Paper Money or Tissue Paper

Currency

Generally accepted form of money, including coins and paper notes, which is issued by a government and circulated within an economy. Used as a medium of exchange for goods and services, currency is the basis for trade. Under this definition, British pounds, U.S. dollars, and European euros are different types of currency, or currencies. Currencies in this definition need not be physical objects, but as stores of value are subject to trading between nations in foreign exchange markets, which determine the relative values of the different currencies. Currencies in the sense used by foreign exchange markets are defined by governments, and each type has limited boundaries of acceptance.

What is Wealth?

Value of currency is directly proportionate to its buying power or exchange acceptance for commodity. In popular usage, wealth can be described as an abundance of items of economic value, or the state of controlling or possessing such items, usually in the form of money or (real estate and personal property having monetary value). An individual who is considered wealthy, affluent, or rich is someone who has accumulated substantial wealth relative to others in their society or reference group.

Era of Negative Wealth - GFC

The modern economic wealth is directly proportionate to accumulation of currency and its buying power in international market. However in present era of GFC; leading economies like United States of America has accumulated debt of 16 Trillion US dollar as compared to its annual GDP of 15 trillion (Goods and services produced together). Eurozone countries following the same suite, has accumulated debt in multiple proportion to their GDP.

Greece, which in 2009 became the first euro country to suffer a loss of investor confidence over the state of its public finances, has the highest debt burden in the Eurozone of 160.5 per cent in Q2 2013. That's up from the previous quarter's 156.9 per cent and from the previous year's equivalent 136.5 per cent.

The second highest debt-to-GDP ratio in the Eurozone is Italy's 130.3 per cent. Though Italy has not needed a financial rescue like Greece, Ireland, Portugal, Spain and Cyprus, its government has pursued a raft of measures to make sure its investors are happy to keep on lending money so it can service its 2 trillion euros debt on its own.

Across the Eurozone, total debt stood at 8.75 trillion ($11.4 trillion) at the end of the first quarter 2013, up from 8.6 trillion the previous quarter and 8.34 trillion the year before.

It's not just the euro countries that are suffering a debt overhang. Across what was then the 27-country EU, which includes non-euro countries such as Britain and Poland, the debt burden rose to 85.9 per cent at the end of the first quarter 2013 from 85.2 per cent the previous quarter and 83.3 per cent the year before. Total debt stood at 11.11 trillion euros, up from 11.01 trillion the previous quarter and 10.67 trillion the year before.

Not only they have negative wealth, the debts are cross tangled. Italian borrowers owed French banks $366 billion (net). Should Italy be unable to finance itself, the French banking system and economy could come under significant pressure, which in turn would affect France's creditors and so on. This is referred to as **financial contagion**. Italy, Greece, Ireland, Portugal, Spain, Cyprus, G Britain, Poland and other 20 European countries are in an unmanageable financial contagion.

Bail Out Packages –Printed Money

Bail Out Bubble, its not only the United States, this is a global bubble they are all into it. Hey, the economy is going down recession is setting in sales don't look good, exports soft, need more money? How about we call it stimulus packages, from Australia to the United States, from Britain to China the respective governments is dumping funny money into the system to keep it going.

The money is spent on redoing roads, Airports, education, unemployment and other benefits. All spent on consumer spending and not to encourage build new industries to stimulate growth and build job. Hence once the stimulus alcohol is over the economy is back to its crisis position. This time with a larger debt on the government and people, the problem is now so big that government stimulus is not going to buy those five or six years of phony growth.

Here's a look at the rescue programs:

United States— United States the leader in rescue mission. On October 3rd 2008, congress approves the biggest financial Bail Out in history $700 Billion US Dollars. Around the world Germany, Italy, Canada, South Korea, and Britain other politicians do the same. Billions of dollars were spent on countries refurbishment. Nov 19th 2008, a month later President Bush gives Billions of Dollars to General Motors and Criser the money comes from the Bail Out package. US economy paid auto workers a bailout package of around $100 Billion Dollars. On February 7th 2009 Obama approves a stimulus package worth $787 Billion Dollars, with the Bush Stimulus package a year before. US politicians have now spent close to 1 Trillion Dollars to stimulate the US economy.

GREECE — Greece has received two bailout packages from its Eurozone partners and the International Monetary Fund. Its problems began in late 2009, when the government admitted that public debt was far higher than official statistics showed. That led it to accept a bailout package of 110-billion euros (worth US$142-billion today) in May 2010. When it became clear that bailout was not enough — because the economy kept weakening — a second bailout was clinched in February 2012 for another 130-billion euros. That included a write-down on the value of Greek government bonds to lighten Athens' debt burden. 21 Aug 2013 they are asking for 3rd bailout package from their creditors to keep it rolling.

