

The End of Money and the Future of Civilization

Review of Thomas Greco's book

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It's too late for anyone to pretend that the U.S. government, whether under President Barack Obama or anyone else, can divert our nation from long-term economic decline. The U.S. is increasingly in a state of political, economic, and moral paralysis, caught as it were between the "rock" of protracted recession and the "hard place" of terminal government debt.

Even if the stock market can be shored up by more government borrowing for "stimulus" spending, it's a temporary reprieve, because nothing can bring back the consumer purchasing power that was lost when the banks stopped pumping money into the economy through out-of-control mortgage lending. We simply no longer have the job base for people to earn the income they need to live.

The underlying cause of the crisis is in fact the debt-based monetary system, whereby the U.S. ruling class long ago sold out our nation and its people to the international banking cartel of which the Rockefeller and Morgan interests have been the chief representatives for over a century. It was lending on a previously unheard of scale for overpriced assets to people and businesses unable to repay that created the bubbles that burst in 2008, not only in the housing market but also in such areas as commercial real estate, equities, commodities, and derivatives. It was an explosion that reverberated throughout the world.

The Obama administration's response to the crisis has been to print Treasury bonds both for the financial system bailouts and the sputtering Keynesian stimulus that so far has gone substantially into military infrastructure. This bond bubble is what I have referred to as "Obama's Last Picture Show."

<http://www.globalresearch.ca/index.php?context=va&aid=12512>

Government debt is fundamentally inflationary. For a generation, the U.S. dollar has been inflating at an increasing rate, with the economy being kept in a growth posture by selling our debt instruments abroad or allowing foreigners holding dollars to purchase property and other assets on our own soil. The website EconomyinCrisis.org reports that in 2007, the most recent year for which data are available, "foreign entities spent \$267.8 billion to acquire or establish U.S. businesses." <http://www.economyincrisis.org/articles/show/2801>

Foreigners are spending their dollars as fast as possible, because they are now plummeting in value. It's increasingly clear that sooner rather than later, the dollar will be dumped by foreign purchasers of bonds, particularly China, and possibly even the oil-producing nations.

These nations know full well that bonds denominated in dollars can never be completely repaid, even if the bonds can be rolled over into fresh debt. It's this dynamic that is

dragging the U.S. economy to the cliff, because real economic growth stopped long ago when our manufacturing jobs were exported. This is because most of the growth since Ronald Reagan was elected president in 1980 has been only on paper through financial bubbles. This included the dot.com bubble of the Clinton years that blew up in 2000-2001.

Now, after the Treasury bond bubble of 2009, there is nothing left in America to inflate. With so many jobs gone, the American family home was the last thing of value we owned.

So the air is going out of the tires. Americans who are struggling to work for a living are passive spectators as their jobs, savings, health insurance, pensions, and homes continue to erode in value or even disappear. Last Sunday the *Washington Post* reported a massive crisis in state and local government pensions. Reporter David Cho wrote, "The financial crisis has blown a hole in the rosy forecasts of pension funds that cover teachers, police officers and other government employees, casting into doubt as never before whether these public systems will be able to keep their promises to future generations of retirees."

So what, if anything, can be done about it?

Well, the first thing an intelligent physician does is diagnose the disease. Thomas Greco, in his new book *The End of Money and the Future of Civilization* (Chelsea Green: 2009) , outlines the increasingly familiar story of how things got so bad, and he tells it as well as anyone has ever done. His style is precise and sometimes academic. Behind it, though, is a passion for truth and the type of rock-solid integrity that refuses to sugar-coat a very bitter pill.

More than that, Greco writes about how to change what has gone wrong. His credentials as an engineer, college professor, author, and consultant are impeccable. His book is among the most important written in this decade. It is truly a book that can alter the world and, if taken seriously, give large numbers of people a practical way to survive the gathering catastrophe.

But unlike most commentators, what Greco offers is not another phony prescription for what the financiers and government should do for us, whether through "restarting" lending or another round of stimulus spending. Rather it's what we should do for ourselves, and could do much better, if we understood what to do and if big banking and big government just got out of the way.

