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How Central Bankers Rule the World

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Richard Werner, Ph.D., created a monetary policy known as quantitative easing, which is intended to help banks get out of financial crises more rapidly and avoid long-term recession

In 2020, this policy was misused to intentionally create inflation

Werner's London-based community interest company, Local First, provides communities with the know-how to set up local community banks

Creating lots of local community banks will decentralize finance, make communities more resilient and help us avoid the implementation of central bank digital currencies (CBDCs)

The intent behind CBDCs is complete control by central banks over populations. The central controllers will decide if, when and how you may spend your money, and can use this monetary control to enforce compliance with any and all global governance agendas

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In the featured video, Ivor Cummins interviews professor Richard Werner, author of "Princes of the Yen — Japan's Central Bankers and the Transformation of the Economy"[1] on "The Fat Emperor Podcast." Werner has a Ph.D., in economics from Oxford University. He was a visiting scholar with the bank of Japan back in the 1990s.

In 1995, he created a monetary policy known as quantitative easing, which is intended to help banks get out of financial crises more rapidly and avoid long-term recession.

More recently, Werner created a community interest company called Local First, which provides communities with the know-how to set up local community banks. In this interview, he breaks down how the world works from a central banking standpoint, how ordinary people are affected by these policies, what we can expect from central bank digital currencies (CBDCs) and more.

How Central Bankers Rule the World

In his book, "Princes of the Yen," Werner describes how there's a small group of insiders inside the central bank, running the whole show. While they direct the media's attention to interest rates, that's a bit of a decoy. They're not focused on the price of money but rather the quantity of money, measured in terms of quantity of credit creation.

This tiny core group of insiders are selected in their early 30s when they join the Bank of Japan and told that they will become governor of the bank in 30 years' time. These are referred to as the "princes." They control the boom-and-bust cycles in Japan, through their control of the quantity of credit.

Similar factions exist in other central banks as well, Werner says, and these central bankers are not accountable for their actions. They use this power to engineer events that serve their own purposes (typically connected to increasing their own power).

In 2003, Werner warned that the European Central Bank (ECB) was "a monster" that would create bank credit-driven asset bubbles and property bubbles, followed by banking crises and recessions, which is precisely what happened.

The Central Bank Plan to Monopolize Global Finance

Werner points out that while central banks are promoting CBDCs as digital currency, we've had digital currency for decades, so there's nothing new about the digital aspect of this currency. Cash — paper banknotes and coins — are but a small part — about 3% in most countries — of the total money supply. The rest is digital.

Today, central banks are the only ones authorized to issue banknotes, but regular banks create 97% of the money through lending. They're not allowed to issue paper notes. Instead, they issue deposit entries into your bank account, which is digital. So, Werner notes, you could say we've been using bank digital currency (BDC) for decades.

The difference between BDCs and CBDCs is the centralized aspect. So, what's happening now is that central banks, which are the regulators of banks, are stepping in to directly compete with the banks they're regulating. Werner likens it to the umpire joining the game. That obviously makes it an unfair game.

> "It is a big danger," Werner tells Cummins.[2] "And you can see where this is going. If we allow central bank digital currencies, sooner or later they will drive out the private sector competition. They will drive out the banks.
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> And, of course, we also have this other problem … that whenever we get a banking crisis and a financial crisis, the regulators get more power because each time they argue, 'Oh that now happened, it's different from before and that's because we still don't have enough power. We need to have more powers' …
>
> This is a regulatory moral hazard. If the regulator gets rewarded for failure … you can be sure that we'll have more crises, because they'll be given more powers. Now they

> want to introduce CBDCs, and of course, the best time from their viewpoint is … another banking crisis, so that people want to move their money out of banks …
>
> That's the easiest way to introduce this, which means we have a massive incentive now for regulators, for central planners, to create another huge financial crisis so that they can then take over.
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> Of course, then that's the end of it, because the banking system is not going to recover from this. Now, do we really want this, where essentially the number of banks goes down so much that there's really only one bank left?
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> In their 23 years or so of existence, the ECB has killed around 5,000 banks in Europe already, and it wasn't the big guys … Thousands of banks are gone in America too, and, of course, JP Morgan and the rest are hoovering them up so they're just becoming big fat mega banks …
>
> It seems the ECB is set up to be the … only bank they want left in Europe, and that's going to happen if we allow CBDCs. So, we really have to step up now and say, 'We don't need this; we already have digital currencies, thank you very much.'"