IRELAND — Ireland's banks suffered from their exposure to the U.S. mortgage market meltdown as well as to a collapse in the local housing sector. The government stepped in to guarantee creditors and deposits, but the move cost it dearly. As it rescued its banks, the costs grew and soon the government's borrowing rates on bond markets rose so high it was unable to finance itself independently. It secured a 67.5-billion euro package in November 2010.

PORTUGAL — After Ireland's rescue, investors turned their eyes to the next weakest country in the currency bloc. Portugal's economy was weak and public finances shaky. The government's borrowing rates in bond markets kept rising on fears it finances would prove unsustainable. By April 2011 talks on a bailout began. In May 2011, the country agreed to a package of 78-billion euros in rescue loans.

SPANISH BANKS — Spain was considered the next weakest link, which fueled fear among European investors because the country's economy is much larger than those of Greece, Ireland or Portugal. Giving it rescue loans would severely test the Eurozone's financial capabilities. The main concern was that Spanish banks, which took huge losses on a collapsed real estate market, would force the Spanish government into rescue efforts it could not afford. The Spanish government agreed a deal in July 2012 with Eurozone officials to get up to 100-billion euros in rescue loans directly for the banks. For a few weeks it seemed the Spanish government would also need rescue loans, but its borrowing rates in bond markets fell back down after the European Central Bank vowed to do “whatever it takes” to save the euro. It created a new program to buy a country's bonds if needed, drastically boosting confidence in the Eurozone states' public finances.

CYPRUS — The ECB's move calmed markets in Europe for months, but Cyprus' financial problems continued to fester. The country's banks had taken huge losses from Greece's debt write-down and the government also needed saving after it was overwhelmed by the cost of supporting its banks. Cyprus first formally asked for a Eurozone and IMF rescue package in June 2012. The talks continued for months as Cyprus negotiated for a better deal, possibly involving Russia. The issue came to a head in March, when Cyprus agreed to confiscate a part of deposits in exchange for 10-billion euros (US$13-billion) in rescue loans. That was rejected by the Cypriot parliament and after days of more negotiations a new deal was crafted. Analysts estimate as much as 40% of deposits above the insured limit of 100,000 euros would be seized at the country's two largest and most troubled banks. Along with other, smaller measures, that would raise the money needed to qualify for the rescue loans.

Printing of Global US Dollar - Gold Standard

After the Second World War, a system similar to a Gold Standard and sometimes described as a "gold exchange standard" was established by the Bretton Woods Agreements. Under this system, many countries fixed their exchange rates relative to the U.S. dollar. The U.S. promised to fix the price of gold at approximately $35 per ounce. Implicitly, then, all currencies pegged to the dollar also had a fixed value in terms of gold. Under the administration of the French President Charles de Gaulle up to 1970, France reduced its dollar reserves, trading them for gold from the U.S. government, thereby reducing U.S. economic influence abroad. This, along with the fiscal strain of federal expenditures for the Vietnam War and persistent balance of payments deficits, led President Richard Nixonto end the direct convertibility of the dollar to gold on August 15th 1971, resulting in the system's breakdown (the "Nixon Shock").

This means USA can print as much US dollar as they want without any base for Gold or irrelevant of its resources.

To understand the crisis associated with printing of currency to pay debts. Many parallels between 1924 Germany and present-day United States are cause for concern. You can look at the constant depreciation of the dollar since the early 1970's and fail to be alarmed. It seems contemporary America differs from 1924 Germany only in the duration between cause and effect. While the German experience was compressed over a few short years, the effects of the American inflation have been more drawn out.

In my view, this has occurred for two good reasons:

First, American central bankers have learned enough from the German experience to delay and extend the consequences of printing too much fiat money.

Second, Germany was a small state isolated from the rest of the world, a pariah nation of sorts following World War I. As a result, it had a difficult time finding a market for its government bonds. German deficits had to be financed internally -- a difficulty which greatly accelerated the printing of fiat currency.

Up until recently, the United States enjoyed a strong world-wide demand for its government paper. By continuously being the consumption ground of this modern economy. Be it Overheating Chinese goods industry and Aust supplier of raw material to china or India service industry. Thus, the negative affects of government deficits have been subdued. Now, with consistently low interest rates, and a growing fear globally that U.S. deficits may have run out of control, foreign support for the U.S. bond market has faltered. In the absence of international buyers, the Fed could be forced to monetize an ever larger portions of the debt -- the modern equivalent of printing money.

The trend is alarming. The largest annual contribution to the outstanding public debt during the Nixon years was $30.9 billion; Ford - $87.2 billion; Carter - $81.2 billion; Reagan - $302 billion; Bush(Sr.) - $432 billion; Clinton - $347 billion; GW Bush - $1,017 billion; Obama - $1,885 billion.

