking system without usury, without interest rates, everybody is happy, and everybody can share more. Now this money will not go to the usurer who was doing nothing except taking 1,000% per year.

### A system that works

This system reminds us of the parable of the dishonest steward. You remember in the Gospel of Luke (Chapter 16) the parable of the dishonest steward saying to his master's debtors: "Here is your promissory note. Sit down and quickly write half the sum that you owe to my master." The only difference is that with our local debt-free banks, everything is done honestly. And it is working! In fact, it is working so well in the Philippines that we have now more than 15 local banks (*as of March 2005*). And some mass-media people and some people saying they are from the government (from population control agencies) are now already attacking this system. That makes a lot of advertising, a lot of publicity. In fact, those attacks can be good for spreading the system because now everybody is talking about it.

It is the love of money that is the root of all evil, and with this system, there is less the notion of money being in your pocket. This way, you love your money less because it is really just a means to facilitate exchanges. You can exchange any goods or services. You cannot as easily love a paper which is really just your handwriting and the signatures of the others. It is not as easy to love this piece of paper as bullion of gold or coins or bank notes. It is really the way to avoid this love of money which is the root of all evil.

### A ruler to create money

This card, this system also gives you the ruler to create money. Just as you have a ruler to measure meters or feet, you have a ruler now to create the money necessary for local community life. With this system, you can allocate money for the basic needs of the poorest. The dividend has to be accepted by the general assembly. Normally we recommend giving a dividend at least equal to the amount necessary to cover the basic needs for the life of the poorest, the sick, and the old people present.

And it is working now. For example, in the Philippines they have chosen a dividend with the value of \$100 US. And the local economic system has a boom now because there is enough money in the system.

### Spread the news

We are looking for people to go all over the world to spread this good news. This news makes the poverty stricken able to live a dignified life. This also makes local development possible. This too allows the poor to have as much money as they need for the physical needs of the local community. It is really a tool for liberation.

(Continued on page 8)

# THE TRUE OWNERS OF MONEY

## Money must be created by the earth's inhabitants

Let us imagine an isolated island, far away from the rest of the world, and living on this island are ten men. These ten men are good workers, and they know how to take advantage of the riches of the island.

Each man exercises his trade; Peter cultivates the earth, Louis breeds animals...etc.

One day, Peter is tired of eating just vegetables so he goes to find Louis to ask him to exchange a calf with some potatoes. But Louis does not like potatoes, and so he refuses to give him the calf.

So Peter says, "Please, Louis, give me the calf in exchange for the potatoes!" Louis replies, "What will you give me in return?" "I can give you twenty bags of potatoes." "They do not interest me," says Louis "so I do not want to make the trade." So Peter returns home with nothing, and has to resign himself to eating vegetables for a while longer. Meanwhile, Louis for his part had too many cows. He really would have liked to exchange them for something else (something that he likes) but not potatoes.

It is the same situation each time one of the ten wants to exchange with the others. Either it is difficult to please the tastes of each one, or it is not the right time. Or even, it's very difficult to calculate: sometime they would have to separate a calf in two in order to adjust to the need.

Seeing the difficulties they have in trying to make an arrangement, so the ten inhabitants of the island gather together in a meeting to discuss the problem. They agree that while the island gives them everything that they need, and it is not the riches that they are lacking, nor the work, but something else. What are they missing that would make it easier to exchange their products more efficiently? So they all agree that it is money that is missing on the island.

What a discovery! It is money that is missing on the island. As they have common sense, and did not meet to just discuss the issue, they decide that since it is money that is missing, so what they then need to do is create money.

Our ten men do not act like the governments today, when they find out that money is lacking in the country, and conclude that they need to increase taxes or start a war. So they decide to create money on their own.

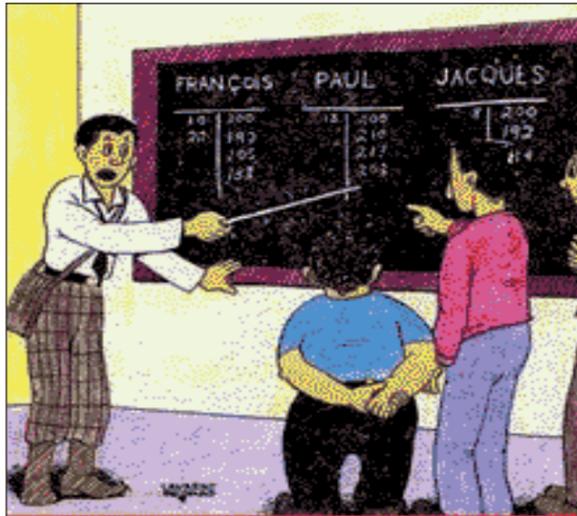
"Let us make money for ourselves!" they say. "We will make money, we, the men of this island." They do not think for a moment about going to find spirits from another world or men from other countries to make the money for them. They decide to make it for themselves.