As I said, at the root is the monetary system, whose failure cannot be understood without a history lesson. So Greco writes about the struggle between banking and democracy that took place in the 1790s when the ink on our new national constitution was barely dry.

It was Alexander Hamilton, the first secretary of the treasury, who compromised the new nation, through what he admitted was "corruption," by giving the wealthy speculators in Revolutionary War bonds the benefit of federally-sponsored redemption and then by establishing the First Bank of the United States. This early drift toward elitist rule was opposed by Thomas Jefferson, James Madison, and others who figured in the creation of what later became the Democratic Party.

Greco writes: "While Jefferson favored a stronger union than that which emerged under the Articles of Confederation, he was vehemently opposed to the reconstruction of monarchic government on the American continent." Hamilton had said frankly that the British

monarchy was the best system of government known to man. Part of the monarchic system was the Bank of England, which Hamilton copied when setting up the First Bank.

But Jefferson, who repudiated Hamilton's elitist platform, was elected president in what was then called "The Revolution of 1800." Congress refused to renew the Bank's charter by a single vote when it was up for renewal in 1811.

But the Second Bank of the United States was chartered in 1816 due to the government debt left behind from the War of 1812 against Great Britain. Thus was set up what became known as the "Bank War."

It was President Andrew Jackson who dethroned the bankers from power by pulling government funds out of the Second Bank in 1833. Greco writes that in Jackson's view: "The 'Bank War' was a contest for rulership—would the United States be governed by the people through their elected president and representatives, or by an unelected financial elite through their central bank instrument?"

The modern takeover began in earnest during the Civil War when Congress passed the National Banking Acts in 1863-64 which mandated use of government bonds as bank lending reserves, thereby creating a direct linkage between bank profits and the debt the government was starting to load on the shoulders of taxpayers.

The nation's fate was sealed with the passage of the Federal Reserve Act in 1913. The deal was that the bankers would control the currency, and thereby the nation's economy, while the government would be provided with an unlimited amount of inflated dollars to fight its wars.

The bookkeeper's trick of creating money out of thin air, charging interest for its use, then forcing it down the throats of weaker nations by threat of violence, is what has allowed the Anglo-American empire, since the founding of the Bank of England in 1696, gradually to conquer the world. Though President Woodrow Wilson signed the Federal Reserve Act into law, he saw what that action meant. Greco cites Wilson as writing: "There has come about an extraordinary and very sinister concentration in the control of business in the country... The great monopoly in this country is the monopoly of big credits."

Among other ill effects, the system has ruined the value of the currency. The inflation caused by large issues of bank-created loans is seized upon by the government which goes along because inflation reduces the cost of its deficits. Investors buy Treasury bonds denominated in Federal Reserve Notes then watch their value evaporate over time. In fact Federal Reserve Notes have lost over 95 percent of their value since they were first introduced.

Moreover, it's additional inflation caused by bank-generated interest that drives up the costs of goods and services, forcing everyone in the economy to try to defend themselves by raising their prices to the max. Greco spells this out too, which almost every economist in the world, with the exception perhaps of Australia's James Cumes, overlooks.

Bank interest has other tragic effects. It was high interest rates, for instance, that destroyed the Idaho potato industry. A farmer from that region told me at a conference a few years ago that when interest rates skyrocketed in the early 1980s, he asked the president of one of the Federal Reserve Banks why they did it. The answer was they were "ordered" to raise

interest rates by the international banking system.

Make no mistake, it's the banking system, facilitated by the Fed, not unwary borrowers, who brought on the collapse of 2008.

Now, in 2009, the bankers, mainly those in the U.S., have so shattered the world economy by debt mounted on debt that there may be no reprieve except the creation of a slave society based on rule by the rich over the masses of whatever peons should happen to survive the downturn and its tragic effects on employment, health, the food and water supply, and even our ability to cope with climate change.

