

MONEY

We are told there is a horrendously dangerous thing going on: bankers don't trust each other any more, they are scared and don't lend money any more, and without loans the economy collapses. Isn't that what they said it is about?

To us, down here, that seems weird and unbelievable. Not long ago banks were competing with each other giving us credit cards we did not ask for, promised zero percent interest for the first six months, the first eight months, a year. Have they run out of money to lend? No, it seems that the way business works these days is *all* with borrowed money. No bank uses their own money any more, they borrow money overnight to pay interest on a loan.

I'm so old fashioned I don't buy if I don't have the money to pay for it. Except a house. It's all right to buy a house that costs many times my yearly income because it keeps its value. A house is not only something we need but over the years I might add a sun room, insulate and so improve the value of my house; I would landscape the land around it. If I keep it clean and painted, it probably will keep its value, or even appreciate. For most of the last century I thought mortgages were given by a government agency, and the interest rate for years and years was 6%.

But in this new century things went crazy. Literally from one day to the next the price of land here went up. Planeloads of "investors" (in fact they were gamblers) descended on us to buy up a lot that had been waiting to be sold for ten years. Nothing special, just another acre that used to be worth somewhere between seven and ten thousand dollars. Then suddenly, it sold for twenty. Two months later it sold again, for fifty thousand. And before it finally settled down the price of an acre here went to a hundred and twenty thousand dollars. We who had lived here for years knew that this was a bubble, and sooner or later it would all collapse again. Which, of course, is exactly what happened. Now they want us, taxpayers, to bail out the banks? They threaten that if I don't want to have the government spend seven hundred billion (\$700,000,000,000.-) things will get much worse. How do they expect us to trust them?

To most of us, down here, money is something I need to exchange for food, to pay the electric and phone bills. Now that there is such a panic about it I am getting curious. Where does money come from? Uncle Sam prints it and then send packets of it to banks. I remember movies in which the bad guys hijack a money truck carrying tons of paper money. Do banks pay for that money? If not, who does pay? I guess what I really mean is where does the value of these pieces of paper come from? Who decides that? How?

For me, and my friends and family, money is what we have earned by working, or making things, repairing things, doing someone a favor. So we kind of know that for an hour of work I can earn enough to buy two loaves of bread, six ounces of cheese, four eggs; maybe some tea. Yes, we sort of know what we can buy for a dollar. Or a hundred dollars. But the big people who run things never talk about a dollar, or even a

hundred or a thousand dollars. They talk billions, nowadays trillion. .

We cannot grasp a billion. Few of us even know how much a billion is. In America a billion is a thousand million, a one with nine zeroes: 1,000,000,000. Everywhere else in the world called milliard. What we call trillion, is a billion everywhere else: a million million, a one with twelve zeroes. I am sure it is a lot of money. Money people understand perhaps, but for us down here on the ground, it is words and an awful lot of zeroes..

There are other words, like "liquidity," that mean nothing to us. Something to do with liquid, a fluid? Money must flow. Yes, I have always believed that. I must spend money or give it away, then it comes back to me. You can't keep it under your mattress. But now, what the big people mean is that the big money, the billions, trillions, whatever, that slosh around the planet, does not flow enough any more. And so we have to DO something. Today they explained that it was not only the liquidity that was going wrong, but banks did not trust each other any more, so they do not lend money to each other. Because, and now it comes out, what we think of as "the economy" is really a game played with borrowed money. Apparently no business starts with capital any more, you start with a loan, convincing someone to "invest" in your idea for a business. You enlarge your business with another loan. Maybe all those people who bought land here bought it with somebody else's money. They paid, let's imagine 10% interest on the money they borrowed (my savings account pays me 2% per year, and that maybe). Then they bought land for fifty thousand and sold, six months later, for eighty thousand. The gambler can afford to pay the man who loaned him the money at 10%: he still made a bundle in half a year.

Once there was a saying *You have to have money to make money*. Now it is: *You must make money with borrowed money*.

That feels unreal to me, somehow dishonest.

Now they say the 700,000,000,000 dollars is really a loan, we'll get it back; it will not be a burden to tax payers. That does not sound too comforting to me at all when I have just accepted that the whole trouble is an economy based on borrowed money. What guarantee is there that my loan of 700 billion will be paid back?

A suggestion: I would like the government also, at the same time, to do something about personal debts on credit cards that charge more than 30% interest. You know, and the government knows, that with such usurious interest rates there is no way for a person to ever pay off that kind of debt. It is unfair: the interest rate is that high probably because he was one day late paying his phone bill--nothing to do with paying off the credit card debt. Using a chunk of that enormous chunk of seven hundred billion would be reasonable to me if it were used to right a wrong. Some may think that it is unwise to help people who were unwise enough to go so deep into debt, but the depth is not really their debt, but the result of manipulations of the credit card company. Fixing that would be a lot better than paying bankers who have fattened themselves outrageously for many years. I remember hearing about the man who "earned" well over one billion dollars in one year, managing a hedge fund whatever that is (or was it a fudge fund).

