The Money Masters: Behind the Global Debt Crisis

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> In the US, we see untold millions suffering from the impact of mass foreclosures and unemployment; in Greece, Spain, Portugal, Ireland, and Italy, stringent austerity measures are imposed upon the whole population; all coupled with major banking collapses in Iceland, the UK and the US, and indecent bail-outs of "too-big-to-fail" bankers (Newspeak for too powerful to fail).

No doubt, the bulk of the responsibility for these debacles falls squarely on the shoulders of caretaker governments in these countries that are subordinated to Money Power interests and objectives. In country after country, that comes together with embedded corruption, particularly evident today in the UK, Italy and the US.

As we assess some of the key components of today's Global Financial, Currency and Banking Model in this article, readers will hopefully get a better understanding as to why we are all in such a crisis, and that it will tend to get much worse in the months and years to come.

Foundations of a Failed and False Model

Hiding behind the mask of false "laws" allegedly governing "globalised markets and economies," this Financial Model has allowed a small group of people to amass and wield huge and overwhelming power over markets, corporations, industries, governments and the global media. The irresponsible and criminal consequences of their actions are now clear for all to see.

The "Model" we will briefly describe, falls within the framework of a much vaster Global Power System that is grossly unjust and was conceived and designed from the lofty heights of private geopolitical and geo-economic1 planning centres that function to promote the Global Power Elite's agenda as they prepare their "New World Order" – again, Newspeak for a Coming World Government.2

Specifically, we are talking about key think tanks like the Council on Foreign Relations, the Trilateral Commission, the Bilderberg Group, and other similar entities such as the Cato Institute (Monetary Issues), American Enterprise Institute and the Project for a New American Century that conform an intricate, solid, tight and very powerful network, engineering and managing New World Order interests, goals and objectives.

Writing from the stance of an Argentine citizen, I admit we have some "advantages" over the citizens of industrialised countries as the US, UK, European Union, Japan or Australia, in that over the last few decades we have had direct experience of successive catastrophic national crises emanating from inflation, hyper-inflation, systemic banking collapse, currency revamps, sovereign debt bond mega-swaps, military coups and lost wars...

Finance vs the Economy

The Financial system (i.e., a basically unreal Virtual, symbolic and parasitic world), increasingly functions in a direction that is contrary to the interest of the Real Economy (i.e., the Real and concrete world of work, production, manufacturing, creativity, toil, effort and sacrifice done by real people). Over the past decades, Finance and the Economy have gone their totally separate and antagonistic ways, and no longer function in a healthy and balanced relationship that prioritises the Common Good of We the People. This huge conflict between the two can be seen, amongst other places, in today's Financial and Economic System, whose main support lies in the Debt Paradigm, i.e., that nothing can be done unless you first have credit, financing and loans to do it. Thus, the Real Economy becomes dependent on and distorted by the objectives, interests and fluctuations of Virtual Finance.3

Debt-Based System

The Real Economy should be financed with genuine funds; however with time, the Global Banking Elite succeeded in getting one Sovereign Nation-State after another to give up its inalienable function of supplying the correct quantity of National Currency as the primary financial instrument to finance the Real Economy. That requires decided action through Policies centred on promoting the Common Good of We The People in each country, and securing the National Interest against the perils posed by internal and external adversaries.

Thus, we can better understand why the financial "law" that requires central banks to always be totally "independent" of Government and the State has become a veritable dogma. This is just another way of ensuring that central banking should always be fully subordinated to the interests of the private banking over-world – both locally in each country, as well as globally.

We find this to prevail in all countries: Argentina, Brazil, Japan, Mexico, the European Union and in just about every other country that adopts so-called "Western" financial practice. Perhaps the best (or rather, the worst) example of this is the United States where the Federal Reserve System is a privately controlled institution outright, with around 97% of its shares being owned by the member banks themselves (admittedly, it does have a very special stock scheme), even though the bankers running "Fed" do everything they can to make it appear as if it is a "public" entity operated by Government, something that it is definitely not.

