### Money, money, and money

The model and control of economy, and who controls all our money

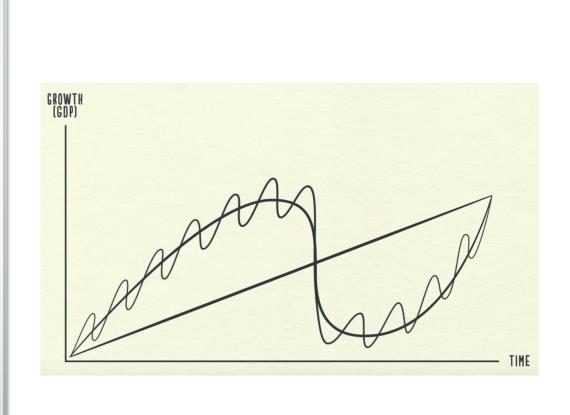
Zheyuan Cheng

## Where does money comes from?

# How do you model the economy?

### Recap on the economy model

- Don't have debt rise faster than income.
- 2. Don't have income rise faster than productivity.
- 3. Do all that you can to raise your productivity.



Is this model linear? Non-linear? Timevariant?

### Is it a good model?

# First central bank system

Founded in England, 1694.

### The bank hath benefit of interest on all moneys which it creates out of nothing.

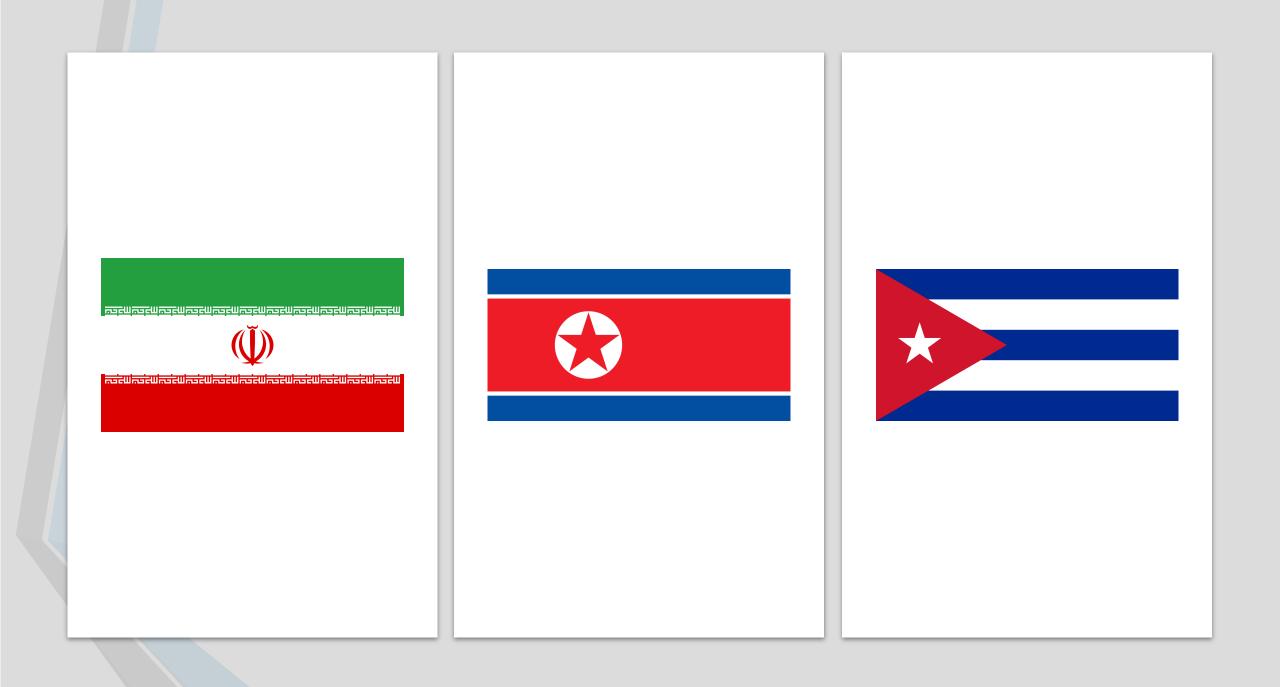
**By Willian Paterson** 

English banker that proposed the central bank solution

The Federal Reserve Act (ch. 6, 38 Stat. 251, enacted December 23, 1913, 12 U.S.C. §§ 221 to 522) is an Act of **Congress that created the Federal** Reserve System (the central banking system of the United States), and which created the authority to issue Federal Reserve Notes (commonly known as the US Dollar) as legal tender. The Act was signed into law by President Woodrow Wilson.

