

The Usury Based System. Towards A Worldwide Financial Disaster?

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It is more obvious every day that with the accession of Donald Trump to the presidency of the United States—I refuse to use the word “election,” because I am convinced that Trump was designated for this position by the “deep state” and the controlled media—a major world disaster is not only likely but probably inevitable.

Before proceeding, I would like to say something about my own background. I spent 32 years as an analyst with the civilian side of the U.S. federal government. I worked for the U.S. Civil Service Commission, the Food and Drug Administration, the Jimmy Carter White House, the U.S. Office of Consumer Affairs, NASA, and the U.S. Treasury Department.

During those years I took part in many high-level policy initiatives under seven presidential administrations, from Richard Nixon to George W. Bush. This included a massive conversion to electronic funds transfer for U.S. Treasury Department financial transactions, amounting to a multi-trillion dollar cash flow annually. After 9/11, my work included being part of a committee that developed a long-range plan for Treasury as part of the so-called “War on Terror.”

I can assure you that apart from what may have been the case in the distant past, today the government of the United States is not controlled by any elected official. Rather it is managed by a deeply entrenched bureaucracy reporting behind the scenes to powerful figures from the world of international politics and finance—some in the U.S., others not.

Since I retired in 2007, I have published several books and dozens of articles on public policy matters. One of my books, *Challenger Revealed*, was the definitive account of the space shuttle Challenger disaster, exposing multiple layers of cover-up by NASA, the Reagan Administration, and the Presidential Commission that was convened to examine it. Most of my articles have been published on the Global Research website out of Canada,

My next book was on monetary policy and titled, *We Hold These Truths: The Hope of Monetary Reform*. This book consisted of a history of the U.S. monetary system and an explanation of why that system should be changed radically to avert further disasters.

In the book I predicted the financial collapse of 2008. Of course the changes I prescribed have not been made, and in the nine years since then the situation has become much worse. In fact, we likely have passed the point of no return.

As I make clear in this article, a major world disaster is probably inevitable, growing not only out of the condition of the U.S. economy, the largest in the world, but the Western financial system itself of which ours is a part. This disaster would be global in nature, affecting every aspect of life and all the people living on the planet. Some may survive; many probably not.

A full treatment of this topic would require a lengthy book, but for now this article will have to suffice. A book may or may not come later. All I ask is that you spend a few minutes and read what I have to say. I cannot predict your reaction, and I cannot tell you what to do. That is for each of us to decide individually and through whatever social, political, religious, or economic groupings in which we participate. But the big picture is not likely to change.

It is obvious that over the past two centuries, which is a small fraction of the time that humanity has thus far lived on earth, economic activity has increased exponentially. This has been due to the growth in technology due to the industrial revolution, including its current phase involving computer processing.

This growth has been made possible by the use of non-renewable fuel sources, mainly fossil fuels. Even the miraculous data processing systems of today are inert unless they are plugged into an electricity source. The global need for energy is massive and growing.

Additionally, every movement of energy within the system involves an exchange in value managed by the financial system through accounting networks and the exchange of money. The growth of purchasing power, while seemingly without natural limits, has in fact approached a threshold that is defined through the system by the amount of credit in circulation.

Credit, of course, results from debt that is introduced and managed by the Western banking system. Layered on top of the financial transactions required to operate the producing economy is an overlay known collectively as “derivatives,” essentially a massive insurance scheme supposedly to mitigate risk.

Very few people understand how the Western banking system really works and how it differs from that which operates in such countries as Russia, China, and a few others, with partly controlled systems that still derive from their formerly communistic economies. Those who do understand are based in the world’s financial centers such as London, New York, Paris, Frankfurt, Milan, Basle, etc.

✖ These are the owners and operators of the largest banks. Representatives of these privately-owned banks are assigned to manage national central banks, like the Bank of England and the Federal Reserve, and international quasi-public institutions like the International Monetary Fund.

One of my projects at the U.S. Treasury Department was to develop and teach training courses on the history of U.S. government finance. My research showed that in American history, the type of financial system based on central banking controlled by private interests used to be known as the “Jewish system.” I did not employ this term in teaching my classes because of the sensitivities involved. But to use it would not have been “anti-Semitic” as much as a statement of historical fact.