One of the Global Banking Over-world's permanent goals is – and has been – to maintain full control over all central banks in just about every country, in order to be able to control their public currencies.4

This, in turn, allows them to impose a fundamental (for them) condition whereby there is never the right quantity of public currency to satisfy the true demand and needs of the Real Economy. That is when those very same private banks that control central banking come on scene to "satisfy the demand for money" of the Real Economy by artificially generating private bank money out of nothing. They call it "credits and loans" and offer to supply it to the Real Economy, but with an "added value" (for them): (a) they will charge interest for them (often at usury levels) and, (b) they will create most of that private bank money out of thin air through the fractional lending system.

At a Geo-economic level, this has also served to generate huge and unnecessary public sovereign debts in country after country all over the world. Argentina is a good example, whose Caretaker Governments are systematically ignorant and unwilling to use one of the sovereign state's key powers: the issuance ofhigh power non-interest generating Public Money (see below for a more detailed definition). Instead, Argentina has allowed IMF (International Monetary Fund) so-called "recipes" that reflect the global banking cartel's own interests to be imposed upon it in fundamental matters like what are the proper functions of its Central Bank, sovereign debt, fiscal policy, and other monetary, banking and financial mechanisms, that are thus systematically used against the Common Good of the Argentine People andagainst the National Interest of the country.

This system and its dreadful results, now and in the past, are so similar in so many other countries –Brazil, Mexico, Greece, Ireland, Iceland, UK, Portugal, Spain, Italy, Indonesia, Hungary, Russia, Ukraine… that it can only reflect a well thought-out and engineered plan, emanating from the highest planning echelons of the Global Power Elite.

Fractional Bank Lending

This banking concept is in use throughout the world's financial markets, and allows private banks to generate "virtual" Money out of thin air (i.e., scriptural annotations and electronic entries into current and savings accounts, and a vast array of lines of credit), in a ratio that is 8, 10, 30, 50 times or more largerthan the actual amount of cash (i.e., public money) held by the bank in its vaults. In exchange for lending this private "money" created out of nothing, bankers collect interest, demand collateral with intrinsic value and if the debtor defaults they can then foreclose on their property or other assets.

The ratio that exists between the amount of Dollars or Pesos in its vaults and the amount of credit private banks generate is determined by the central banking authority which fixes the fractional lending leverage level (which is why controlling the central bank is so vital strategically for private banker cartels). This leverage level is a statistical reserve based on actuarial calculations of the portion of account holders who in normal time go to their banks or ATM machines to withdraw their money in cash (i.e., in public money notes). The key factor here is that this works fine in "normal" times, however "normal" is basically acollective psychology concept intimately linked to what those account holders, and the population at large, perceive regarding the financial system in general and each bank in particular.

So, when for whatever reason, "abnormal" times hit – i.e., every time there are (subtly predictable) periodic crises, bank runs, collapses and panics, which seem to suddenly explode as happened in Argentina in 2001 and as is now happening in the US, UK, Ireland, Greece, Iceland, Portugal, Spain, Italy and a growing number of countries – we see all bank account holders running to their banks to try to get their money out in cash. That's when they discover that there is not enough cash in their banks to pay, save for a small fraction of account holders (usually insiders "in the know" or "friends of the bankers").

For the rest of us mortals "there is no more money left," which means that they must resort to whatever public insurance scheme may or may not be in place (e.g., in the US, the state-owned Federal Deposit Insurance Corporation that "insures" up to US$250,000 per account holder with taxpayer money). In countries like Argentina, however, there is no other option but to go out on the streets banging pots and pans against those ominous, solid and firmly closed bronze bank gates and doors. All thanks to the fraudulent fractional bank lending system.