Perceived Need for CBDCs Must be Fabricated

Indeed, the central bankers know they're going to have to get creative, because CBDCs have "no convincing value proposition," meaning there's no perceived need for them.

So, they have the unenviable task of selling us on a solution for a problem we don't have, while simultaneously trying to hide the fact that what they're proposing is a digital slave system, where they will have full control over if, when and where you can spend the money you've earned.

As noted in the interview,[3] this is also the reason why they haven't fully rolled out CBCDs yet. They must create or fabricate the need first, and that will likely be a series of financial crises that damage trust in the banks.

With CBDCs, the central bank will decide if, when and how you may spend your money, and can use this monetary control to enforce compliance with any and all global governance agendas.

There are also technical issues that need to be addressed. If the electricity gets shut off, you can still use cash. Not so with CBDCs. A network of technologies needs to work at the same time in order for CBDCs to function as intended. And, due to the centralization, the system is not only more complex but also far less resilient.

Lastly, there's the issue of trust. According to a report cited in the interview, European citizens are leery and suspect governments and central banks want CBDCs to monitor, control and restrict transactions. And they're exactly right. That's what CBDCs are ultimately for, so the central planners need to figure out how to hide this intention, or somehow sell it as a good thing.

CBDCs Are a Population Control Mechanism

October 19, 2020, Agustin Carstens, general manager for the bank of international settlements (BIS) — the central bank of the central banks — explained the intent behind this new centrally-controlled digital currency:[4]

> "Our analysis on CBDC, in particular for the general use, we tend to establish the equivalence with cash, and there is a huge difference there. For example, in cash we don't know … who's using a $100 bill today. We don't know who is using the 1,000 peso bill today.
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> A key difference with the CBDC is that Central Bank will have absolute control on the rules and regulations that will determine the use of that expression of Central Bank liability. And also, we will have the technology to enforce that. Those … two issues are extremely important and that makes a huge difference with respect to what cash is."

Indeed, as explained by Werner, the issuer of the CBDC, the central bank, will have the power to decide whether you can use your own money. You basically must apply for permission to use it for a given purchase, and that request can be denied.

> "So, it's a conditional currency, based on you actually getting that permit," Werner says.[5]"Now, if you happen to be some kind of critic of government policy or a critic of central banks, this could be difficult. Or if you dare to step out of the 15-minute city zone, maybe you'll find that it's not working.
>
> Of course … they'll come up with excuses why you can't do what you want to do. They'll never tell you the real reason, but the official reason is likely to be something like your carbon footprint, which is another vague concept … For every bank transaction you get a carbon CO2 rating or a quantified number, and then, if you've used up your common budget, you can't use it.
>
> I mean, you can come up with any number of schemes. The point is, the issue of the CBDC is, the central bank has the power — and essentially it's going to be arbitrary power — to say yes or no to what you want to do with what you thought is your money."

What's more, you can be sure there'll be no one to complain to if your CBDCs get turned off by mistake or if a purchase attempt is denied and you want to appeal. Just look at how difficult it is to get a problem resolved with any of our social media companies.

The CBDC system will be vastly larger, more complex and more automated than any social media company on the planet. Most of it will be run by algorithms and artificial intelligence, without any human input at all. "There's no real right to appeal," Werner says. "That's going to be the reality."