Especially in an economic crisis or a war, the pressure to inflate becomes overwhelming. Any alternative may seem politically disastrous. Whether it be the Roman emperors repeatedly debasing their coinage, the French revolutionary government printing a flood of assignats, John Law flooding France with debased money, or the Continental Congress issuing money until it was literally "not worth a Continental," the story is similar. A government in financial straits finds its easiest recourse is to issue more and more money until the money loses its value. The entire process is accompanied by a barrage of explanations, propaganda and new regulations which hide the true situation from the eyes of most people until they have lost all their

German national currency (1920s)

savings. In World War I, Germany -- like other governments -- borrowed heavily to pay its war costs. This led to inflation, but not much more than in the U.S. during the same period. After the war there was a period of stability, but then the inflation resumed. By 1923, the wildest inflation in history was raging. Often prices doubled in a few hours. A wild stampede developed to buy goods and get rid of money. By late 1923 it took 200 billion marks buy a loaf of bread.

Why is Dollar in demand? - $ per Barrel oil

Since the agreements of 1971 and 1973, OPEC oil is exclusively quoted in US dollars. This created a permanent demand for dollars on the international exchange markets. As of 2005, OPEC continues to trade in US Dollars, but some OPEC members (such as Iran and Venezuela) have been pushing for a switch to the euro.

Since the beginning of 2003, Iran has required euro in payment of exports toward Asia and Europe, though prices are still expressed in US dollars. Iran is planning to open an International Oil Bourse(IOB, exchange), on the free trade zone on the island of Kish, for the express purpose of trading oil priced in other currencies, including euros.

US have always used its military forces to control Middle Eastern countries. This has been to keep its monopoly on Oil pricing and keep US dollar in demand in global economy. Even though US is not the producer of Oil still it reaps the benefit of profits for per barrel sale. It needs oil industry to keep the strength of US Dollar as global currency.

What is Value of Money?

In absence of money pegged with some valuable object. Money on its own is just colored paper with numbers printed on them. They can be traded un till people have psychological worth attached to that colored paper and read numbers on them with something worth consumable. In absence of yellow gold or black gold (drivers of modern economy) pegged to US dollar “global currency” what is the worth of green bug?

Excess Printed Money

Imagine world with no natural resources left for human survival. What will be worth of printed color paper with printed numbers?

In horde of creating money to stimulate economic growth we have printed money worth many folds of available natural resources called excess money.

The various mode of convertible wealth to consume Natural resources includes not only printed colored paper but includes instruments which can be traded in known human world for buying ever exhausting natural resources.

List of alternative currencies

- American Open Currency Standard (AOCS)
- Barter clubs or corporate barter organizations are an example of alternative currency systems.
- BerkShares
- Bitcoin
- Bristol Pound
- Brownie points
- Calgary Dollars
- Community Exchange System (CES) global exchange network
- Derivatives
- Detroit Community Scrip
- Digital gold currency
- Fair4All. Developed in The Netherlands.
- Favabank. UK Favour exchange, based on mutual credit.
- Fourth Corner Exchange
- Ithaca Hours, Ithaca, NY
- Kelantanese dinar (gold) and dirham (silver) in Malaysia
- Local Exchange Trading Systems (LETS), an example of mutual credit, is a type of local currency used in a number of small communities worldwide.
- Liberty Dollar is a private currency backed by silver, designed to be a nationwide alternative currency in the United States.
- Litecoin
- PPCoin
- Ripple monetary system
- Stroud Pound
- Time Dollar is a state-sponsored alternative currency in the U.S, designed to encourage the independence and productivity of welfare recipients.
- Toronto Dollar is another example of a backed local currency.
- Tumin: alternate currency used in the Espino municipality of the Mexican state of Veracruz. One Tumin has the same value as 1 Mexican peso. To use Tumin, an entrepreneur of the municipality must join the Tumin network. Upon doing so, that person is given 500 Tumin, which can only be used in shops that belong to the network.
- Valun system proposed by E.C. Riegel
- Ven is a social currency used in Hub Culture, a private social network that operates a network of Pavilions which accept the currency for products and services. Ven is traded among members,

with live market pricing derived from a basket of commodities and currencies that make up the value of Ven

- WIR Bank - One of the oldest and most successful complementary currencies, founded in 1934, oriented towards small and mid-sized corporations, with 62,000 members.

Calculate Excess Money

A. Value of Natural Resources ever exhausting / Global progressive Population till human extinction = Natural resources available per person
B. Global printed money progressive / Global progressive population = Printed money available per person for buying natural resources

B Minus A = Excess Money per person

Excess Money = Value of printed money + alternative money - Value of Global Natural resources ever exhausting.

How to Avoid Global Financial Crisis – Way Forward

Evaluate Available Natural Resources.

Peg Global Monetary System with Value of ever exhausting Available Natural Resources.

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