

# The Secret Story Of Money

*By Eben Pagan*

Self-Made  
WEALTH

*A Special "Self-Made WEALTH" Financial Report...*

# **“The Secret Story Of Money”**

Hello, I'm Eben Pagan.

In this series of free videos and reports, I'm going to teach you some of the most important lessons I've learned about how money works, why most people fail with money, and the strategies and techniques you can use to create what I call "Self-Made WEALTH."

By the way, make sure to get on my VIP list as soon as possible by visiting my blog (just look for the button with the big red arrow pointing to it).

When you do, you'll immediately get access to an exclusive video interview with me - where I share some of the key strategies for success in business and money.

And I'll also give you special early access to Self-Made WEALTH and other benefits.

Again, just go to my blog and look for the red arrow, or go to [SelfMadeWealth.com/vip](http://SelfMadeWealth.com/vip) to join free.

So now, let's learn about Money...

## **Two Questions About Money...**

I have a two questions to test your "money literacy." Let's see how you do answering them:

**Question #1:** *Where did money come from and why was it created?*

**Question #2:** *How does money and the money system actually work?*

So how did you do?

Did you know the answers?

Do you feel *good* about your answers?

Most of us have never learned the answers to these questions - which means that we're trying to create financial success *inside of a system that we don't understand*.

And now, *here's an even more important question:*

Do you feel *confident* enough in your knowledge about money and how it works - and do you feel confident that you know you can get money when you want it, invest it wisely, and accumulate enough of it that you'll be comfortable and secure... and enjoy the lifestyle you want *for the rest of your life?*

If you didn't answer "YES!" to that one, and you don't feel confident in your knowledge of money and how it works, then what you're going to learn from me in this series of videos, reports and exercises will most likely change your financial future - in very important, positive ways.

Let's get started by learning about an important discovery that can give you *far* more power with money...

**Where Money Came From...**

So first let's talk about where money came from - because only by understanding how and why we came to use money can we learn to *master* money.

Back when we all lived in primitive tribes, life was a little bit more... well... *interesting*.

We spent most of our time just trying to *survive*.

"Work" in those days consisted of building and maintaining shelter, hunting and gathering food, and staying alive.

Very recently in our overall evolution, we humans came up with a few *ingenious insights* and inventions that gave us big advantages.

Insights like how to grow our own food, how to build homes that lasted tens or hundreds of years, and other creative ways of protecting ourselves from "the elements" that threatened our lives.

For the first time, this allowed us to "get ahead of the game" and store up and control food, tools, jewelry and other valuable possessions. And that changed *everything*.

Well, as Paul Zane Pilzer says: As we got more and more "ahead" we could have done one of two basic things:

- 1) We could have just "taxed" the highly-productive people that had a surplus, and GIVEN it to the rest of the people in the tribe - who could then sit around and do nothing**
- 2) We could each go learn NEW valuable skills with our free time... and learn to create new, valuable products... and we could create a system to *trade one product or skill for another***

We've obviously chosen Path #2 (for the most part, anyway). We went out and learned new skills to create value, and the world became a richer place to live.

But then trade *itself* became a little “weird.”

If I have a pig and three fishing nets, and I want to trade for your goat and your spear - but you don't want my pig or nets, we have a problem.

In that case, I'd need to find out what you DO want, then see if I can find someone who has that stuff... go talk them into trading it for what I've got... then find you after I do the trade and hope you've still got your goat and your spear to trade me.

Very inefficient.

## The Birth Of Money

We needed something that could allow us to sell anything we had and buy anything we wanted, without having to do complex trades and find people who wanted exactly what we had to sell.

We needed a *standardized unit of trade*.

Something simple, portable and valuable.

A “universal currency” that anyone could use or accept to “trade for” or purchase anything, pay off debts or lend.

And so we invented...

# MONEY!

Originally, currency - or money - was in the form of rare and special items. A particular type of shell that was rare and attractive. A type of carved stone that required a lot of work to create.

Now, with a universal currency like shells, I could sell my pig and nets for shells, then trade the shells directly for the goat and the spear I wanted. Awesome!

Then, when we got good at things like farming and growing food, we began using things like grains for our “universal currency.” This was nice, because if we couldn’t spend it, we could always *eat* it.

Eventually, we stumbled upon what many consider to be the “ultimate” money: GOLD.

Gold was a great currency because it was rare, easy to carry around, didn’t corrode, and could be used for all kinds of things other than just currency - which were very valuable. If you didn’t want to use your gold to buy things, you could make jewelry, make a tooth filling, use it in art, etc.

Silver is another “great currency” - for the same reasons.

In modern times, both elements are valuable for many, many important processes in our lives. They are used throughout technology, science, medicine and others - because they’re highly conductive, resist corrosion, etc.

But there’s something else that’s going on here.

The point I’m making is that the *money itself* used to be WORTH SOMETHING. You could use it for something other than just money.

