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What is Money?

Experts have calculated that the global destruction of dollar wealth (money) in our recent downturn (2007 – 2009) is approximately 70 trillion. This breaks down to about 30 trillion in stock market evaporation, 25 trillion in real estate deflation, and 15 trillion in commodity deflation. Some estimate that US of A dollar destruction was about 24 trillion and still growing (stocks, real estate, and commodities). Most of us think of this monetary destruction as real. But is it? Is money inflation or money deflation of any asset (say my house) a real loss? Or is this just my imagination and my conditioning derived from media pundits and educators? Just what is money and value? How should we view money in today's global economy?

When I look at my house from the street I see a physical object in my conscious mind. I perceive this object as real and existing in time and space. But when I ask myself the question: What is the 'value' (price) of my house in money terms, I am left with nothing but my subjective imagination and money symbols (\$1.00 and multiples thereof) in my conscious mind. Just what am I experiencing? Is 'value (\$ price) real or imaginary?

To my way of thinking (and I have 40 years in the appraisal/valuation racket), I am experiencing an object (my house) which is outside my conscious mind and then I am experiencing money symbols (\$1.00 and multiples thereof) within my subjective mind. My house exists in time and space (I assume) and my mental imagery (money symbols \$) do not exist in time and space. To me this is reality! This dual reality is my basis for interpreting the nature of 'money' and the realities we are all now experiencing with our economy. To understand my view of reality and philosophy it is necessary to understand this dual nature which I experience as I live my life.

For some background information on this interpretation of reality, check out these web sites:

1. What is Money? <http://en.wikipedia.org/wiki/Money>
2. What is Dollar? <http://en.wikipedia.org/wiki/Dollar>
3. Origin of the Symbol \$: http://en.wikipedia.org/wiki/Dollar_sign

4. What is Electronic money? http://en.wikipedia.org/wiki/Electronic_money
5. What is Imagination? <http://en.wikipedia.org/wiki/Imagination>
6. What is an Idea? <http://en.wikipedia.org/wiki/Idea>
7. What is a Mental image? http://en.wikipedia.org/wiki/Mental_image

All the above web sites provide some essential information which helps us understand the nature of money and reality today.

It is also helpful to understand the history of 'value' and money. It all starts with people, places, things, and events. In a barter economy (where it all starts) people have always chosen physical things (barley, beads, deerskins, copper, silver, etc.) as items to exchange for other items. The exchange process involves the exchange of 'value' (also called market value). This subjective concept is objectified after an exchange has taken place. For example, if I exchange my personal auto for 50 barrels of oil, we then have a beginning reference point for additional exchanges. And if I exchange 5 autos' for 1 house, we have an additional reference point. We can now say that my house is worth either 5 autos' or 250 barrels of oil. And if others start using these reference points for additional exchanges we have a form of 'money' evolving.

Over time people have used the trading process to develop more sophisticated forms of 'money'. For example, in Sweden, in the 1500's a coin was adopted as their monetary unit. The name 'daler' was chosen. And this name denoted a specific weight of silver. As other coins and denominations evolved, the 'value' of each new unit was derived in terms of some initial reference point, which in turn was related to some physical thing (like a specific weight of silver). All exchanges were perceived by the people as being derived with some foundation to physical reality (that which exists in time and space). People were aware that exchanging cardinal numbers (symbols like \$1.00) would not satisfy as a sound valuation process. Also, people did not like paper certificates (fiat money) that was not backed and exchangeable into some real thing (silver, gold, copper, etc.).

But, life is more than what appears on the surface. People are deceptive and tricky when it comes to words, symbols, and control mechanisms. If I can trick you into thinking that a symbol on paper is real 'money', then you will accept this symbol as real 'money'. And if I discover that you and others buy into my trickery (let's be nice and say philosophy), then we can set up an institution which creates this form of 'money'. We can then set up legal tender laws and other rules to mandate that this form of money must be used for all exchanges. And if this system works over time, we can set up many new banking institutions and central printing institutions to administer this new system.

And if all this works, we can expand our 'money' system by dropping the paper certificate and then just allowing the money symbols (\$1.00 and multiples thereof) to serve as 'money'. And since we now have a new technology called the computer, we can now set up electronic distribution mechanisms for our new evolving 'money'. We have now simplified and enhanced our 'money' system by distributing our 'money' via electronic networks and webs all over the planet we call Earth. And since we already have established central banks in every country on this planet, we can really speed up the

velocity of ‘money’ exchanges by developing complex mathematical models and fractional reserve concepts so that exchanges can multiply and transactions can occur at the fastest rate possible. We can call all this Keynesian economics (2009 version). What has evolved over time is an imaginary system of numbers and symbols (\$1.00 and multiples thereof) which can be used for the valuation of all exchanges of goods and services. What has emerged is a flexible and complex system (credit cards, electronic symbols, fractional reserve banking, discounted cash flow modeling, time value of money, etc.). All this evolved because it worked to some degree and people bought into the process and system.