Investment Banking

In the US, so called "Commercial Banks" are those that have large portfolios of checking, savings and fixed deposit accounts for people and companies (e.g., such main street names as CitiBank, Bank of America, JPMorganChase, etc.; in Argentina, we have Standard Bank, BBVA, Galicia, HSBC and others). Commercial Banks operate with fractional lending leverage levels that allow them to lend out "virtual" dollars or pesos for amounts equal to 6, 8 or 10 times the cash actually held in their vaults; these banks are usually more closely supervised by the local monetary authorities of the country.

A different story, however, we had in the US (and still have elsewhere) with so-called global "Investment Banks" (those that make the mega-loans to corporations, major clients and sovereign states), over which there is much less control, so that their leveraging fractional lending ratios are far, far higher. This greater flexibility is what allowed investment banks in the US to "make loans" by, for example, creating out of thin air 26 "virtual" Dollars for every real Dollar in cash they held in their vaults (i.e., Goldman Sachs), or 30 virtual Dollars (Morgan Stanley), or more than 60 virtual Dollars (Merrill Lynch until just before it folded on 15 Sept 2008), or more than 100 virtual Dollars in the cases of collapsed banks Bear Stearns and Lehman Brothers.5

Private Money vs Public Money

At this point in our review, it is essential to very clearly distinguish between two types of Money or Currency:

Private Money – This is "Virtual" Money created out of thin air by the private banking system. It generates interests on loans, which increases the amount of Private money in (electronic) circulation, and spreads and expands throughout the entire economy. We then perceive this as "inflation." In actual fact, the main cause of inflation in the economy is structural to the interest-bearing fractional lending banking system,even among industrialised countries. The cause of inflation nowadays is not so much the excessive issuance of Public Money by Government as all so-called banking experts would have us believe but, rather, the combined effect of fractional lending and interest on private banking money.

Public Money – This is the only Real Money there is. It is the actual notes issued by the national currency entity holding a monopoly (i.e., the central bank or some such government agency) and, as Public Money, it does not generate interest, and should not be created by anyone other than the State. Anybody else doing this is a counterfeiter and should end up in jail because counterfeiting Public Money is equivalent to robbing the Real Economy (i.e., "we, the working people") of their work, toil and production capabilities without contributing anything in return in terms of socially productive work. The same should apply to private bankers under the present fractional lending system: counterfeiting money (i.e., creating it out of thin air as a ledger entry or electronic blip on a computer screen) is equivalent to robbing the Real Economy of its work and production capacity without contributing any counter-value in terms of work.

Why We Have Financial Crises

A fundamental concept that lies at the very heart of the present Financial Model can be found in the wayhuge parasitic profits on the one hand, and catastrophic systemic losses on the other, are effectively transferred to specific sectors of the economy, throughout the entire system, beyond borders and public control.

As with all models, the one we suffer today has its own internal logic which, once properly understood, makes that model predictable. The people who designed it know full well that it is governed by grand cycles having specific expansion and contraction stages, and specific timelines. Thus, they can ensure that in bull market times of growth and gigantic profits (i.e., whilst the system, grows and grows, is relatively stable and generates tons of money out of nothing), all profits are privatised making them flow towards specific institutions, economic sectors, shareholders, speculators, CEO and top management & trader bonuses, "investors", etc who operate the gears and maintain the whole system properly tuned and working.

However, they also know that – like all roller coaster rides – when you reach the very top, the system turns into a bear market that destabilises, spins out of control, contracts and irremediably collapses, as happened to Argentina in 2001 and to the better part of the world since 2008, then all losses are socialised by making Governments absorb them through the most varied transference mechanisms that dump these huge losses onto the population at large (whether in the form of generalised inflation, catastrophic hyperinflation, banking collapses, bail-outs, tax hikes, debt defaults, forced nationalisations, extreme austerity measures, etc).

The Four-sided Global "Ponzi" Pyramid Scheme

As we know, all good pyramids have four sides, and since the Global Financial System is based on a "Ponzi" Pyramid Scheme, there's no reason why this particular pyramid should not have four sides as well.