CBDCs Need Digital ID

Now, for the CBDC superstructure to really work as intended, they also need digital ID, and many suspect the COVID pandemic was an excuse to legitimize the rollout of a digital "vaccine passport" that could then be converted into digital ID.

The World Health Organization is now rolling out an international vaccine passport based on the European Union's digital health certificate, even though it makes no medical sense, considering the COVID jab can't prevent infection or transmission, and that that passport will eventually be linked to CBDCs. There's no doubt about that, Werner says.[6]

Intentional Inflation

Getting back to finance in general, many people around the world have been affected by inflation. According to Werner, what we're seeing now mirrors what happened in the 1970s, when hyperinflation covered up another great economic reset, namely the transition from gold-backed currency to a fiat currency backed by thin air.

> "The official narrative is once again, just like in the '70s … there's a war, and as a result there's some kind of energy embargo. In the 70s [it was the] OPEC oil embargo. As a result, energy prices jump up and we get inflation. That's why we had inflation in the '70s and again in 2021, sort of a peaking [at the] end of 2022. That's the official narrative.
>
> Unfortunately, if you check … the data doesn't check out this way at all. The inflation essentially peaks in both periods … before the war. In the 70s, the war was in mid-October 1973 [but] oil prices didn't rise — yet. Henry Kissinger had to fly to Saudi Arabia and arm twist the oil minister to quadruple the oil price, which happened in January '74.
>
> In many countries inflation already had peaked by then and was coming down, so the timing doesn't work out. Similarly, in the recent era, the inflation was already significant before the military action [by] Russia [in] Ukraine, so that doesn't pan out. And of course, oil prices and energy prices have still been falling and are much lower.
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> So, why do we have this significant double-digit inflation? It's much simpler, and it's true for both the '70s and and the recent era. In the '70s, what we saw was that suddenly the central banks were forcing the banks in all the major countries to massively expand money creation. Surprise, surprise. What else could create inflation? …
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> So in in March 2020, the Federal Reserve, and then simultaneously the other key central banks, adopted a very specific policy which is quite unusual. It's usually only taken once a century, or twice maximum per century, so it's not something like 'Oh we accidentally did this.' It's very specific. It must be intentional, and there's evidence, there's proof, that it's intentional."

Quantitative Easing

As explained by Werner, banks create new money through lending. In the 2000s, banks pumped this new money into property markets, which caused house prices to rise. Eventually, a bubble is created, and when it pops, the system crashes and banks stop lending, which results in a slowing of the whole economy.

The monetary policy created by Werner, quantitative easing, has two aspects. The first, called QE1, calls for the central bank to step in and purchase non-performing assets in the banking system at face value. This solves the banks' problem, returning them to a strong balance sheet.

It's not enough to get them to increase credit again though, so QE2 allows the central bank to force banks to create more money and push it into the economy. He explains how this works:

> "When a central bank buys something from the non-bank sector, the seller, say, of this property, how do they get the money?
>
> Well, the central bank will transfer it to their bank account, which means that suddenly they have money in their bank account, which actually the bank creates because it gets a booking in its reserve account with the central bank. So, that's that's how it works and that's how the central bank can push money into the economy directly.
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> These were the two forms of QE … In 2008 when [the housing market crashed] in America, Bernanke said 'Oh, the Werner proposal QE, yeah we'll do that, and they did it immediately, whereas even in Europe they didn't understand the finer details. [They thought] just buy assets, anything.
>
> They bought performing assets from banks, which is marginally helpful but it doesn't really do the job, and so it took much longer in Europe to get out of the 2008 crisis, whereas America was very quickly recovering because … the Fed purchased the non-performing assets close to face value from the bank so the banks were suddenly, in one go, fine.
>
> But they still didn't do the second recommendation, because they they deemed it not necessary. Fine, it took two years for banks to then increase credit significantly."

