By M. S. KING       TomatoBubble.com

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The modern theory of the perpetuation of debt has drenched the earth with blood, and crushed its inhabitants under burdens ever accumulating.

- Thomas Jefferson (1743-1826)

Author of the Declaration of Independence
3rd President of the United States
M. S. King is a private investigative journalist and researcher based in the New York City area. A 1987 graduate of Rutgers University, King's subsequent 30 year career in Marketing & Advertising has equipped him with a unique perspective when it comes to understanding how "public opinion" is indeed scientifically manufactured.

Madison Ave marketing acumen combines with 'City Boy' instincts to make M.S. King one of the most tenacious detectors of "things that don’t add up" in the world today. Says King of his admitted quirks, irreverent disdain for "conventional wisdom", and uncanny ability to ferret out and weave together important data points that others miss: "Had Sherlock Holmes been an actual historical personage, I would have been his reincarnation."

Among other works, King is also the author of:

- *The Bad War: The Truth Never Taught About World War 2*
- *Planet Rothschild (2 Volumes): Forbidden History of the New World Order*
- *The REAL Roosevelts: An Omitted History*

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Planet Rothschild (2 Volumes)

The Bad War / The War Against Putin
# BANCAROTTA!

## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INTRODUCTION</strong></td>
<td>9</td>
</tr>
<tr>
<td><strong>SECTION 1</strong></td>
<td></td>
</tr>
<tr>
<td>THE BANCAROTTA ALLEGORY P.13</td>
<td></td>
</tr>
<tr>
<td>ONCE UPON A TIME IN MILK &amp; HONEY</td>
<td>14</td>
</tr>
<tr>
<td>BARTERING BECOMES A PROBLEM</td>
<td>15</td>
</tr>
<tr>
<td>CURRENCY IS BORN</td>
<td>16</td>
</tr>
<tr>
<td>A STRANGER COMES TO TOWN</td>
<td>18</td>
</tr>
<tr>
<td>THE WORLD’S FIRST ‘CHISELER’</td>
<td>19</td>
</tr>
<tr>
<td>THE CHISELER GOES TOO FAR</td>
<td>20</td>
</tr>
<tr>
<td>EXODUS: THE ESCAPE FROM MILK &amp; HONEY</td>
<td>22</td>
</tr>
<tr>
<td>A STRANGER COMES TO PIZZA &amp; PASTA</td>
<td>23</td>
</tr>
<tr>
<td>THE FIRST COIN STORAGE BUSINESS</td>
<td>26</td>
</tr>
<tr>
<td>LOANS – LOANS – LOANS</td>
<td>29</td>
</tr>
<tr>
<td>THE BIRTH OF PAPER MONEY</td>
<td>31</td>
</tr>
<tr>
<td>FRACTIONAL RESERVE BANKING</td>
<td>34</td>
</tr>
<tr>
<td>THE FIRST DEBTORS’ PRISON</td>
<td>35</td>
</tr>
</tbody>
</table>
SECTION 2
ECONOMYTHS – 32 COMMON ECONOMIC LIES  P.81
PAGES 82 - 108

SECTION 3
QUOTABLE QUOTES ABOUT MONEY & BANKING P.109
PAGES 110 – 126
INTRODUCTION

DO YOU EVER WONDER....

.... why our economy is under-performing? How can it be that so many people are in so much debt at the same time? Does it seem strange to you that no matter how hard one works, and in spite of all the advances in society, most hard working people cannot escape the treadmill of perpetual debt?

Why are so many families losing their homes to foreclosure? Why are so many households dependent upon credit cards to supplement their income? Why does it take TWO spouses to maintain a middle class lifestyle when it used to take just one? Why are so many young people still living at home with their parents? Why do prices always creep up? Why, in spite of continued economic “growth”, are middle class living standards falling.

Did you know that almost 1/3 of all income taxes are consumed just to pay interest on the Federal Debt? (National Debt currently 18 TRILLION DOLLARS, or about $130,000 per household.)

Think about it. Every penny collected in income tax from January 1 through part of April is consumed just to pay interest on Federal debt - much of it to foreign banking interests. And let's not forget the Government's unfunded future liabilities, estimated at 75 TRILLION. (an additional $540,000+ per household.)

Add those staggering sums to the 11 Trillion in total consumer debt (mortgages, car loans debt, credit cards, etc), student loan debt (1.2 Trillion more), State debt, County debt, City/Town debt, small business
debt, big business debt, and you will see that the total of these debts actually exceeds (BY FAR) the amount of money supply in circulation.

So, how can such astronomical public and personal debts ever be repaid? Well, if you haven't figured it out yet - THEY CAN'T!

The only way for society to service just the interest on these monstrous debts is to constantly inject new debts into the system.

Finally, on top of all your Federal, State, gasoline, and local taxes, (30\% - 40\% of your gross income) and on top of your personal debt service burden (another 25\%-50\%), there's this thing called "inflation", or "the cost of living." What exactly is "the cost of living?" What causes it? Why does a dollar buy less and less each year while wages stay flat?

Is the stress of perpetual personal debt high taxes and rising prices keeping you up at night? How many strokes, heart attacks, and even suicides are induced by financial stress each year? Money and debt may even have led to your drinking problem, or perhaps even to depression. Debt may have been the underlying cause of your divorce, or that of some couple that you know.

Debt and money pressures destroy individuals, businesses, families – and even life itself!

You know in your gut that something isn't right in this country. But you don't have the "Economics education" to figure it out. It all seems too
complicated for you to put your finger on, so you just keep slaving away to pay interest and taxes as your dollar buys less and less. All you can do is to keep working like a dog and leave the matter to the Ivy League-Wall Street "experts" and politicians to handle for you.

But it's all quite simple really. So simple in fact, even a dummy can understand it when it is broken down to basic elements.

So then, how exactly did you all become such debt/tax/inflation slaves? Why isn’t anyone exposing and explaining the root causes of this deadly debt and inflation virus?

The few voices of reason that have spoken or written about this human tragedy - though far ahead of the average American when it comes to understanding the destruction which privately owned Central Banks are inflicting upon the economies of the world - are still unable to articulate the "how" of the Fed's loan sharking, counterfeiting and market rigging operations.