Below is a summary of the Four-side Global "Ponzi" Pyramid Scheme that lies at the core of today's Financial Model, indicating how these four "sides" function in a coordinated, consistent, and sequential manner.

Side One – Create Public Money Insufficiency. This is achieved, as we explained above, by controlling the National Public entity that issues public money. Its goal is to demonetise the Real Economy so that the latter is forced to seek "alternative funding" for its needs (i.e., so that it has no choice but to resort to private bank loans).

Side Two – Impose Private Banking Fractional Lending Loans. This, as we said, is virtual private money created out of thin air on which bankers charge interest – often at usury levels – thus generating enormous profit for "investors," creditors and all sorts of entities and individuals who operate as parasites living off other people's work. This would never have been the case if each local central bank were to flexibly generate the correct quantity of Public Money necessary to satisfy the needs of the Real Economy in each country and region.

Side Three – Promote a Debt-Based Economic System. In fact, the whole Pyramid Model is based on being able to promote this generalised paradigm that falsely states that what really "moves" the private and public economy is not so much work, creativity, toil and effort of workers, but rather "private investors," "bank loans" and "credit" – i.e., indebtedness. With time, this paradigm has replaced the infinitely wiser, sounder, more balanced and solid concept of corporate profit being reinvested and genuine personal savings being the foundation for future prosperity and security. Pretty much the way Henry Ford, Sr. originally grew his most successful company.

Today, however, Debt reigns supreme and this paradigm has become entrenched and embedded into people's minds thanks to the mainstream media and specialised journals and publications, combined with Ivy League universities' Economics Departments that have all succeeded in imposing such "politically correct" thinking with respect to financial matters, especially those relating to the proper nature and function of Public Money.

The facts are that this Model generates unnecessary loans so that banking creditors can receive huge profits, which includes promoting uncontrolled, unwarranted and often pathological consumerism, which goes hand in hand with the increasing abandonment of the traditional value of "saving for a rainy day."

Such debts having political and strategic goals rather than merely financial ones, are usually given a thin layer of "legality" so that they may be imposed by the creditor on the debtor (i.e., in the case of

The Merchant of Venice, the bond entered into between Antonio and Shylock giving the latter the legal right to a pound of the former's flesh; in the case of chronically indebted countries like Argentina, such "legality" is achieved through a complex public debt laundering6 mechanism carried out by successive formally "democratic" Caretaker Governments to this very day).

Side Four – Privatisation of Profits/Socialisation of Losses. Lastly, and knowing full well that, in the long run, the numbers of the entire Cycle of this Model never add up, and that the whole system will inevitably come crashing down, the Model imposes a highly complex and often subtle financial, legal and media engineering that allows privatising profits and socialising losses. In Argentina, this cycle has become increasingly visible for those who want to see it, because in our country the local "Ponzi" Pyramid Cycle lasts on average 15 to 17 years, i.e., we've had successive collapses involving brutal devaluation (1975), hyperinflation (1989) and systemic banking collapse (2001), however in the industrialised world, that cycle was made to last almost 80 years (i.e., three generations spanning from 1929 to 2008).

Conclusions

The fundamental cause of today's on-going global financial collapse that exerts massive distortions over the Real Economy – and the ensuing social hardship, suffering and violence – is clear: Virtual Finance has usurped a pedestal of supremacy over the Real Economy, which does not legitimately belong to it.Finance must always be subordinated to, and in the service of, the Real Economy just as the Economy must heed the law and social needs of the Political Model executed by a Sovereign Nation-State (as we back-engineer this entire system, we thus understand why it is necessary for the Global Power Elite to first erode the sovereign Nation-State and to eventually do away with it altogether, in order to achieve its monetary, financial and political ends).

In fact, if we look at matters in their proper perspective, we will see that most national economies are pretty much intact, in spite of having been badly bruised by the financial collapse. It is Finance that is in the midst of a massive global collapse, as this Model of "Ponzi" Finance has grown into a sort of malignant "cancerous tumour" that has now "metastasised," threatening to kill the whole economy and social body politic, in just about every country in the world, and certainly in the industrialised countries.

