

Money is just made up

Published: January 12, 2026, 10:48 pm

People think money is real, mysterious and valuable. They still think gold is involved in the process. It's actually nothing like that. It's nothing more than numbers on bank statements.

https://www.youtube.com/watch?v=H-s-oz_xUUE?si=KbqEvx9XMRRzKlfc

This is the audio version:

https://www.podbean.com/player-v2/?i=373pc-186fdd5-pb&from=pb6admin&share=1&download=1&rtl=0&font=Arial&skin=f6f6f6&font-color=&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

Money is just made up.

Most people have a real problem with me saying that. They think that money is somehow real.

They think that a five-pound note, or a \$5 bill or a five euro note is really money, and it isn't. It's just a record of the debt that a government owes you.

They think that coins might have some inherent worth because they look as though they're made of a sort of precious metal. We still make them look like they're gold, but in practice, they have no intrinsic value, and I promise you there is no gold to back up the value of any of the world's major, or even minor, currencies now.

If you ask for gold in exchange for your five-pound note in the UK, you won't get it. You'll get another five-pound note.

That will also be true if you ask for a dollar's worth of gold in the USA or a euro's worth of gold in Europe.

There is nothing to back up the value of money except the right of a government to tax in the future - and they will tax by demanding that money back from you. And because they will demand to be paid in the legal currency of the country in which they have created the money, they give that money value.

So why do we think the numbers on our bank statements have value? That's only because by convention and custom and law and seasoned practice, we have discovered that we can actually exchange the numbers on a bank statement - or these days more likely on a computer screen - for something that is real because people will accept a reduction in the value of our bank statement by inflating the value of their bank statement balance to give us real things in exchange.

It's just a process of swapping numbers out of one computer account into another computer account. That is what we call money payment. Nothing physically moves. There is no such thing as physical money in the process.

The only thing that is required to make that process work is one of these things - a computer keyboard. They are what makes money, because tapping a loan balance into a computer keyboard is what creates money - because all money is created by loans. And all money payments are recorded likewise - by tapping numbers into computer keyboards. That's it.

Money is a fiction of our imaginations facilitated by the process of double-entry bookkeeping, managed by banks through the use of computer keyboards to keep the world going around.

If you think it's anything else, you really are wrong.