It is not enough for anti-Fed activists to have an instinctive revulsion to the Fed. To merely say "the Fed prints money out of thin air" - confuses more than it enlightens.

The reason that many remain in darkness is because even most of the "intellectuals" who are on the side of truth, including the estimable Ron Paul, often do an inadequate job of simplifying and explaining things for “the common man”.

Not to worry, dear reader. Your clear thinking and clear writing author here has it all figured out and distilled into a nice easy-to-chew, easy-to-digest, delicious and nutritious 'knowledge-sandwich' for you. This entertaining story (BANCAROTTA!) will break it down for you in the form of a very simple to understand allegorical short story. You will be amazed at how easy it is to understand. Let’s get started!
SECTION 1

THE BANCAROTTA ALLEGORY
ONCE UPON A TIME …

… in the Kingdom of Milk & Honey, there dwelt a happy and prosperous people. The farmers, artisans and various small craftsmen of Milk & Honey literally 'trade' their goods and services among themselves. Sometimes, the trade is quick and simple, such as when Thomas Tomato Farmer exchanges some his excess tomatoes for potatoes grown by Peter Potato Farmer.

-- At the Market Square:

**Thomas:** Hello Paul!

**Paul:** Good Morning Thomas!

**Thomas:** Paul, you like tomatoes, don't you?

**Paul:** Of course. They go great with salad and some olive oil.

**Thomas:** Great! I like to make mashed potatoes and gravy -- and your potatoes are the best!

**Paul:** Thanks. Your tomatoes are good too. Would you like to make a trade?

**Thomas:** Yes! How about 10 of my juicy tomatoes in exchange for 10 of your hearty potatoes? Deal?

**Paul:** You got it!

The two farmers shake hands and the trade is complete. This is the origin of the economic term 'trade' – also known, in this primitive form, as ‘barter’.
Hard work and honest trade made Milk & Honey prosperous.

BARTERING BECOMES A PROBLEM

But this system of direct barter doesn't always work out so smoothly. Let's see what happens when Billy Barber tries to trade a haircut service for one of Tony Tailor's shirts.

Billy: Tony, I would like to offer you three haircuts in exchange for making me a new shirt.

Tony: That's a very good deal, Billy. There's just one problem.

Billy: What's that?

Tony: (removes his hat) I'm bald!

Billy: Damn! That is a problem.

Tony: I have an idea!

Billy: What's that?
**Tony:** Chuckie Chicken Man could definitely use a haircut; and I love to eat chicken. You go trade for some whole chickens; then bring them back to me in exchange for a tailor made shirt.

**Billy:** That's a great idea! I'll be right back.

Billy, Chuckie and Tony finally complete the three-way trade. But there has to be a better way.

_Bartering can become problematic when the traders’ items don’t match up well._

**CURRENCY IS BORN**

One day at the Market Square, Carl Carpenter offers Freddie Fisher a custom-built rocking chair in exchange for 10 pounds of salmon.

**Freddie:** Sorry Carl, but rocking chairs give me motion sickness. You have any ground beef?

**Carl:** No. But Sammy Shoemaker still owes me two pairs of shoes. How about I sign my shoes over to you in exchange for those fish?

**Freddie:** I have enough shoes to last a lifetime. What else you have?
Then, Carl comes up with an idea.

**Carl:** Freddie, does your wife like gold trinkets?

**Freddie:** Sure. What woman doesn't?

**Carl:** *(pulling a handful of gold bits from his pocket)* Take these gold bits; but I want fifteen pounds of salmon for them.

**Carl:** Nice! I can melt and shape the gold into earrings for her. Deal!

Just about everyone in Milk & Honey owns some form of gold and silver. Because of the beauty, malleability, and relative rarity of the metals; they have, and always will, possess a sort of *intrinsic* value when it comes to trade. For those reasons, gold and silver have long served as currency throughout the world. *(aka hard currency)*

It isn't long before everyone in Milk & Honey begins trading with and accepting various forms of gold and silver. The switch from primitive and cumbersome barter has a positive effect on commerce because it facilities the trades. It also allows people to store up wealth for future expenditures. To protect the integrity of trades, King Righteous institutes a standard of weights and measures using minted silver and gold coins of 1/10, 1/4, 1/2, and 1 whole of an ounce. Of course, the handsome profile of King Righteous adorns the 1 oz. gold coin.

Gold and silver trading works so well that the King decrees the metals as legal tender.
A STRANGER COMES TO TOWN

One day, at the gates of the Kingdom of Milk & Honey, there arrives Mordecai, a petty pick-pocket thief with big dreams. The disheveled and hungry stranger explains to the gate-keeper that he is a political refugee - just escaped from a faraway Kingdom where tyranny reigns. He throws himself at the guard’s feet and begs to see the King.

Good King Righteous meets with the visitor and gladly grants his request for asylum in Milk & Honey. With great fanfare and trumpets, the announcement of the new arrival is broadcast throughout the Kingdom.

The ambitious hustler will go on to live a comfortable existence, earning his keep by buying and selling things. As a broker and a negotiator, the silver-tongued shyster is without peer.

After successfully begging the King for asylum, the astute Mordecai earns a living by buying and selling various goods.
THE WORLD’S FIRST ‘CHISELER’

One day, while counting up his coins in his modest apartment, Mordecai notices that, although all of the Kingdom’s coins are of the indicated weight, *(which is all that matters)* -- the circumference varies from coin to coin. A fiendish scheme crosses Mordecai’s ever-active mind. “Eureka!” He shouts.

Tearing through his drawers, he finds a small chisel set. One by one, he secures his coins in a vice and begins shaving away at the edges of each and every coin. As long as he doesn’t “chisel” away *too* much of the weight, how would anyone ever find out that the Kingdom’s coins have been “clipped”?

After several hours of chiseling away about 10% off of each coin; Mordecai melts down the precious metal clippings and fashions them into jewelry. He will not only “earn” an easy and profitable return on his money, but with the coins still 90% intact, he can go about town and repeatedly make change for whole coins of the proper weight –and then repeat the chiseling process.

