

“Creating Money out of Thin Air”: Public Banking and Ellen Brown’s “Web of Debt” Website

A Review

By [Bryant Brown](#)

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You may not have heard of Ellen Brown but she is without a doubt the world’s most persistent advocate for public banking.

So what, you may ask! What she is fighting for is a change in our banking system so that it serves the people and not the bankers. If we were to do so we could have a society with no public debt, no need for austerity policies, average people would live better lives, education would be free.

The difference between public banking and private banking is simple. When the banks are privately owned, a few senior bankers and the shareholders reap the benefits. With public banking everyone shares the benefits.

One of her blogs is entitled [How Banks Secretly Create Money](#) and she quotes Sir Josiah Stamp who was President of the Bank of England and the second richest man in Britain in the 1920s. He addressed the University of Texas in 1927:

“The modern banking system manufactures money out of nothing. The process is perhaps the most astounding piece of sleight of hand that was ever invented..... if you want to continue to be the slaves of bankers and pay the cost of your own slavery, then let bankers continue to create money and control credit.”

Nothing has changed since Stamp made his speech. This is what he was talking about; if you get approved for a loan, the bank will put money into your account with a few keystrokes. A credit in your account, a debit in the banks. No money changes hands, instead money is created. The bank then gets interest on the loan but has invested nothing ‘the most astounding sleight of hand ever invented.’

This is done in plain sight and is reported in news of the money supply. M1 is money as we understand it, M2 is the money created out of thin air. As of June 2019, the M1 in the U.S. was 3,831.7 billion dollars and the M2 was 14,744.1 billion over three times more ‘thin air’ money than real. It would be accurate to say the banks create debt and not wealth since every dollar of M2 is debt.

Today, Brown uses the [Bank of North Dakota](#) to show how public banking is better. It’s a state-owned institution, the only one in the United States. It was founded in 1919 to promote state interests in competition to the commercial banks. [Ellen Brown quotes the](#)

[Wall Street Journal](#) article in November 2014.

"the public banking model is simply more profitable and efficient than the private model. Profits, rather than being siphoned into offshore tax havens, are recycled back into the bank, the state and the community."



Ellen Hodgson Brown is a Californian attorney who got her law degree from UCLA in 1977. She was a civil litigation attorney in LA for ten years. In 2011 she founded the Public Banking Institute. She ran for California State Treasurer in 2014 and got a record number of votes for a Green Party candidate.

In 2007 she published *The Web of Debt* which explains myths about money, how it is created out of thin air and managed by the privately-owned Federal Reserve in the United States, its one a dozen books she has written. In 2011 she formed the public Banking Institute and earlier this year published her latest book *Banking on the People; Democratizing Money in the Digital Age*.

Public banking is a simple concept. North Dakota like every other state, collects money for many things; fees, licenses, business and personal income taxes. Unlike the other states which puts these dollars into the private banks, North Dakota puts the money into its own state-owned bank and with that, they get interest on the money and can lend the money for profit. All the other states put their money into private banks giving up the option to lend it and giving up the profit! It's that simple!

Does it work?

It sure does as the Nov. 16, 2014 issue of the Wall Street Journal's Chester Dawson reported:

BISMARCK, N.D.—It is more profitable than Goldman Sachs Group Inc., has a better credit rating than J.P. Morgan Chase & Co. and hasn't seen profit growth drop since 2003. Meet the Bank of North Dakota, the U.S.'s lone state-owned bank.

Ellen Brown's writing is easy to read and understandable. If you are not into books, she has written over 200 articles that are on her blog, and you can subscribe to them or [read them on Global Research](#).

Her most recent blog entitled [Neoliberalism Has Met its Match in China](#) (of three days ago) is about the emerging situation where the US and the Federal Reserve (a private bank) are up against the 80% state owned banks in China. She reports that 'the Chinese have proven the

effectiveness of their public banking system in supporting their industries and their workers. Rather than seeing it as an existential threat, we could thank them for test-driving the model and take a spin in it ourselves.'

She runs the [Web of Debt](#) web site and her blog articles are there.

To access [Ellen Brown's articles on Global Research \(2007- \)](#) click here

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