Quantitative Easing Was Intentionally Used Incorrectly

In March 2020, the Federal Reserve adopted QE again, but this time, incorrectly, and according to Werner, intentionally so. He tells Cummins:

> "In 2020, March, what happened was the Federal Reserve adopted QE2 at a time when the economy was actually doing fine. Growth was was fine. Bank credit growth was around 5 to 6%. There was no deflation. This was a recommendation for deflation and for a shrinking [the] economy …
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> They did QE2 and there was a massive expansion, the Federal Reserve buying up private sector assets from non-banks, therefore forcing banks to create credit — totally off the charts, the biggest in the post-war era. At the same time there were government restrictions in 2020.
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> If you reduce supply but you massively increase the bond through money creation, putting into the economy this money (which in 2008 was just an accounting transaction, there was no new money so it wasn't going to create inflation) … it's going to create inflation.
>
> I warned it's going to [create] inflation. Most commentators thought — because they don't understand the difference between QE — that it's going to be fine [as it was in 2008] … No, it's totally different …

> The smoking gun is this. How do we know that this was fully the intention? Well, it's a very specific policy and is very rarely taken [yet] all the central banks suddenly did it … The the other proof is, just before COVID, in August 2019 … the annual Central Bankers conference invited BlackRock, the biggest asset manager in the world, and BlackRock made a proposal.
>
> They said there will be another crisis … but this time we should create inflation … The insinuation is unspoken. The crisis will be deflationary, therefore we must create inflation … and here's how we're going to do it, and they cited my proposal, without mentioning my name …
>
> [They said] we need to back fiscal policy through money creation and get the central bank to directly push money into the economy, which you can do by purchasing assets from the non-bank sector.
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> And how do we know that this is what the Fed did in March 2020? We've got the data. And there's one more factor. The Federal Reserve hired Blackrock in March 2020 to buy assets …
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> So, this inflation is entirely intentionally created by the central banks, by the central planners. How are we going to punish them for this? Oh, let's give them more unprecedented powers over everything, over life on Earth, through central bank digital currencies."

Recommendations for Moving Forward

According to Werner, in the 1970s, inflation was used to cover up the move from the gold-backed dollar to the petrodollar. Today, he believes the intention for the inflation is to cover up the disintegration of the petrodollar and the move to a new CBDC system.

Unfortunately, they'll succeed in this if we don't stop it somehow. To protect your assets from this intentionally created inflation, Werner recommends purchasing physical gold and silver. He also urges everyone to "do more in the local communities."

> "If we work together locally, that can create a very resilient structure, and then we can we can use anything we want as as a means of settlement. We can have a local currency, a gold-based system, silver-based system or we can just have a local community bank … and then you can have your own credit creation locally.
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> In fact, I think, because the central planners want to centralize, they would reduce the number of banks, now is the time I think for people who have a bit of capital to step forward and say 'Let's create community banks. Here's five million euros, that's the minimum you need. [My] Local First community interest company has the know-how. We can get the banking license.
>
> We need people to step forward now. We'll set up Community Banks locally, get the banks authorized. That can be the core of a local economy … Also, it shows that this decentralization system is much more superior, because local banks are accountable locally.
>
> Community Banks can be structured either with a local charity, so all the profits go locally into this geographically restricted area. Germany has been successful for 200

years because 80% of its banks are local not-for-profit Community Banks and they only lend locally …

These small firms are highly productive … they can constantly upgrade because the local bank will always lend to them to get the latest technology.

That's why productivity is much higher in Germany than in the UK for example but that's of course under threat by the central planners. They want to force them to merge. But basically, we need to set up new banks and we think we can do that if we act quickly. Now, in the coming two years, we really need to get this going."

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Notes

[1] Princes of the Yen — Japan's Central Bankers and the Transformation of the Economy by Richard Werner

[2] Transcript 15:18

[3] Transcript 21:42

[4] Transcript 22:41

[5] Transcript 24: 45

[6] Transcript 35:18

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