And thus originated the criminally derogatory terms: “chiseler” and “clipped”.

**chiseler:** a person who cheats or tricks; swindler

**clip:** *(slang)* to steal, to pick one’s pocket, as in, “she clipped his wallet”
The earliest forms of metal currency were vulnerable to clipping.

THE CHISELER GOES TOO FAR

Seeing how well his scheme was working, Mordecai overplays his hand and begins “clipping” away 15% of the weight of whole coins. People soon begin to notice that some coins are a bit lighter than the value engraved upon them. The scales don’t lie. Someone has been shaving coins!

-- At the local eating club:

Luke: Gentlemen, clearly there is a thief living among us. I have been wracking my brain day and night over this and can’t imagine anyone in the Kingdom of Milk & Honey stooping so low.

Frank: I know every family in this small Kingdom. No one would do such a thing. It is positively un-Christian.

David: Perhaps the clipper is not a Christian -- if you get my drift?

David: Well, see if you can follow this. Our coins were always sound and trusted. It was only a few months after that Mordecai fellow straggled into town that this problem broke out.

Frank: Oh, don’t be silly! Mordecai is a simple and pious man who came here to escape persecution.

David: Simple and pious, eh? Is that why he eats steak and lobster every night – prepared by his personal chef?

Luke: He has a personal chef?

David: Yes – and a butler too!

Frank: I did not know that. But how can he afford that? Unless …

David: Go ahead. Say it.

Frank: …unless he is chiseling coins and making his jewels with the clippings?

David: Exactly!

Luke: We had better call the King’s Police and report our suspicions.

“You think Mordecai is clipping our coins?”
EXODUS: THE ESCAPE FROM MILK & HONEY

The concerned villagers lead the detectives from the MHPD (Milk & Honey Police Department) to the home of Mordecai.

King’s Officer #1 (knocking on door): Mordecai! Open the door!

Mordecai (sticking his head out the window): What is the meaning of this?!

King’s Officer #2 (knocking on door): We have a warrant to search your premises. Open this door in the name of the King.

Mordecai: On what grounds?

King’s Officer #3: We have reason to believe that you have been chiseling the gold and silver currency of Milk & Honey. Open the door now before we bust it down!

Mordecai: A baseless slander! What vile anti-Semite has made this false charge against me?

King’s Officer #3: Open the door, Mordecai!

Mordecai: All right. All right. Let me get dressed and I shall be there in a minute.

With just the clothes on his back and a sack of coins in each hand, Mordecai sneaks out of the back window and flees into the night. Having lost their patience in waiting, the King’s police bust down the front door and begin searching Mordecai’s home for evidence.

King’s Officer #2: He’s gone! He must have fled out the back window.

King’s Officer #2: Look! There on the floor! Fresh gold clippings!
**King’s Officer #3:** And a chisel! The crook must have been chiseling coins even as we arrived.

**King’s Officer #2:** The King shall hear of this!

Thus ended the sorry saga of Mordecai the chiseler in the Kingdom of Milk & Honey.

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*Mordecai escapes from Milk & Honey just as the King’s police and the angry villagers were about to nab him.*

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**A STRANGER COMES TO PIZZA & PASTA**

After a few months of vagabonding about Europe, Mordecai arrives at the gates of the tiny northern Italian Kingdom of Pizza & Pasta. The disheveled and hungry fugitive explains to the gate-keeper that he is a political refugee - just escaped from a faraway Kingdom where tyranny reigns. He throws himself at the guard’s feet and begs to see the King.

Good King Vito meets with the visitor and gladly grants his request for asylum in Pizza & Pasta.
**King Vito:** Mordecai, my faithful subject. May you live long and prosper in our gentle Kingdom. And just to help you get started with whatever trade you choose to pursue, please accept a sack of gold coins.

The King motions to his treasurer, who hands Mordecai a small sack of gold coins. Mordecai (*eyes lighting up*), lustfully opens the sack and pulls out a handful of the bright shiny coins.

**Mordecai:** (*rubbing the coins*): What beautiful coins, Your Highness! So round -- so uniform in size -- so perfect in every way. All of the coins I have seen were jagged and varied in size. And such a handsome mug engraved on the coin too. Is that you, Your Highness?

**King Vito:** Ha ha. I like you Mordecai. Yes. Our coins used to be like those that you speak of. We just minted this new style only weeks ago.

**Mordecai:** Your Highness, I notice small notches along the perimeter of the coins – a nice decorative touch.

**King Vito:** The ridges aren’t for decorative purposes. You see, upon their return from the Kingdom of Milk and Honey, some of our traveling merchants realized that they brought back coins that had been clipped along the perimeter – chiseled.

**Mordecai:** (*trying not to look guilty*) Ah yes, I have heard rumors of such monetary crimes. Terrible. These people should be burned at the stake, Your Highness!

So, Your Highness, if a coin is uniform in size and notched along the edges, a chiseler cannot tamper with it because then no one would accept it as legal tender.

**King Vito:** Exactly!
The ridges were designed to put an end the sleazy practice of coin-clipping / chiseling.

With great fanfare and trumpets, the announcement of the new arrival is broadcast throughout the Kingdom. The happy folk of Pizza & Pasta are an industrious and prosperous lot. They greet the unfortunate visitor with the warmth and hospitality that they have always been known for. They are butchers, bakers, candlestick-makers, farmers, tailors, barbers and craftsmen of every trade. They work hard and trade often in the ridged gold and silver coins engraved with King Vito’s image upon them.

Welcome to the Kingdom of Pizza & Pasta!
THE FIRST COIN STORAGE BUSINESS

In spite of the fact that his coin-chiseling days are over, Mordecai still sees great opportunities in Pizza & Pasta; and is granted permission to set up shop in town. He intends to operate a storage facility to hold people's gold and silver coins.

To attract new customers, Mordecai sets up a small stand in the busy town square. The Italian word for bench or stand is "banca". A small stand is called a "bancarella". This is how the word "bank" originated.

As Mario the Tomato Farmer passes Mordecai's bancarella, Mordecai calls out to him.

Mordecai: Hey Mario! Remember me? I bought a bucket of tomatoes from you last week.

