

LIFE

KAI YIN, CHAN

Since August 23, 2017

# Chapter 1

## Purpose

Purpose, according to Oxford Dictionary, is defined as “the reason for which something is done or created or for which something exists.” This chapter will, therefore, tell the readers the reason for which “LIFE” is writttern.

## Chapter 2

# Money

### 2.1 How Money is Created

It starts with government creating IOUs, for example, bonds and treasury notes. They are a promise to pay a specified sum at a specified interest on a specified date. It is a debt owned by the government. In principle, government has created cash, but bonds and treasury notes do not look like cash yet.

The Federal Reserve System then acts as a money printing press to convert the IOUs created by the government to cash. It is called Federal Reserve Check. The Federal Reserve System takes government's IOUs as assets and issues Federal Reserve Check as a liability. The accounting book is completely balanced.

The government therefore received cash (Federal Reserve Check) and the Federal Reserve Check becomes government deposit. It is used to pay government expenses and, thus, is transformed to many government check. Up to this point, the accounting book of the government is completely balanced with Federal Reserve Check as asset and IOUs as liability.