MONEY IS CREDIT

1. Introduction

Modern monetary systems function not on metallic standards or tangible reserves, but on promisescontractual obligations denominated in recognized units of account. Under the guidance of Federal Reserve mechanisms, Operating Circulars, and commercial credit instruments, money emerges not as wealth itself, but as a circulating marker of debt.

This book dismantles the myth of money as stored value, replacing it with documented legal and monetary reality: money is credit. And where there is no contract, there is no currency.

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2. Money Is Not a ThingIt Is a Relationship

In contrast to the outdated notion of money as gold or silver, todays monetary value is established the moment a borrower promises to repay. This actcommitting to a debtinitiates the creation of monetary units. Money, therefore, is not a physical item but a social and legal relationship of obligation.

As Geoffrey Ingham states: All participants in a monetary system are involved in actual or potential debt/credit relations.

3. Commercial Banks Create Money as Debt

According to Modern Money Mechanics, when a commercial bank issues a loan, it simultaneously creates a deposit in the borrowers account. This deposit, which appears as new money, did not exist until the borrowers signature authorized its issuance.

This process is confirmed by the Bank of Englands bulletin: Bank lending creates depositsnot the other way around.

4. Money = IOUs Backed by Trust

Once created, these digital balances circulate as money. But their acceptance hinges on collective trust that they will be honoredeither by redemption, transfer, or exchange.

This makes modern money functionally equivalent to an IOU: it is accepted because it is backed by the issuers promise, enforceable under contract and guaranteed by systemic trust in the banking network.

5. Central Banks Facilitate, They Dont Originate

The Federal Reserve stabilizes the system through interest rate adjustments and liquidity provisions, including tools like the Discount Window and Operating Circulars 7 and 10.

Yet, the creation of money remains in the hands of private institutions issuing loansgoverned by commercial contract law and not by commodity distribution.

6. No Credit Agreement = No Money

If there is no borrower, there is no deposit. If there is no signed agreement, there is no money creation. Every dollar begins with debt. This is why all circulating currency reflects a state of outstanding liability, tethered to legal obligation.

Credit card systems, payday loans, and asset-based lending all rest on this truth. The structure is designed to maximize indebtedness as a revenue mechanism.

7. Conclusion: Money Is Contractual Liability

Money is not stored value. It is a claim on future productivity. It is created through agreements, circulates by trust, and expires upon repayment or default. The public must understand this truth to reclaim financial autonomy: Money is not wealth. It is obligation. It is credit.

8. Certification

Certified under Statutes at Large and Universal Law, this [DATE].