Mario: Ciao Mordecai! Come stai? I see you have a bancarella? Good for you.

Mordecai: I'm doing great! I just opened up a new shop in town. How about you do some business with me now?

Mario: Sure. What kind of business does your banca represent?

Mordecai: I will safely store all of your gold and silver coins in my locked vault. You won't ever have to worry about being robbed in your home and your life savings will always be available when you need to make a withdrawal.

Mario: That sounds like a good idea. And my wife won't be able to get it either. Ha ha ha. How much will you charge me for storage?

Mordecai: Mario my good paisano; that's the best part. I'm not going to charge you anything. The service is free!

Mario: You'll store my life savings for free? Really?
**Mordecai:** You heard right! But wait; there's more! I tell you what else I'm going to do. Based on how many coins you store with me; I will pay you a fee each month. It's called, ‘interest’.

**Mario:** Mamma mia! Did I hear that correctly? You will store my gold and silver and pay me for it too?

**Mordecai:** Exactly!

**Mario:** But Mordecai, my friend. How will you live? How will you feed yourself? I appreciate your kind offer, but I cannot take advantage of you in such a way. You have a kind heart, but you are not a good business man, my friend.

**Mordecai:** Let me explain how I earn my keep. You see, Mario, by lending out coins that the depositors aren't using anyway, Mordecai Savings & Loan collects 25% interest from the borrowers. I keep 20% for the hard work I do to keep the business operating, and I pay out 5% to the depositors. The borrowers will all repay because they are good Christians. Besides, the King would consider dead-beat borrowers as thieves and no one wants to go to debtors' prison. Make sense?

**Mario:** Mamma mia! What a great business idea! People who need coins can borrow them from people who aren't using all of theirs. You as the middleman get paid--and I got paid 5% for doing nothing! Is that right?

**Mordecai:** Exactly!

**Mario:** Put me down for a deposit of 5,000 lira worth of coins.

**Mordecai:** Great! Bring the coins to my vault at 123 Pepperoni Street this evening.

**Mario:** You got it!
And just like that, Mordecai has his first depositor. As you can imagine, word of this easy-money scheme spreads throughout the Kingdom of Pizza & Pasta like wildfire. Day after day the simple townsfolk, in search of safe storage and 5% interest, line up at Mordecai's bancarella to hand over their excess gold and silver coins. At night, he hauls the new deposits back to his safe and secure vault.

*Mordecai's banca is soon thriving. The simple and good people of Pizza-Pasta have no idea what's coming.*
LOANS – LOANS – LOANS

As the deposits pour in, Mordecai begins to advertise the other end of his Savings & Loan enterprise - the lending part. A sign above his bancarella reads: $100 in your pocket today! / 12 month repayment term / just 10.40 lira per month monthly payment! The lure of easy-money attracts borrowers as easily as it does depositors. The depositors understand that their coins are being lent out, but they trust that the borrowers will always repay. They are, in essence, finance partners with Mordecai. The business grows very quickly.

During the early stages of the scam, the adverse effects of the debt virus are not widely evident. But as usury spreads throughout the economy, the first problem that some borrowers will face is in getting their hands on enough coins to repay Mordecai’s loans.

You see, the principal portion of the loans exists in physical form, somewhere in circulation. But the added interest owed does not. As anyone who has ever abused his credit cards knows, borrowing at 25% seems simple enough. Paying back the compound mountain of interest can become very difficult.

The growing personal debts of the people of Pizza-Pasta will be the least of their problems!
Mordecai is a very clever and skilled mathematician. He knows that depositors will occasionally make large physical withdrawals for a variety of reasons. But he also knows that not every depositor is going to withdraw every coin at the same time. They are making interest too; so why would they? According to his calculations, the most coins that might ever be withdrawn over the course of a few days might amount to 30% of total physical deposits. As long as he keeps that many coins on deposit, withdrawal demand can always be met and nobody gets too nervous about the bancarella being insolvent.

Mordecai's business is flourishing and his reputation as a reliable keeper of coins is beyond question. But his wealth potential is still limited by the fact that he can only lend out physical coins, while still keeping enough on hand to meet withdrawal demands. The time has come to expand the loan-sharking operation into the earliest form of paper counterfeiting.

*Mordecai's scheme to replace physical metal with paper will take his scam to a whole new level.*
THE BIRTH OF PAPER MONEY

One day, Luigi the Undertaker comes to the bancarella to make a withdrawal request.

Luigi: Buon Giorno, Mordecai!

Mordecai: Luigi my friend. Come estai? How can I help you today.

Luigi: I need to withdraw 100 Lira to buy a horse from Carlo the Farmer.

Mordecai: Sure. I'll get that for you right away. -- You know, Luigi, Carlo stores his coins here too. After you pay him, he will surely have to come back here and deposit them in his own account. Just to save everybody time, why don't I give you five 20 lira 'notes' you can give them to Carlo. If he wants, he can trade the notes for coins here, but he can also use the notes to buy things he needs. The coins are all here, so the notes, or 'claim checks', are redeemable in physical coins any time. The notes are as "good as gold".

Luigi: That's a great idea! You know what Mordecai? Give me 200 lira worth of notes so I can do other shopping with them. All the merchants in town know and trust you. I'm sure they will accept them. It will be so much more convenient.

Luigi takes his pocket full of easy-to-carry paper notes and heads off for Carlo's barn to make the world's first paper transaction.

Carlo: Ciao Luigi! Hey; are you still interested in buying that horse?

Luigi: Of course. I got your 100 Lira right here (handing five bills to Carlo.)

Carlo: What's this?
Luigi: Mordecai the Goldman printed those up for me. Those notes represent 100 lira in gold and silver coins stored in his vault. You can go there and he'll redeem the notes in coins; or, you can spend the paper around town. Everybody trusts Goldman, so the notes are as "good as gold".

Carlo: What a smart idea! This is so much more convenient. I can even fold the notes and put in my pocket. That Mordecai Goldman is a genius.