The Western financial system based on bank-issued debt as the dominant means of introducing money into circulation was created by medieval money-changers in Europe. Over time this method was used to lend to governments for fighting the never-ending European wars.

One of their projects over the past century has been the creation and strengthening of the nation of Israel. Again, these are statements of fact.

The present-day financial system could not have existed during much of Western history

going back to the time of Christ. This is because it is based on usury—the charging of interest for the use of money lent by banks to governments, businesses, and individuals. The medieval Catholic Church recognized usury as being contrary to the teachings of Christ.

By the time of the Renaissance, modern banking had begun to take form. It was tolerated by the Church because the profits from banking can be used in a public-minded way, as with the Medici bank in Florence. But the system goes bad very quickly when used to serve human greed and violence as it does when it finances war.

There was also the assumption that if lending were backed by gold and silver held in the vaults of banking institutions that real value could always be counted on if promissory notes were called in.

But there are deeper structural problems. The inevitable consequence of any economy based on usury, depending of course on whether interest is simple or compound and also on the prevailing rate of interest, is that the wealth of that economy will gradually pass into the hands of the financial controllers. This fact has been known and understood since the system first appeared in ancient Babylon, as documented by Dr. Michael Hudson. Dr. Hudson even cites an ancient legend that the system was invented by the Devil to enslave human beings.

A usury-based system sucks the purchasing power out of the producing economy. This places every institution and individual within that economy under pressure to constantly generate an ever-increasing level of economic activity to stave off bankruptcy, ruin, and even starvation.

Historically, the system took a major step toward chaos when banks were allowed, by law, to lend more than they had on reserve. “Fractional reserve banking” was a natural outgrowth of the practice banks were permitted to engage in under the assumption that not everyone would want to redeem their paper notes with gold and silver at the same time.

Unfortunately, the more mature an economy becomes, the more the economic growth rate slows and the greater the stress involved in the simple act of living. Many cannot keep pace as the ranks of the poor grow. The ancient Hebrews recognized the peril of the system by mandating a periodic “Jubilee” when debts were forgiven.

In today’s economy, there is never a Jubilee. So in order to pay off debt, the economy must constantly grow. In order to make it grow, everything else must be sacrificed. When human values conflict, they must be pushed aside to serve growth. Ask any politician—economic growth must be constant; non-growth is disastrous.

This is one reason “consumerism” is rampant. Turnover of perishable goods is needed to keep the economic wheels turning. Planned obsolescence is employed to assure constant surplus of property as the out-of-date stuff is carted to landfills to be added to the growing mountains of trash.

Every person must accumulate vast amounts of disposable objects and, if possible, own a big house on a large piece of land to contain it all in order to feel complete. Yet for an individual or a family, even to miss a single paycheck or be laid off work can be catastrophic.

Further, without regulation, companies are motivated to cut costs by wanton pollution, reducing wages, and overusing public infrastructure like highways without paying their fair share of taxes.

This is where Western society has arrived today. People and firms must constantly increase the rate of economic activity just to pay their debts, leading to increased resource consumption, brutal competition among individuals and nations, price inflation, war, crime, and breakdowns in health and social order. The idol of Mammon is voracious in demanding its blood tribute.

Because machines are increasingly better able to produce goods and services than people, technological unemployment is soaring even as human beings lose the income needed to purchase what must be produced. Vast numbers are increasingly left out of the economy, leading to human exploitation that in some parts of the world even includes a resurgence of human slavery.

Thus an economy that is incredibly productive on the one hand creates increasing misery on the other. Such an economy is unsustainable. The fault lies chiefly with the usury-based financial system.

It is not that alternatives are not available. Different methods have been used at various times in history to introduce money into circulation apart from debt-based private banking.

An example was the Civil War “greenbacks” that the Union government spent directly into circulation to support the war effort. The greenbacks nevertheless could be redeemed in gold or silver from the Treasury Department’s vaults.

