

## Three-Step Plan to Avert a Financial Meltdown

By Richard Walbaum, Fairfield, Iowa, rew4455@gmail.com

As the national consciousness of the US rises, we need to provide government with knowledge to correct a design error and end the financial crisis, otherwise we can expect the crisis to continue longer than is necessary or even worsen.

**To avert a meltdown, the debt-money system must be corrected.** All money in circulation, whether cash or on deposit at the bank, was borrowed into circulation by someone at sometime, and must be paid back plus interest. If all the loans could be paid back there would be no money in circulation, but there is always more debt than money to pay it back so it can never be paid back; the money demanded in law does not exist in fact. And you don't pay back a money supply because it is permanent. Like any permanent debt it must compound to astronomical values and eventually crash. Well, we're there. It is a mathematically flawed system that requires inflation, bankruptcies, and compound debt to function.

While there are other problems with our financial systems, you must correct this problem first because it will swamp the other problems. Whatever broke the camels back and triggered this crisis, the debt-money system created the mountain of debt in the first place. A balanced budget, stiffer market regulations, bailouts, or gold-backed currency are like aspirin; they don't solve the problem but make you feel better.

While more can and should be done, it is compulsory to make the money supply interest free by converting debt-money into debt-free money. The following steps are suggested:

### 1) **Tax the Federal Reserve.**

The banks and the Federal Reserve (Fed, a private non-government central bank) create money for their own benefit, and loan it to government and the nation at interest. We are paying the bankers interest for the privilege of buying and selling with their debt-money. Government should take back that power delegated to the banks, and create the nations money interest free. The preferred method is to abolish or nationalize the Federal Reserve, but that would only create resistance. Taxing the Fed is the least-controversial way to put debt-free money into circulation. The Fed will create the money in the usual manner by simply crediting the government's account via bookkeeping entry. It is not debt and will not be paid back.

### 2) **Spend the taxed money into circulation for the benefit of the nation, and pay off all government debt.**

The newly created money should be spent repairing the decaying infrastructure which will create jobs and provide debt-free money for the private sector to make it possible to pay off currently unpayable debt. Retire all public debt with debt-free money.

### 3) **To prevent inflation, simultaneously and gradually increase the reserve requirement to 100%, synchronized with the money spent into circulation.**

Increasing the reserve requirement will reduce the debt-money in circulation created by the banks, while being replaced with government-issued debt-free money. The net effect is to keep the money supply constant and prevent inflation and rising prices. When complete, we will no longer be paying interest on the money in circulation, and there will be more money than debt, removing the untenable feature of unpayable debt. The interest on the \$10 trillion in public debt will disappear, saving the nation about half a trillion dollars in interest each year.

Details of monetary system design can be found in my 26-page book "Rich Country – Poor Country", a free download from [www.hiddencures.com/Articles/natural-law-papers.htm](http://www.hiddencures.com/Articles/natural-law-papers.htm).