Not only does Carlo gladly accept the notes, but he doesn't even bother to redeem them for gold or silver at Mordecai's banca. Instead, he just passes some of the notes along to Sergio the Carpenter in exchange for him building a new 50 lira deck for his home. Carlo has no problem getting 50 lira in change back from Sergio because by the time the job is finished, Sergio also has a bunch of Mordecai's "gold & silver backed"
notes to trade with. In time, the convenience of the redeemable notes becomes the preferred method of exchange for Pizza & Pasta.

**Carlo:** I have a 100 lira Mordecai note. Can I just give you that and you give me back 50 lira worth of coin as change?

**Sergio:** I actually have 50 lira of Mordecai notes on me. We can leave the coins in deposit.

**Carlo:** Good. These notes are such a good idea. Makes buying and selling so much easier.

In due time, the confidence in the 100% "good as gold" redemption of Mordecai's notes becomes so high that borrowers themselves prefer to also accept paper notes as loan proceeds instead of the real metals. **And that's when the scam really starts to heat up.**

When loans were issued only in the form of physical coins, the criminal enterprise of Mordecai the Goldman (also known as Mordecai the Silverman) was limited only to high interest loan sharking. You see, gold & silver coins could not be mined and minted "out of thin air". But now, with paper notes purporting to represent the coins being widely accepted as a form of currency; it’s a whole new ballgame. Unbeknownst to his depositors, **Mordecai can now get away with lending out more "redeemable" notes than the corresponding amounts of the actual coins that he has in his vault.**
It's raining money! But is there really enough gold and silver in the vaults to back up each paper bill?

FRACTIONAL RESERVE BANKING

Again, with physical coins as currency, Mordecai could never loan more gold & silver than what he held in deposit. Even then, he still had to keep enough on hand to meet withdrawals and keep people pacified. But by creating paper notes "out of thin air" and lending it to borrowers, at interest, the sky is the limit for Mordecai's Savings & Loans -- more accurately described as Mordecai's Counterfeiting & Loan Sharking.

Thus, more or less, was born an early form of the scam which academics today refer to as "fractional reserve banking". Only a "fraction" of the outstanding loan balances are held in actual paper deposits; and an even smaller fraction can now be held in metallic coins. Because most people prefer paper, Mordecai can sit on most of the coins while lending out paper and collecting paper in return. This practice not only puts the depositors' physical coins at risk, but the paper money being artificially
pumped into the economy by Mordecai's loans pushes up prices and creates asset bubbles.

It's very simple to understand. When the supply of debased money grows more rapidly than the supply of "stuff" (goods and services)-- the market adjusts and prices rise according to the currency-productivity ratio. Mordecai's scam puts real gold in his pocket along with a never-ending flow of paper interest income in his coffers. But sooner or later, the game has to end.

Under the system of Fractional Reserve Banking, Debt Money becomes the virtual currency as it exceeds the quantity of physical currency. Total debts can never be repaid in full!

THE FIRST DEBTORS’ PRISON

Sergio the Shoemaker had taken out an unsecured loan so that he could increase his inventory and buy a new kitchen for his wife. Like the man left standing when the music stops playing in the game “Musical Chairs”, Sergio was not able to get his hands on enough paper cash to repay his loan to Mordecai. You see, in a Fractional Reserve System,
when total debts exceed total money supply, somebody has to come up short.

With head bowed in shame, the proud and virtuous Sergio approaches Mordecai’s bancarella to plead with the merciless money lender for an extension.

**Sergio:** Please, Mr. Goldman. I will have your money next week.

The Money Lender would not hear of it! In front of the whole town square, he explodes on Sergio:

**Mordecai:** That’s what you said last week! My patience is at its end -- you lowly thieving no good shoemaker! I intend to have you arrested for theft! Guard! Guard!

Because neither the King nor his advisers understand the dynamics of the Fractional Reserve scam, it is erroneously assumed by them that “deadbeats” like Sergio are dishonest men who refuse to return something that they borrowed. But unlike the borrowing and returning of a hammer or a shovel, Mordecai’s paper loans carry compound interest that exceeds the physical money supply. It’s like borrowing a hammer, and then having to return 3 hammers.

Naturally, as time passes, some of the hammer “borrowers” are going to come up short of hammers. But that wouldn’t make them thieves. The real thief is Mordecai! And oh what a clever thief he is.

Sergio is sentenced to one year in Debtors’ Prison – an event which upsets many of the villagers who know him to be a good man.
Debtors were victims – not criminals!

THE LOCALS BECOME SUSPICIOUS

One day, at Giusseppe's Cafe, a group of locals are chatting among themselves:

Leonardo: Hey Giuseppe! Why do you charge so much for a cup of espresso? Are you getting greedy, my friend?

Giuseppe: Lenny. I can't help it. My suppliers are killing me. The prices for coffee beans, milk, sugar --- everything is going up.

Franco: He's right. The fruit prices at Aldo's bancarella are almost double from last year.

Giuseppe: Something is not right. Everything is so expensive and people are losing their jobs.

Franco: Yeah. Poor Marco the Blacksmith lost his business. Mordecai just foreclosed on his barn!
**Dino:** Marco is lucky the loan was collateralized. Look at what happened to Sergio the Shoemaker. He was arrested and put in Debtors’ Prison! The Church is supporting his wife and kids now.

**Leonardo:** Everybody is struggling but Mordecai just bought a brand new home, wears the finest clothes and rides in a fancy carriage pulled by a champion race horse. He doesn't even get his hands dirty!

**Giuseppe:** You think he's buying all that stuff with our money?

**Franco:** I thought about that, but whenever I go to his bancarella to make a withdrawal, he gives me cash with no problem. It's the interest that he kills borrowers with.

**Leonardo:** The interest charges are very heavy. That is true. But what if he only keeps enough coins on hand to satisfy depositors? What if his loans are all just printed paper with not enough coins to back them up? What if he spent some of our gold and silver? If everyone doesn't withdraw coins at the same time, how would we ever know?

**Franco:** Mamma mia! I never thought about that! Of course! That's why he is so rich! I'm going to that crook's bancarella first thing in the morning and pull out all of my coins!