The above comparison of today's financial system with a malignant tumour is more than a mere metaphor. If we look at the figures, we will immediately be able to see signs of this financial "metastasis." For example, The New York Times in their 22 September 2008 edition explains that the main trigger of the financial collapse that had exploded just one week earlier on 15 September was, as we all know, mismanagement and lack of supervision over the "Derivatives" market. The Times then went on to explain that twenty years earlier, in 1988, there was no derivatives market; by 2002 however, Derivatives had grown into a global 102 trillion Dollar market (that's 50% more than the Gross Domestic Product of all the countries in the world, the US, EU, Japan and BRICS nations included), and by September 2008, Derivatives had ballooned into a global 531 trillion Dollar market. That's eight times the GDP of the entire planet! "Financial Metastasis" at its very worst. Since then, some have estimated this Derivatives global market figure to be in the region of One-Quadrillion Dollars…

Naturally, when that collapse began, the caretaker governments in the US, European Union and elsewhere, immediately sprang into action and implemented "Operation Bail-out" of all the mega-banks, insurance companies, stock exchanges and speculation markets, and their respective operators, controllers and "friends." Thus, trillions upon trillions of Dollars, Euros and Pounds were given to Goldman Sachs, Citicorp, Morgan Stanley, AIG, HSBC and other "too big to fail" financial institutions… which is newspeak for “too powerful to fail”, because they hold politicians, political parties and governments in their steel grip.

All of this was paid with taxpayer dollars or, even worse, with uncontrolled and irresponsible issuance of Public Money bank notes and treasury bonds, especially by the Federal Reserve Bank which has, in practice, technically hyper-inflated the US Dollar: “Quantitative Easing” they call it, which is Newspeak forhyperinflation.

So far, however, like the proverbial Naked Emperor, nobody dares to state this openly. At least not until some “uncontrolled” event triggers or unmasks what should by now be obvious to all: Emperor Dollar is totally and completely naked.7 When that happens, we will then see bloody social and civil wars throughout the world and not just in Greece and Argentina.

By then, however, and as always happens, the powerful bankster clique and their well-paid financial and media operators, will be watching the whole hellish spectacle perched in the safety and comfort of their plush boardrooms atop the skyscrapers of New York, London, Frankfurt, Buenos Aires and Sao Paulo…

Notes:
1. The concept of “Geoeconomics” was coined by the New York-based Council on Foreign Relations, through a studies group honouring Maurice Greenberg, the financier who was for decades CEO of American International Group (AIG) which collapsed in 2008 and had strong conflict-of-interest ties with major insurance and reinsurance broker Marsh Group whose CEO was his son Jeffrey. Both father and son were indicted for fraud by then New York Attorney General Elliot Spitzer. Spitzer would later pay a very heavy price for this after becoming Governor of New York State when someone “discovered” his sex escapades which were quickly blown up into a major scandal by The New York Times…

2. We have described the basic Global Power Elite structure, model and objectives in our e-Book The Coming World Government: Tragedy & Hope?, available through www.asalbuchi.com.ar.

3. For more information, see the Third Pillar of the Second Republic Project “Reject the Debt-Based Economy” on www.secondrepublicproject.com.

4. Some notable exceptions: Today: Libya, Iran, Syria, China; In the past: Peron’s Argentina, Germany and Italy in the 30’s and 40’s…. Are we seeing a pattern here?

5. See The New York Times, 22 September 2008

6. See White Paper comparing Debt Laundering mechanisms to Money Laundering mechanisms, lodged under Pillar No 3 “Reject the Debt-Based Economy” of Second Republic Project inwww.secondrepublicproject.com.

7. This is more fully described in the author’s book, "The Coming World Government: Tragedy & Hope."

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Cleaves Alternative News. http://cleaves.lingama.net/news/story-2751.html