Even though the evolution of this ‘money’ system started with our subjective imagination (personal valuation of items in a barter economy). The system continued to evolve and grow as new trickery (lets be nice and call it new philosophy) emerged from the trial and errors of the immediate prior system. We now have (2009) a sophisticated network of electronic ‘money’ and a global web of ‘money’ transactions controlled and administered by some 174 central banks on this planet (all via sophisticated computer technology). Each central bank has one key person (like our Chairman of the Fed) who can manipulate and input ‘money’ symbols (\$1.00 and multiples thereof) into money computers for distribution all around this planet. This authority (let’s assume a committee under the direction of a Chairman) can then distribute this ‘money’ directly to accounts of people and institutions at will (and at the speed of light). This example is simplified, but it conveys the message of key person’s in positions of authority that create ‘money’ (\$1.00 and multiples thereof) via their conscious mind (out of nothing but their conscious mental thinking). A nice way of saying this might be “money creation via a decision making process”.

What started out as an objective process of people determining ‘value’ in the marketplace via barter transactions (using real things as items in the valuation process) has evolved into a subjective system of central bankers (usually one key authority figure in each central bank) creating ‘money’ symbols from their conscious mindset and then plugging these numbers (\$1.00 and multiples thereof) into their master computer for distribution to other computer accounts on this planet. This system creates the perception of each person deriving a ‘value’ for their goods and services in the marketplace, but the ‘money’ being used for valuation (pricing) the good or service is really an imaginary symbol and number with no referent. If this isn’t subjective, then I must be totally deceived and unaware of my deception.

What we have today, is the illusion of ‘value’ (price)...not anything real (as the term was perceived historically). All this illusion can and will eventually collapse from the internal contradictions inherent within this system. What we have today is a ‘money’ system controlled by key authority figures within the central banks on this planet and then subjectively administered via sophisticated computer networks which distribute these ‘money’ symbols all around our planet (at the speed of light). Most of our money today does not involve physical coins or paper notes as in prior periods. Rather, most of our money (98%) involves non physical symbols and numbers created subjectively from the consciousness of key authority figures on this planet.

Are you AWARE that our current system is not in accordance with our founding Fathers philosophy (as described in our Constitution, see Article 1, Section 8)? Are you AWARE that our current system is ideal for controlling the behavior and actions of most people who must accept this undemocratic system. Are you AWARE that two key authority figures (Chairman of the Fed and Secretary of the Treasury) in the US of A can manipulate the administration of these 'money' symbols (\$1.00 and multiples thereof) to the benefit of the 'too big to fail' crowd and to the detriment of the average blue color working person who creates most real wealth in this country? Are you AWARE that this current system is collapsing, as I write, from the internal contradictions built into this 'money' system? How can a subjective system of 'money' creation (often called 'fiat' money creation out of nothing) continue to work as a sound and fair system for our economy over time? If what I have described above is anything close to the truth, then I think most would agree that this system must be changed. Change that we can believe in is what we all need today. Agree or disagree?

I should also mention that our current Federal Reserve System (not really Federal in the mind of most Americans) has prerogatives given to it by our Congress (December 23, 1913) that most common people are totally unaware of: the Fed is legally independent of any congressional audit (the GAO), the Fed is not subject to any directives from any of our elected representatives, the Fed creates 'money' symbols (\$1.00 and multiples thereof) with no reference (definition or exchangeability) to any physical item of wealth (gold/silver), the Fed meets secretly with no video or TV coverage in real time, the Fed's self interest is in conflict with open democratic principles (full transparency has never been allowed by this semi-secret institution in real time).

When you have time, check out all the links above. Each of these links provides important information which may help you discern what is happening in today's economy. We have a serious problem developing in the next few years. Subjective systems tend to become more subjective over time. At some point total chaos develops. The best methodology for avoiding this chaos is education of the masses. This missive is meant to help educate those who desire to understand and learn about our monetary system and its history.

One other link to review at your leisure is the following:

What is Consciousness? <http://en.wikipedia.org/wiki/Consciousness>

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