**Giuseppe:** I will be right behind you.

**Leonardo:** Me too. Something is not right with that Goldman - Silverman, whatever you call him.
RUMORS OF INSOLVENCY

The following morning; the concerned depositors approach Mordecai’s *banca*.

**Mordecai:** Good morning gentlemen. What I can do for you today? Mortgage? Horse & Buggy loan?

**Franco:** I am here to close my account. Here are 5000 lira of your paper notes. I'll take half in gold coins and half in silver.

**Mordecai:** Close your account? But why? You are earning interest every month?

**Franco:** I don't care. I just want my coins back. Do you have them or not?
Mordecai: Of course I do! Your notes are as "good as gold"! You know that.

Franco: No notes! I want coins!


Mordecai nervously counts out 3000 Lira worth of gold and silver coins for Franco.

Mordecai: That's all I have here. The rest is in my vault at home. Come back tomorrow morning for the other 2000.

Giuseppe: I'll be back with him. And I want my 3300 Lira, also in coins!

Leonardo: Me to. I have 2500 on deposit. And just to be sure, I will bring the King's Police with me.

Mordecai: Gentlemen -- gentlemen. What has gotten into you? What type of anti-Semitic slander has been poured into your ears? There will be no need for police. I shall have all of your gold and silver coins, plus this month’s interest bonus, here for you tomorrow morning.

Throughout the day, rumors circulate that Mordecai Goldman was unable to meet depositor demands at his bancarella. In a close-knit tiny Kingdom like Pizza & Pasta, it isn't long before the whole town is in a panic, anxiously waiting to see what drama the following morning will bring.

Mordecai is mortified. He knows that his ghoulish game is up. It will only take a fraction of circulating notes to be called in for physical redemption before his coins on deposit are exhausted. So, later that night, Mordecai, with sacks of swindled gold in tow, high-tails it out of Pizza & Pasta like a 'bat-out-of-hell' while everyone else is sleeping.
Mordecai and the town’s sacks of gold vanish into the night!

THE FIRST 'BANK RUN'

Frightened depositors begin lining up as early as 6 AM in front of Mordecai Goldman's bancarella. By the 8 AM opening time, anxiety is at fever pitch. By 8:15, the villagers are ready to kill!

**Dino the Watchmaker:** That son of a bitch! He is always here 30 minutes early but today he is late?

At 8:30, Paulo the Painter arrives on horseback with shocking news.

**Paulo:** I just came back from Goldman's mansion! He's gone! He's gone!

**Luigi:** What do you mean, he's gone?
Dino: The front door is open, his vault was empty, and his big fancy carriage is gone. The devil took our coins and escaped during the middle of the night!

The mob turns violent. With no one to take their righteous wrath out on, they physically "break the banca" instead -- tearing it apart piece by piece with their bare hands. They then head for the Debtor’s Prison, release Sergio from his cell, and burn the prison down to the ground.

As Pizza & Pasta descends into a state of financial ruin and panic, mobs of angry villagers seek Mordecai in nearby towns. But Mordecai is already 100 miles to the north and still riding hard.

The "broken stand (banca)" gave rise to the term "bankruptcy". Banca in Italian = stand or bench. Rotta means broken. Hence, bancarotta = Bank Broken : Bankrupt (Bank Ruptured) or "broke".

1- The original 'broken bancarellas'. Jesus attacks the money-lenders in the Temple and flips over their tables.

2- It was Fractional Reserve Banking that gave rise to "bank runs".
A STRANGER COMES TO TOWN, AGAIN!

After a few days more of riding, Mordecai arrives at the gates of the Kingdom of Beer & Strudel and pleads with the guards for an audience with the local King. Just for good measure, he flips a 1 ounce gold coin to each of the happy guards.

Upon being escorted to the court of the good King Rudolf the Brainless, Mordecai drops before the King's feet and begins to sob like a baby.

**King Rudolf the Brainless:** My dear man! What ails you?

**Mordecai:** Oh great King! Take pity on me for I am Mordecai, a poor but pious Jew who has been persecuted!

**King Rudolf:** Persecuted? By whom? What for?

**Mordecai:** The anti-Semitic Catholics of Pizza & Pasta, Your Highness. They were jealous of my wealth and held me responsible for the
crucifixion of Jesus Christ. They tried to torture me into renouncing my religion and giving my hard earned gold to the local priest. But I escaped and rode north. Please help me, good King, I beseech thee!

**King Rudolf:** My dear brother of the Bible! What a sad tale that you tell. Praise be to God that you escaped from that wicked little Kingdom. The Almighty shall deal with them accordingly. But what is it that you want from me? How can I be of service?

**Mordecai:** Would Your Highness be so gracious as to grant me asylum and allow me to settle in your beautiful Kingdom?

*After worming his way past the Gate-Keeper,* a groveling *Mordecai throws a one man pity-party before the King.*

**King Rudolf:** Of course! You may stay at your leisure. I am sure you will find my loyal subjects among the most tolerant and virtuous folk in all of Christendom. But tell, my dear man, how will you earn your keep? What exactly is your trade?

**Mordecai:** I am a financier, Your Highness.

**King Rudolf:** A financier? What does that mean?
Mordecai: My business is to store the gold and silver coins of the people in a safe vault, at no charge to them. I then lend the coins to those in need. They in turn repay the loaned coins, along with a bit extra, which I share with savers. Everybody wins, Your Highness!

King Rudolf: What a wonderful idea! I am sure my subjects will benefit from such a service. In fact, if you prove your worth, I may in time deposit some of the public treasury with you. It sounds like an easy money-maker! And don't you worry about anyone resenting you when you become rich again. In my Kingdom, envy is a sin. I wish you great financial success, and you may worship, or not worship, as you will.

Mordecai: Oh great King! Solomon in all his wisdom could not match the correctness of the merciful blessing which you have bestowed upon your newest and most humble subject. May I refer to you as Rudolf the Wise, Your Highness?

King Rudolf: I like your attitude, Mordecai! Since you will be storing gold, from hence forward ye shall be known to all as Mordecai Goldstein. Now, rise to your feet my good man and embrace your King.

Mordecai: Mordecai Goldstein -- I like it!

