

The Trouble With Money - by Thomas Greco, author of *Money and Debt: A Solution to the Global Crisis and New Money for Healthy Communities*.

What's wrong with money?

In order for money to come into circulation, someone must go into debt to a bank.

Money is created by bank credit, which must be borrowed into circulation.

When you borrow money from a commercial bank, the bank charges you interest. It is this usury feature of bank credit money that is causing debt to grow exponentially throughout the world.

The exponential growth of debt, in turn, puts pressure on the economy to also grow exponentially which, of course, in the long run is impossible. Among the consequences of this cancerous growth of debt are the voracious consumption of natural resources, the production of superfluous goods, and the maldistribution of wealth. Though there is a plethora of symptoms, these derive from three primary ways in which bank-credit money malfunctions

First, is its artificial scarcity. There is never enough money to allow every debtor to pay what is owed to the banks. The debt grows simply with the passage of time as interest compounds, **but the supply of money to pay those loans plus interest can only be maintained as the banks make additional loans.**

These new loans have the same problem. Thus, businesses and individuals are forced to compete for markets and scarce money in a futile attempt to avoid defaulting on their debts. **The system requires that some must fail. Capital wealth becomes ever more concentrated** in giant corporate conglomerates, which must seek higher returns on their investments.

They are driven to expand their markets and dominate economies, often through government's application of military power and "covert operations" to assure the continued flow of low-priced raw materials and the availability of low-cost labor.

Second, the requirement that interest be paid causes a net transfer of wealth from the debtor class to the moneyed class, or **from producers to non-producers.** Besides the direct payment of interest on their own debts, **the poor and middle-class majority pay the cost of interest which must be added to the price at every stage of production.**

It is easy to show statistically that lower income households, because they are net debtors, pay much more interest than they receive, **while those in the highest income brackets receive most of their income as interest returns on investments**

Third, the money created as bank credit is mis-allocated **at its source. Much of it goes to finance government's deficit spending for weapons**, military interventions, and transfer payments to corporate clients.

Another large chunk is used to finance such things as real estate developments, which are presumably well collateralized, but are really supported by inflated land values and overblown prospects of profitability. Thus, we find an abundance of hotels, resorts, and upscale residential construction but a chronic shortage of affordable housing.