The political establishment, expressing itself in pronouncements by organizations like the Council on Foreign Relations, see a future, not of economic democracy or increased financial pluralism, but consolidation of world currencies into a small number overseen at the top by the world's financial oligarchy. Citing the writings of Benn Steil, the CFR's Director of International Economics, Greco writes: "The ostensible plan is to reduce global exchange media to three—one each for Europe, the Americas, and Asia. One might reasonably suppose that at a later stage, those three would be combined into one currency also under the control of the global banking elite."

Greco concludes: "The New World Order is upon us."

With ample justification, he even goes apocalyptic, citing *The Book of Revelation* in demonstrating the import on a spiritual plane of the elitist takeover: *And he causeth all, both small and great, rich and poor, free and bond, to receive a mark in their right hand or in their foreheads: And that no man might buy or sell, save he that had the mark, or the name of the beast, or the number of his name. (Revelation 13: 16-17)*

But is it really the end, or is there a new world waiting to be born? Greco thinks so. He speaks of the end of an era when unlimited economic growth fed by massive influxes of debt-based money is no longer sustainable. He writes: "That our global civilization cannot continue on its current path seems evident... But I think our collective consciousness is beginning to change. We are becoming aware of limits and are reaching that part of our evolutionary program that says, 'Stop!'"

Part of the awareness of how to stop must focus on the institutions responsible for the crisis. Greco praises Ron Paul for calling out the Federal Reserve in the 2008 presidential campaign. He cites a statement Paul made to Federal Reserve Chairman Alan Greenspan in a 2004 hearing where Paul told Greenspan that the power of the Fed "challenges the whole concept of freedom and liberty and sound money." Thus Paul and other monetary reformers, though largely ignored by the mainstream media and political establishment, have made it clear that change must start with what really lies at the bottom of elite control: how money is made and who makes it.

Unfortunately, few progressive economists, including Paul Krugman, Joseph Stiglitz, and Robert Reich comprehend the monetary causes of today's disasters. Instead of demanding reforms that would make money the proper servant of a sustainable economy, most call for more stimulus spending; i.e., more government debt, along with "reform" of a financial system that is corrupt down to its very DNA.

So do we really need the bankers' fake currency, today backed by nothing but a federal

deficit of \$12 trillion and growing by the day?

Greco says we don't, and this is what his book about. But it's not about doing without the necessities of life, or heading for the hills with a gun and backpack. Nor is it about important efforts at macro-level monetary reform like those of the American Monetary Institute, Congressman Dennis Kucinich, or advocates for a basic income guarantee. Rather it's about individuals, groups, and communities taking control of the monetary system at the grassroots level and creating an entirely new basis for trade than bank-owed debt.

Greco writes about "a new paradigm approach to the exchange function." The solution, he says, "is to provide interest-free credit to producers within the process of mutual credit clearing. That is the process of offsetting purchases against sales within an association of merchants, manufacturers, and workers. It will eventually include everyone who buys and sells, or makes and receives disbursements of any kind."

Greco is one of the world's leading experts in describing alternative or complementary currencies. These are self-regulating systems that facilitate "reciprocal exchange," not using government legal tender but which are still allowed under the currency laws so long as taxes are not evaded.

Greco discusses the large and growing worldwide "LETS" movement—Local Exchange Trading Systems, like the Ithaca HOURS system in Ithaca, New York. He describes the Swiss WIR Bank, the longest-running credit clearing system in the world, with over 70,000 members. He writes about the national and international barter exchanges that involve over 400,000 businesses trading at an annual level of \$10 billion.

Greco also describes the world-famous Mondragon Cooperatives from the Basque region of Northern Spain. Started by a Roman Catholic priest in 1941, the Mondragon system, he says, is "the hub of what is probably the most successful and progressive social cooperative economy in modern history."

He also tells the inspiring story of the Argentine trading clubs—the *trueques*—which, when used with "provincial bonds" issued by regional governments, rescued that country during the 2001 economic collapse brought on by the collusion between the Argentine government and the International Monetary Fund.

Credit clearing is not new. Greco traces it to the medieval European fairs. These exchanges are like banking clearing houses. The world's largest is the automated clearing house—ACH—operated by the Federal Reserve.