There’s a special name for this, when the currency has intrinsic value - and can be used for something.

It’s called “Commodity Money.”

The thing to remember about this Commodity Money, again, is that Commodity Money has value *in and of itself*. If you have grain that no one wants, you can eat it. If you have gold that no one wants, you can make jewelry, tooth fillings or even computer chips from it.

# Money's FIRST Dirty Secret: It Has A "Hole In Its Own Bucket"

And now that you understand just a little bit about where money came from and how it got into its current form, let's talk about Money's First Dirty Secret...

Here it is: *Money now has a hole in its own bucket and it actually loses itself.*

Wait-a-minute.

A hole in its what?

It loses *itself*?

Let me explain...

As we've just learned, gold and silver money (Commodity Money) has an "intrinsic value" - meaning that it had a high value outside of just "currency" - and the only way to "inflate" the currency was to counterfeit it or dilute it by putting some metal in it that wasn't gold or silver to create more money.

The next step in the evolution of money after creating "Commodity Money" was to create something that wasn't a commodity itself, but that acted as a promise of the commodity.

This next step was to create paper "notes" that were "backed" by gold or silver - and that could be traded in for gold or silver on demand.

In fact, if you live in the United States, you may have seen an old bank note that says "gold certificate" or "silver certificate" on it.

This type of money is called "Representative Money" - because the paper note you hold in your hand is just a representative of *real*

*value* in the form of, say, gold or silver - that you can trade it for anytime you'd like. The note you had represented real, physical gold or silver that was in a vault somewhere.

## The Step That Changed Everything

The next step in this process - and a very controversial step - was to "disconnect" the paper notes from the gold or silver (and from the real world completely) - and print paper notes to use for money - *but this time without anything "physical" to back them up.*

That's right. Nothing to connect them to the real world. Just a piece of paper with a promise.

This type of money is called "Fiat Money."

Fiat Money (or Fiat Currency) is created when a government declares that the printed pieces of paper are legal tender to pay with and be paid with.

The word "fiat" means "let it be done." A government says "let it be done" - and now paper is money.

Then the final "great leap" took place - when we escaped from the "physical world" altogether - and money became numbers on a computer screen. Banks literally create money out of thin air, and lend it out, without it ever becoming "real" in the form of bills or coins or gold - or anything else.

Next, as you've now learned, our paper money and our "account balance" numbers on our computer screens aren't backed up by anything *real* anymore. There is nothing backing these pieces of paper except for promises.

## Why This Is A Problem

The first “hole” that money has in its own bucket is called “Inflation.” You’ve probably heard of it.

Inflation is an interesting phenomenon.

One definition of inflation is that it is the *dilution* of a currency - which, by the way, is very common for banks and governments to do.

They dilute the value of paper money that we have by simply *printing more money*.

This is like taking some gold coins, melting them down, then adding some other metal in it to make more coins even though what you’re putting in isn’t real gold - then using them as if they were made of pure gold.

Now I’m not going to go off on a rant about the government, banks, and so forth, that is another conversation for a different day, but what I do want to point out to you is that *money is constantly being diluted*.

The second “hole” that money has in its bucket, which you probably HAVEN’T heard about, is that “non-real money” - like paper money, or numbers on your computer screen telling you how much is in your account - are VERY confusing to the human mind.

It causes us to make all kinds of different mistakes that are very damaging to our financial lives. In a future report and video, we’ll go into this in a more detailed way.

But for now, let’s just remember this:

## When You Use It, You Lose It

These are only a couple of the many ways that money loses itself over time.

Imagine this:

Imagine a bucket that has holes in it... and cash is falling out of these holes. But the problem is simply that *the money makes up the bucket itself*.

In America, a dollar is worth something like 5% of what it was worth 100 years ago. The value of Fiat Money typically drops - and fast - over time. This is a result of inflation, printing more money, and banking and other practice.

In addition to the insights I've just given you, it's also important to remember that there are thousands and thousands of very smart, savvy financial and business experts alive who have figured out ingenious ways to "skim" money every time it's used by people like you and me.

From automated teller machine fees... to hidden fees and interest... to a million other things... every time you use money, it costs even MORE of your money.

*Money has a hole in its own bucket* and anytime you translate your work into money (through putting your pay into your bank account)... or you sell something and you translate that sale into money... or basically *anytime* you use money, you *lose* money.

## So Let's Recap What We've Learned

FIRST: When value and money was tangible, we were better at the game. If you had food, you ate it. If you had gold, you could make things from it. It made natural, intuitive sense to us.

Now that money is intangible, it confuses us (and again, in the next report, I'll explain why this is and how to overcome it).

SECOND: When we use money, we lose money. It has a hole in its bucket.

So what's the point? It's simply that money isn't what we thought it was anymore, and when we use money without understanding how it works, we lose.

Now let's talk about another way to think about money, and more importantly... a way to *succeed*.