Welcome to the Kingdom of Beer & Strudel!
BACK IN BUSINESS, WITH AN ADDED TWIST

With the stash of gold coins stolen from the hapless savers of Pizza & Pasta, Mordecai Goldstein is able to re-establish his lending operation very quickly. As was the case with Pizza & Pasta, the warm, friendly and trusting folk of Beer & Strudel embrace the new savings and loan scheme. Goldstein again plans the reintroduction of note-based fractional reserve banking; but this time around he isn't taking any chances.

After setting up the coin lending, but before transitioning to issuing notes, Goldstein buys the **Beer & Strudel Daily Times** and replaces the previous Editor with an ambitious journalist he has just bought. With the respected town newspaper under his control, Goldstein can enhance his fraud and protect himself from "anti-Semitism" at the same time.

Day after day, Goldstein's newspaper promotes the benefits of consumer lending and "democracy" while extolling the great financier and "philanthropist" as a genius. After about a year or so, the newspaper-worshipping people of Beer & Strudel respect Goldstein even more than their own King Brainless! Now, Goldstein is ready to churn out his "good as gold" bank note loans, *exactly* as he did in Pizza & Pasta. But there is yet another added twist.

After two whole years of easy debt-money loans circulating throughout town and bubble notes being accepted as currency, prices for food, housing and other essentials have risen noticeably. Much of this is simply due to more notes chasing the same amount of goods (*inflation*), but part of it also stems from businesses becoming hooked on credit and passing their heavy debt/interest overhead onto consumers.

People are confused and concerned. Enter a story appearing in the financial section of **Beer & Strudel Daily Times**, penned by one of Goldstein's academic stooges, a **Professor Otto Von Egg Head** from the same **Beer & Strudel University** that Goldstein has already donated 15,000 Strudel Marks to.
"There are three underlying causes behind the price inflation that the Kingdom of Beer & Strudel has been witnessing in recent months. First, when the town merchants realized that the new prosperity - brought to us by the innovative use of bank notes as currency - they increased their prices because they knew the prosperous could now afford to pay more for their goods and services. That's typical capitalist price-gouging."
But the sin of greed of the shop-keeping class is not confined to just Beer & Strudel.

"Yes. Greed is a main factor. But our shopkeepers aren't the only greedy businessmen. The second reason for this inflation is that the Kingdom of Schnitzel is gouging us on horse-feed. Schnitzel has increased hay and carrot prices because they know we can pay for it. Because so many of the goods we buy must be shipped by horseback or carriage, the increase in horse-feed based transportation costs gets passed on to the consumer. For that reason, Beer & Strudel must become horse-feed independent.

"The third reason isn't related to greed. It is due to the prosperity of the people in the faraway Kingdom of Eggrolls & Chop Sticks. (Rolls & Chop for short). As Rolls & Chop develops its economy, they produce and ship more stuff. This increases their own demand for horse feed. That increased demand pushes up the cost of hay and carrots as well. Again, because our economy runs on horse energy, Rolls & Chop's prosperity is contributing to the inflation you are seeing here in Beer & Strudel."

- Professor Otto Von Egg Head is a distinguished senior fellow at the Economics Department of Beer & Strudel University.

Much to the delight and amazement of Goldstein, the bewildered intellectual class of Beer & Strudel swallows Professor Egghead's slickly-packaged sophistry without even chewing. King Brainless believes it too. After all, Egghead is a respected "scholar"; and if his article appears in the Beer & Strudel Daily Times, aka "paper of record", then it must be true.
REAL WORLD APPLICATION: Harvard and The New York Times have long since been bought and paid for by the same criminal network that controls The Federal Reserve system. The disinformation and false education propagated by such "prestigious" institutions keeps the crooked 'bancarella' game afloat.

THE GAME TURNS TO POLITICS

With the press and academia under strict control, there will be no Pizza & Pasta uprising in Beer & Strudel! Goldstein's game continues to grow exponentially as does his income. Soon, Goldstein becomes not only richer than King Brainless, but more powerful as well.

The influence of Goldstein's donations to "pro-democracy" and "human rights" groups is enhanced by the constant agitation of The Beer & Strudel Daily Times for a stronger parliament and a weaker monarchy. The real agenda has nothing to do with "freedom", of course. Goldstein's true political goal is to transfer power from the King to his wholly owned bigmouths who will soon run the Parliament.
“Pro-democracy” protesters and corrupt politicians are all controlled by Goldstein – now the REAL King of Beer & Strudel.

But not everyone is fooled by the multi-billion Strudel Mark wool that Goldstein has draped over the Kingdom's eyes. Franz the Philosopher, suspicious of the babblers in Parliament and sensing that Goldstein is not what he appears to be, takes off on a fact-finding mission to Pizza & Pasta.

Sensing that something is rotten in Beer & Strudel, Franz departs for Pizza & Pasta.
FRANZ FINDS OUT!

Upon his arrival Franz is warmly greeted by the now happy and prosperous people of the Kingdom that Goldstein had once left "bancarotta".

Enzo the Shoemaker: Ciao stranger! Welcome to Pizza & Pasta. Where are you coming from?

Franz the Philosopher: I come from the Kingdom of Beer & Strudel.

Enzo: Beer & Strudel? Mamma Mia! That's far away. What brings you all the way to Pizza & Pasta?

Franz: I am on an educational expedition. I wish to learn about the history and people of Pizza & Pasta.

Enzo: Oh. How nice. We will be happy to answer all of your questions. You look tired and hungry. Come on over to Giuseppe's cafe and I'll introduce you to some of the town folk.

Franz accepts the invitation. After a hearty meal, a lively conversation and a few rounds of wine, Franz gets to the point of his visit.

Franz: Gentlemen, what can you tell me about a man named Goldstein who left your Kingdom a few years ago?

Leonardo: Goldstein? Never heard of him. You must have the wrong Kingdom. Who is he?

Franz: That's strange. Goldstein a big shot money lender in Beer & Strudel. He claims he was chased out of Pizza & Pasta because of anti-Semitism.
Dino the Doctor: Mamma Mia! You must be talking about Mordecai the Gold Man!