One of the candidates for president has trouble distinguishing financial from fiscal. For many years fiscal said to financial: You're on your own, boys; it's a free market. But when the financial boys (and a few girls perhaps) dropped the bubble, and suddenly the whole house of cards collapsed, Washington created some handy billions (probably trillions, before we're done) to throw in the pot. So now, suddenly, fiscal steps in to rescue financial? Republicans are against that because it goes against the free market philosophy. Others are against it because it does not do anything for we the people. And those who are for it tell us that doing this will (may) prevent worse from happening. Really? Who says?

In the end, isn't it always they who decide what is best for us?

And in the real end, it is never best for us, but best for them.

We down here are seeing that the price of houses is going down. Naturally, we expected that, We've had bubbles before, we knew that after the bubble bursts real estate prices go down. Does that mean that "value" is a fluctuating something? In the old days (in my life time) a house was a home. It had a value that did not change much, and if it changed it slowly might even gain value. Not like a car, for instance. "Everybody knew" that a new car loses 30% of its value the moment you drive it from the dealer. That is why on a car loan you pay the interest up front. But a house is an investment; a car a necessity.

Now, all that seems to have changed. I do not understand this new world. There is no ground under the new world. It is all up in the air, an imaginary, illusionary economy that plays with figures on computers, apparently all based on imaginary money borrowed at shifting rates. That, to me, is frightening, and it makes it difficult to believe the big words they use to scare me. After all for eight years we have been told things that were not, and are not, true at all. So why should we believe them now?

This is a two hours plus movie: <http://video.google.com/videoplay?docid=7065205277695921912&hl=en> The first hour, The Venus Project people explain in great detail, but mostly comprehensible, to me at least, how money has morphed into an imaginary commodity. Why the seven hundred billion we were coaxed into creating "to prevent something worse from happening," is probably money thrown away. Today, money is just something you play with on computers, value does not count. It gives me a creepy feeling that we shall have to pay for it, and not the money wizards who make bubbles to get unconscionably rich.

(I did not spend much time with the second half of the movie, in which an old man and a not-as-old woman explain what the Venus Project is all about: "to redesign a culture." I know that cultures are not *designed*, they grow. They lost me when they said that there is no human nature, only human behavior and that human behavior had sunk to an unsustainable level, but that they will design better, sustainable, human behavior. Armies "design" human behavior, but at what cost! Twenty or more percent of returning veterans are so behaviorally destroyed that they may never fit into a civil society any more. Designing culture is even more scary than the hoopla with borrowed non-existent money that made billions for those who know how to design imaginary money around the

world.)

But back to the real world down here, where money is paper dollars that we can exchange for food and other necessities. These days we also pay for things that may or may not be necessary. Is a computer necessary? For the money jugglers, yes; for us perhaps not. We did fine without computers for thousands of years. As we did without refrigerators, washing machines, three or four different kinds of telephones, automobiles in all shapes, zippers, plastic, antibiotics (do you realize that means "against living entities"), etc. We call that "progress." We were sold things and ideas that then became so much part of our lives that we can no longer imagine doing without. But it is the energy needed to make those things, and more energy to run and maintain them, that spews tons and tons of carbon into the atmosphere which not only makes smog, but is heating up the planet we live on. We are destroying the earth by burning oil and coal to run these now "necessary" items.

People, what we call *progress* is destroying the planet as we knew it, and we are totally unprepared to live on (or in) the planet we are making. And, what is worse, we are too busy having to worry about the airy faery financial system of the world to pay attention to our planet and the atmosphere around it: the air we breathe. Maybe It is finally getting to us that the fearsome as well as the soothing words coming from Washington these last eight years were just a thin veil hiding what was really happening, while entertainment 24/7 kept us domesticated. Our wars are not going well at all, it turns out now. So why are we still there? Don't we make things worse by hanging around bombing with our superior weaponry and superior smirks?

Let's just get everybody back here, and take stock.



What there is is all there is.

True for me, for every person, for a country, and yes, even for a financial system however stratospheric it may have imagined itself to be.

What there is is all there is.

Money can only be a convenient substitute for real value. Spend what I actually can spend. Make the best of things as they are. And I am not alone: share.

What there is is all there is.

How about revamping the financial system so that it only deals with what there is, and not with what they wished there were. Borrowing is really gambling on the future, isn't it? They say this crisis will get worse unless we, the government, do something -- other experts say this is a crisis, but the seven hundred billion government money is not going to deal with what is really wrong. Who can we believe?

How about starting over and only pay as we earn.

Reinvent a financial system that is based on money in the bank.

Delightfully old-fashioned eh?

Don't take my word for anything; what do I know?

But I know one thing that has been true ever since there were humans on this planet:
WHAT THERE IS IS ALL THERE IS



"If money is your hope for independence, you will never have it.
The only real security that a man can have in this world is a reserve of knowl-
edge, experience and ability."

Henry Ford, 1863–1947

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