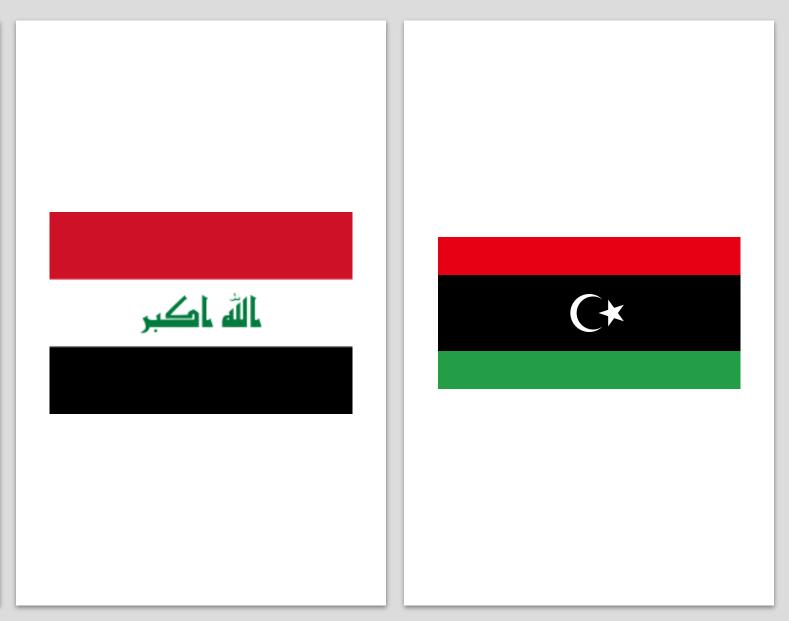
Federal Reserve Act

Which country in the world does NOT have such central banking system?



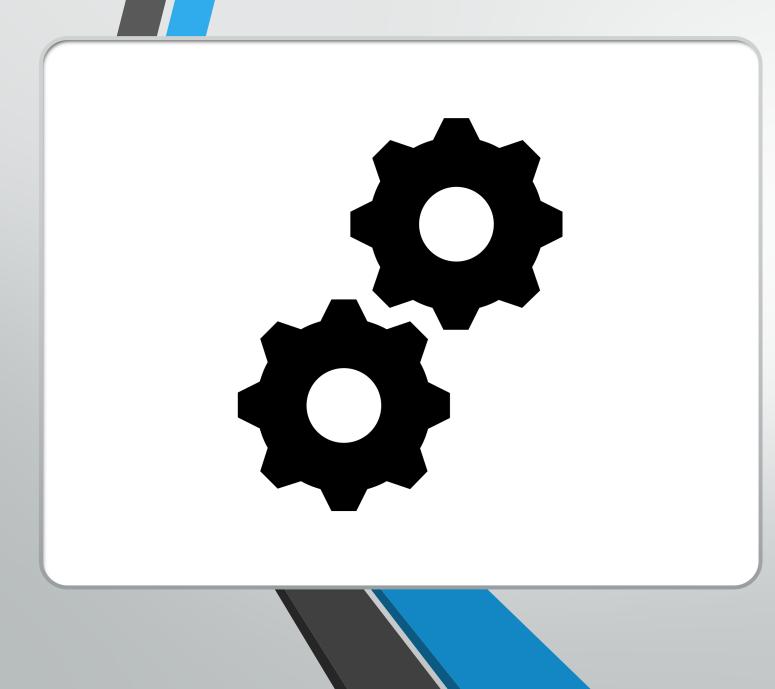
#### New members after 2000.





Is this central banking system the best system to raise human productivity?

### Is the economy controllable? observable?



Whoever controls the volume of money in any country is absolute master of all industry and commerce... When you realize that the entire system is very easily controlled, one way or another, by a few powerful men at the top, you will not have to be told how periods of inflation and depression originate.

> By James A. Garfield, 20<sup>th</sup> President (Assassinated 1881)

# Is there a observer in the system? And what it is?

# What are the control inputs?

## What is the controller of the system?

### Who are they?