And for that, let's turn to the people who understand how money works better than almost everyone:

THE WEALTHY.

## What Billionaires Know That You Don't

Wealthy people have discovered another way to play the game, that doesn't involve focusing on "getting money" - but instead focuses on playing the game at a higher level.

Have you ever noticed that billionaires don't make or keep their wealth in *cash*?

In other words, they don't keep their wealth in *Money*.

Have you ever read the Forbes 400 where they talk about the 400 richest people in the world?

I have, many times - and I invite you to take a look next time you read the Forbes 400 - pay attention to the little profiles where it talks

about how each Billionaire earned their money and where they have their wealth.

And guess what, it never says “cash.”

Why not? Why don't they have all their wealth in cash?

Because *they know better.*

Rich people keep their wealth and value in *assets* - not in *money*.

Billionaires have figured out that they actually lose value when they put their value into money, keep their value in money, and focus on money.

Most rich people don't put the focus on MONEY. Really.

And if you study how billionaires operate, what you'll discover is that most of them have *set up financial games that they can win.*

By the way, did you know that even most people who win the lottery or receive money in an inheritance wind up losing it fast?

*If you end up getting money and you don't know what to do with it you are probably going to lose it.*

You can't win a game that you don't understand - even if you start out winning - *because you never understood the game in the first place.*

## So How Can You Win This Game?

How can you win with money?

How can you actually create Self-Made Wealth?

Well, after studying the strategies and methods of many self-made millionaires and billionaires, I've discovered that these rich

people are doing something that most people will NEVER ever consider.

Let me tell you a geeky story to explain...

If you are a Star Trek fan like I am - and yes I admit that I am totally geeky here -you might remember the training simulation that's called "The Kobayashi Maru Scenario."

You may also remember how Captain Kirk is famous because he is the only one that won the game, that ever escaped alive from The Kobayashi Maru Scenario.

If you also remember, in the movie the game was *programmed so that it was impossible to win.*

No matter what you did you always lost. The point of the game was to test a potential captain as see how they would handle a no-win situation.

Now if you remember what Kirk did to win the game, it was... creative... to say the least.

He simply went in *re-programmed the game so he could win.*

He truly thought outside the box.

Instead of trying to win from *within* the game that other people set up for him, he actually went in and created his *own* game.

**Learn The Game  
Then Set It Up  
So You Can Win**

What you may never have considered is this: There's a way to win this game - but it involves you going BEYOND thinking about just money.

In the next reports and videos I'm going to release I'm going to teach you more about how to set up a financial and money game you can win - and to do just that.

But to wrap up this session, keep these Wealth Tips in mind:

*Remember that money has a hole in its own bucket.*

Inflation makes the money we have worth less and less over time.

Fees, taxes, tolls, and other little hidden "bucket holes" cost us a lot of our value when we use money.

And keeping our value in your money actually causes a decrease automatically.

*Remember that money is not an asset for most people.*

You might want to write this down on a stick note, put next to your desk, and look at it a few times a day: *Money is not an asset for most people.*

If you are a professional money trader, you're the exception - but for most of us, money is not an asset - and the more you try to *get* money the more value you *lose* without realizing it.

By the way when you use credit cards and you borrow money you actually multiply these problems - which we'll learn more about in the next reports and videos.

For many years of my life I focused on just trying to get money and it cost me a lot.

When I look back on it, it really cost me more than money - it also cost a lot of time and a lot of progress.

Now I'm playing a different game.

And now that you've learned about what money is, how it works, and why it has a hole in its bucket, it's time to learn about the EXPENSIVE MISTAKES we make with money - that keep us unsuccessful... and it's time to learn how to create a money game that we can WIN.

## **Self-Made WEALTH Exercise #1**

Now that you've learned about Money's Dirty Secret - that it has a hole in its own bucket - it's a good idea to look back into your life, and see where this has cost you. Answer these three questions to see where you have made mistakes with money that you can correct in the future:

First, what was the most important thing you learned in this report about money, what it really is, and how it works?

Think back about your personal experiences with money. Where have you lost money in your life because money has a hole in its own bucket - but you didn't realize it at the time?

Where have you played the money game - and lost - because you didn't understand how the game worked in the first place?

And now that you've learned about what money is, how it works, and why it has a hole in its bucket, it's time to learn about the EXPENSIVE MISTAKES we make with money - that keep us unsuccessful... and it's time to learn how to create a money game that we can WIN...

Go through the next two Self-Made WEALTH reports for those lessons, and I'll talk to you soon.

## ***Eben***

**P.S.** Make sure you get on my VIP list - which will give you access to an exclusive video interview where I share many of the key lessons I've learned about money and success - as well as early access to Self-Made WEALTH and other benefits. You can get on my VIP list for free here:

**[SelfMadeWealth.com/vip](http://SelfMadeWealth.com/vip)**