But as Greco points out: "The clearing process need not be restricted to banks; it can be applied directly to transactions between buyers and sellers of goods and services. The LETS systems that have proliferated in communities around the world use the credit clearing process, as do commercial trade exchanges. Credit clearing systems are, in essence, clearing houses—but their members are businesses and individuals instead of banks."

Alternative currency and trading systems, says Greco, are the wave of the future. Even though most only mount up to partial local successes, they show what can be done. Greco likens these efforts to the Wright Brothers' first flight that covered 120 feet. They show, he says, that the potential exists for local, regional, then national and international money-free exchanges that eventually could be joined by a single web-based trading platform. This

could eventually get rid of the corruption of debt-money altogether.

Chapter 16 of the book is about “A Regional Economic Development Plan Based on Credit Clearing” that shows the potential. Greco writes, “The credit clearing exchange is the key element that enables a community to develop a sustainable economy under local control and to maintain a high standard of living and quality of life.”

This would be a real revolution. What can governments do to help? Perhaps only by removing, as Greco recommends, the privileged position of bank debt-money as legal tender. Instead, let bank money compete with market-based alternative currencies and credit exchanges, if it can.

Greco’s book is a how-to-do-it manual that updates and expands on his previous books, *Money and Debt: A Solution to the Global Crisis*, *New Money for Healthy Communities*, and *Money: Understanding and Creating Alternatives to Legal Tender*. Greco also operates a website that offers advice and support to worthwhile community initiatives. [Click Here](#)

My own view is that no one should wait to see who takes the lead in creating the monetary and credit-clearing systems of the future. The time is now. There is no more reason to delay. If the people of the world do not join together in this kind of action, they can likely kiss their economic future and perhaps their livelihoods good-bye. The controllers of the world, those with the big money, the ones who run the banking systems, who own the global corporations, and who finance politicians like Obama, the Bushes, and the Clintons, are now poised in their blindness to extinguish the light of democracy on the planet for good.

Greco is implying that the power of the elite is not only dated but illusory. Thus the way to proceed is not just to oppose them. If they are opposed, they’ll do what they always do, which is to roll out the SWAT teams, the military in the streets, the tear gas, the sound cannon, the concentration camps, the Patriot Acts, the torture chambers, because that is all they know, and it’s what they do best.

The money monopoly translates into a monopoly on violence on an ascending scale. We know that the U.S. sells more weapons abroad than any other nation, and we know that it is war above all that makes the bankers rich.

So let them have their weapons and wars. With all due respect to those brave enough to protest, it’s time for people simply to walk away and set up their own economic and monetary systems as a prelude to a rebirth of humanity as ethical beings in sustainable communities of choice.

The keys, says Greco, are simple: “Promote the establishment of private complementary exchange systems—and *use them*. Buy from your friends and neighbors wherever possible. Contribute your time, energy, and money to whatever moves things in the right direction.”

Greco also recommends that the unit of exchange for alternative currencies be based on the value of commodities—not necessarily gold or silver, which bankers and governments manipulate, but those commodities readily available within a trading system. State and local governments should do everything possible to protect, encourage, nourish, and participate in these systems.

The irony is that what may appear on the surface to be technical changes in how the exchange of goods and services takes place can have such profound effects. The answer is

that systems of exchange reflect entirely different perceptions of the world. Bank-money exchange reflects and creates a system of elite control and human slavery. Reciprocal credit exchange reflects and creates a democratic system on a level monetary playing field.

The difference points to the fact that such reform is, above all, a spiritual endeavor. Thomas Greco has devoted decades to this quest and is one of its foremost visionaries. In an Epilogue he writes: "We will either learn to put aside sectarian differences, to recognize all life as one life, to cooperate in sharing earth's bounty, and yield control to a higher power—or we will find ourselves embroiled in ever-more destructive conflicts that will leave the planet in ruins and avail only the meanest form of existence for the few, if any, who survive."

It's a vision we can all strive to embrace.

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