Another example of non-debt money was the periodic gold rushes that created new wealth for those lucky enough to cash in. Another is citizens’ dividends like the Alaska Permanent Fund, derived from resource royalties. Another is public banks as advocated by Ellen Brown and the Public Banking Institute. Another is the growing worldwide movement for a basic guaranteed income for all people.

✖ The last shred of integrity was removed from the system when gold/silver backing of paper money for international payments was eliminated in the early 1970s by the Nixon administration. At that point currency became purely fiat money. This was done at a time when Henry Kissinger, then and now an agent of the Rockefeller financial empire, was Nixon’s national security adviser.

Fortunes now could be lost at the stroke of a pen. Yet such fictitious money continued to be “legal tender,” so banks could create it out of absolutely nothing and they and their borrowers could purchase with it anything they pleased.

Economists fail to recognize—actually they are not *allowed* to recognize—what a tragedy fiat money is. The money supply today is devoid of real value. It was during the early 1970s when these changes occurred that today’s financial troubles began. It is staggering that these facts are completely unknown to the political leaders who are sleepwalking to the undoing of us all.

When I worked at the Carter White House in 1980, I convened a small group of experts to study alternative financial systems. In November 1980, however, President Jimmy Carter was voted out of office, and the “Reagan Revolution” began. This was actually a right-wing

coup aided by the Federal Reserve's crashing of the U.S. economy through radically increasing interest rates and the manipulation by Reagan's supporters of the Iranian hostage crisis.



The “Reagan Revolution” consisted chiefly of completing the long-planned turnover of the U.S. producing economy to the banks and Wall Street, with factory jobs being outsourced to third-world countries. Privatization of public enterprises such as municipal water systems accelerated.

The changes were planned by academics from Harvard, the University of Chicago, and other elite universities. Attempts were made to apply the same logic around the world, including Russia during the 1990s, after the collapse of the Soviet Union. This trend in Russia has since been modified or even reversed.

But within the U.S., the process was completed under President Bill Clinton with NAFTA and the repeal of Glass-Steagall, a law that had prevented the merger of investment and commercial banking. Hence the rise to power of predatory firms like Goldman Sachs and the Carlyle Group.

These firms specialize in methods based on usury that are used to buy up whole companies, fire the employees, sell the domestic assets, and ship the remaining jobs overseas. It was all done by design under presidents who were mouthpieces for behind-the-scenes power.

Without sufficient domestic jobs combined with production that no one can afford to buy the bankers have kept the system afloat through bubbles and government bailouts. There was the dot.com bubble, the housing bubble, and, under President Obama, the Treasury bond bubble, along with what became known in Federal Reserve jargon as “Quantitative Easing” (QE); i.e., a stab at a zero-interest rate economy.

Paradoxically, QE contains a tacit admission of the evils of usury. But it has only been used in transactions between central banks and commercial banks, so has not benefitted the general population. Ordinary borrowers still have to pay interest on loans while they earn next to none on their own bank deposits.

Meanwhile, housing continues as the chief source of private wealth in our economy. But this is entirely an artificial construct. Banks lend people value-less money to build houses, but the houses are nonproductive “assets” used only to secure mortgage debt. They depreciate rapidly while producing nothing of real worth.

Today there is scarcely a single major figure in public life, including the so-called “progressives” and reformers, who is actively promoting the use of other methods besides usury for money-creation. An exception is Rep. Dennis Kucinich, who was maneuvered out

of his seat in the U.S. House of Representatives by gerrymandering. Kucinich promoted a plan developed by the American Monetary Institute of creating money by federal spending for infrastructure.

It is amazing how locked-in people are to their habitual ways of thinking about life's problems and how fearful they are of "thinking outside the box." People love their chains because they are used to them. They kiss the whip that scourges them. Through the "Stockholm Syndrome" they suck up to their captors to curry favor.

So it is with trying to help people see how simple it would be in concept to get rid of the debt-based financial system. But they can't. They won't.

Meanwhile bank CEOs become multimillionaires by dealing in hollow currency. They could just as easily be put on trial for counterfeiting and fraud.