"In fact, among us we have James, who was formerly a bank manager, and he knows how to count. James, make us some money."

And James says, "Perfect, I can make you some money. How much money do you need on the island in order that business may go well?"

They replied, "If we could have \$1,000 on the island, the exchanges could be made quite smoothly. So James, create the money for us, \$100 for each person. So James gets to work. He takes a book, writes down Peter's name in this book, and puts the amount into Peter's credit \$100. Then, he hands the credit book over to Peter, telling him:

"Here is your \$100, Peter. It is money of numbers, the most modern kind. This is money that you can not lose and nobody can steal it. Peter, I am lending you \$100 and at the end of year, you will reimburse me with the entire amount, and plus \$7.00 interest."



Peter replied, "What, you are lending me \$100? And you want me to reimburse you the \$100 plus interest? You must be joking, James, it is as if the money that you have created belongs to you alone, since you want me to pay it back to you.

You are mistaken, we asked you to make money for us, and not for you. You will receive your share (\$100) like the others, but the \$1000 does not belong to you. If you lend us \$100 with the obligation to pay you back, it is as if the entire \$1000 belonged to you."

But James says, "That is the way money is created in civilized countries!" Peter replies, "Oh, that is the way money is created in civilized countries! That is probably why life is so nice in civilized countries, where people die of hunger in front of abundance, and where they go to war to regulate the exchange of money.

This kind of civilization does not interest us, James. You will create the money for all of us, that means that you will create \$100 for each one of us which you will simply give us."

So James understood and gave each man a credit book with \$100 listed in the credit column.

On the island they called this \$100 the dividend of the island and it is based on the production of the island. It is brand new money that is created by James' pen that is necessary to allow the inhabitants to exchange their products.

And so the year goes by very well on the island. There are no longer arguments at the moment of the exchange of goods.

Business is prospering so much on the island that the \$1,000 is becoming insufficient to buy all that is for sale, since production has increased quite a bit. There has been great progress on the island.

At the end of the year the ten men hold a meeting. They consider their problem and notice that the money they created at the beginning of the year had done them much good, but that they are still lacking money on the island, considering the trade development.

They still lack money, so they order James to create new money for them. Peter says: "If we receive \$25.00 each, that would be sufficient for now." And so James starts working to create \$25.00 for everyone, and he puts down the amount in the credit column of everyone's credit book.

Peter, who worked more than Louis during the year, had the amount of \$150.00 in his credit book, he receives \$25.00, and so has the total of \$175.00. Louis, who had been sick during the year, had the amount of \$50.00 at the end of the year, and he also received \$25.00. That leaves him with \$75.00.

The \$25.00 that everyone received added to everyone's credit is the dividend of the year on the island. It is proportional to the island's progress.

Our ten men created the money themselves. They did not ask a usurer to create the money for them. They had more confidence in themselves than in strangers who would come to exploit the producers of the island.

Our ten men create the money for themselves. What they create is not debts to pay back, but dividends to circulate. The credit that circulates on the island is a social credit, based on the production of the island and on the confidence that the island's inhabitants have in their small society. This credit is created by the island's inhabitants for their own use.

When this island is a country and the islands people number in the millions, why shouldn't the same method be used to create the credit for the country in the same way. Why not?

**Gilberte Côté-Mercier**

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Naturally in this process, you need to pray, so we always ask the people to pray together before each meeting. And because of the prayers of the Rosary, because of all the prayers of all the Social Crediters since the foundation of the Movement, it is really giving a lot of fruit.

We need to work fast. For example: in the Philippines, the development is fast because one local bank alone is a plus, but if this bank is alone, it is not enough. You need to spread out on a regional level, around a city, for example. This way you can exchange all the goods, food, and services; you can exchange everything necessary for the basic needs of life. And it is now happening in the Philippines that the development is going as fast as possible. We are really astonished that they have understood everything so well with just one month's teaching. They already opened more banks than we did when we were there. Now we need people to travel all over the world to spread this idea to others.

**François de Siebenthal**

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