People would rather destroy the planet and themselves through support of endless wars based on "regime change", gobbling up other nations, man-made climate change, chemical pollution, alcohol and drug addiction, criminalization of government and law enforcement, resource depletion, etc., than confront the controllers of the financial system who rule society and say, "Enough is enough."

These controllers are in charge of all Western governments and of the military-industrial-intelligence-media complex, and they have shown themselves capable of killing anyone who gets out of line, as they did to JFK, perpetrating false flag events to stampede the populace into obedience, as they did with 9-11, or destroying whole nations as they did with Yugoslavia, Iraq, Libya, and now Syria.

They can take away your job, spy on your computer, audit your taxes, throw you in prison, murder you, or send you off to fight their wars. All to keep a corrupt system in place.

When I worked at the U.S. Treasury Department, as part of post-9/11 security, they designated the entire U.S. financial system as "critical infrastructure." No one questioned what the implications were. What it meant in practice was that the police power and military might of the nation were committed to defending what ethically is indefensible.

Thus the U.S. military, acting as global enforcer, has forces stationed in a majority of nations and on all the seven seas to ensure that money keeps flowing in to feed the debt monster. If any other nation wishes to even think about challenging this hegemony, that nation and its leaders are castigated and demonized and threatened with nuclear annihilation. The senior civilian and military leadership are adept at assuring such "adversaries" that "no options are off the table" in order to protect the blessings of "freedom" and "democracy" for one and all.

Unfortunately for it, the U.S. military is a paper tiger. Despite its size, its infrastructure is aging and is sapped further by the fact that the government's priority is to assure profits to the corporations that manufacture expensive but much too complex weapon systems. As a ground fighting force, the U.S. military has not been truly tested since its failures in Vietnam.



The viability of the military machine is also weakened by the fact that it relies on constantly increasing government debt for funding. This jeopardizes the future strength of the military more than anyone is willing to admit. Time is definitely on the side of those nations the political blowhards name as potential adversaries, chiefly China.

But even the planet itself now has had enough. It won't be too many more decades before rising sea levels from global warming make coastal cities unlivable or temperature increases and GMOs decimate the food supply. The controllers' answer is to build remote residential complexes for themselves and the police forces needed to protect them, while the rest of the human family perishes.

All this is happening now, and it is only going to get worse. You can't have an out-of-control freight train roaring down the tracks without working brakes and expect nothing to happen. As the Challenger disaster proved, the government can't overrule the laws of nature by decree.

Let me also say in conclusion that after I studied the Challenger disaster in detail, then wrote a book on it, I have viewed that event as a warning and a harbinger of what lay ahead. The Challenger disaster can rightly be viewed as the responsibility of the Reagan administration.

Ever since Reagan was elected and the banks took over the economy, with the corrupt American military taking a quantum leap in size and arrogance in order to protect financial privilege everywhere, there has been no chance at all that the world would escape unscathed.

So it would now appear, unless the powers-that-be walk back the past half century in repentance, that a major disaster must be played out before life on earth can change. No one knows, of course, if the climax will come through world war, economic depression, global environmental collapse, or even technological meltdown from solar activity or an asteroid strike. I certainly don't know myself.

But I do know that every human being on earth is being profoundly challenged by world conditions and their extreme potential for chaos. On an individual level, even if we can't escape the common human fate, we can certainly pray for insight into something more benign right now for our neighbor and ourselves. We are not alone in the universe, and we can seek the inner help we need to resist the temptations to respond negatively. Then we can commit ourselves to making whatever improvements we are able.

It is also pointless to blame anyone. Those who work for change in the world should reduce the level of hatred, not add to it. As Jesus said of his own tormentors, "Father, forgive them, for they know not what they do." Odd as it may seem, greed and selfishness, as well as pride and hatred, appear perfectly normal to those in their throes.

But to think and act positively requires us first to take off the blinders and see what is happening. This includes confessing our own escapist strategies and asking inwardly for forgiveness. We must then acknowledge our own responsibility for helping prepare a better future, a future that is unlikely to look anything like what we see today.

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