Upon hearing Mordecai's name, a man named Bruno Bacciagaluppe picks up a sledgehammer and begins smashing tables and dishes while shouting:

Bacciagaluppe: "Mordecai the Thief! Mordecai the Thief!"

Giueseppe: Bacciagaluppe! Easy my friend. Calm down. My tables are not Mordecai's bancarellas!"

Enzo: That son-of-a-bitch! He robbed us all of our gold and silver! My German friend; he will do the same to your Kingdom!

When Franz sees how these warm and gentle people have suddenly transformed into salivating madmen at the mere mention of Goldstein's name, his suspicions are confirmed. After his hysterical hosts calm down, they explain to Franz, in exact detail, how the paper note and fractional lending bubble scam worked. Franz is stunned over what he is hearing, and realizes that Beer & Strudel is in grave danger.

Bacciagaluppe and Enzo explode into a rage upon hearing Mordecai's name.
Franz: I must warn my people. Would any of you be good enough to come with me to Beer & Strudel and give testimony before our King?

Enzo: I will go.

Bacciagaluppe: Me too!

The following day, Franz and his new friends set out from Pizza & Pasta for the long ride north.

CRISIS IN BEER & STRUDEL

Meanwhile, back in Beer & Strudel, Goldstein is preparing to launch his greatest scam ever - the monopolization of all paper currency-issue by the establishment of a Central Bank - to be secretly owned and controlled by him! To prepare the people for this ambitious power-grab, Goldstein himself takes to the pages of The Beer & Strudel Daily Times:

"Unless we have a Central Bank to act as 'lender of last resort', Beer & Strudel is going to face a severe liquidity crisis in the very near future."

Instead of King Brainless issuing gold backed currency (which isn't really totally gold backed anymore due to Goldstein's paper tricks) a Central Bank could create unlimited paper currency and charge all other banks interest for it. There would be no bank runs because the Central Bank could just print money to satisfy depositor demand. To establish such an institution, Goldstein, now protected by his newspaper and his pet Professor, will deliberately create a run on his own bank!

Crisis-reaction-solution.
Through his agents, Goldstein spreads rumors of the insolvency of Goldstein Savings & Loans. As had happened with his bancarella in Pizza & Pasta years earlier, an anxious mob gathers in front of the building, which has closed its doors and declared a "bank holiday". Only this time around, the people, including King Brainless, aren't turning against Goldstein with murderous rage. Incredibly, they instead turn to the "prophetic genius" - who "predicted" the crisis - for solutions!

**REAL WORLD APPLICATION:**

1- The Federal Reserve System (a privately-run Central Bank established in 1913), grew out of the 1907 Crash & Panic.

2- Months before the Panic of 1907, banker Jacob Schiff issued a "prophetic" warning of what was coming, and what would be needed to fix the very problem that his gang actually engineered.

"Unless we have a Central Bank with control of credit resources, this country is going to undergo the most severe and far reaching money panic in its history." – Jacob Schiff
Senator Robert Owen (R-OK) saw through the game and later stated that ‘The Panic of 1907’ was a deliberately planned event.

"(The Panic) was brought about by a deliberate conspiracy for the enrichment of those who engineered it....I regard it as treason against the United States....a few men control the power of expanding or contracting credits. This unrestrained power means the power to create panics and coerce this country politically."

– Robert Owen

A FALSE SOLUTION IS PROPOSED

With the King present, Goldstein addresses his puppet Parliament as his newspaper men take notes:

Goldstein: Good King Brainless, distinguished members of Parliament, people of Beer & Strudel. Do not be troubled. This panic is a blessing in disguise. For now you can all clearly see that I was right when I wrote, only a few months ago, that this Kingdom needed a Central Bank to act as 'lender of last resort'. When all of you tried to withdraw your money
all at once, there wasn't enough to give to you because the bank didn't have a Central Bank to lend to it!

Those of you who hold stocks may have suffered a short term loss, but in the long term we will recover as new money is pumped into the system from the new King's Reserve System which I envision for Beer & Strudel. Now is the time to buy stocks. I am!

Truth be told, the people of Beer & Strudel helped to create this mess with their reckless consumer borrowing. This is the problem with free market capitalism sometimes. Parliament is also to blame for dragging its feet on my recommended creation of the King's Reserve System, to be expertly and independently managed by the distinguished Professor Egghead.

In addition to the new Central Bank, I urge Parliament to pass a huge stimulus package, which I shall be happy to finance with my own money. More regulation over private enterprise and a social safety net are also needed.

The greedy Corporations, town shopkeepers, and employers big & small created this mess and it must never happen again. (class warfare) We will impose strict price controls to fight the inflation that the price-gouging shopkeepers caused.

We will tax the rich! Free health care! Free education! (Socialism) Liberty! Equality! Fraternity! Change we can believe in! Hope! Yes we can! Workers unite! You have nothing to lose but the chains which bind you!

Gold and silver must no longer serve as the backing for our currency. To meet the liquidity needs of our new system, it is imperative that we get this town off that antiquated, "barbaric metal" Standard (hard money) and transition to my expertly managed paper currency, to be issued by the King's Reserve System. (debt-based fiat money)
We will recover! And remember, we have nothing to fear but fear itself!

REAL WORLD APPLICATION: The 1929 crash and subsequent Great Depression gave FDR (and his banker bosses) the opportunity to massively expand the size and scope of government. A big government runs up big debts -- good for the bankers, bad for the people.

FRANZ CONFRONTS GOLDSTEIN!

Goldstein's paid Parliamentarians erupt into loud applause, as does the long-since neutered King Brainless. Incredibly, Goldstein has also convinced most of the dim-witted but sincere ministers that it was free enterprise, interest-free currency, and limited government (the three main pillars of their original prosperity), that caused their problems.

Just at that moment, Philosopher Franz and his two companions from Pizza & Pasta arrive in the gallery. Franz asks a spectator about what is happening.
Franz: What's going on here? Why is everyone cheering for Goldstein?

Spectator: The town has just suffered a terrible market crash and a bank run, exactly as Goldstein had warned us about. But the great financier has not only guaranteed the solvency of our deposits, he is going to set up a King's Reserve System and finance a welfare system so this will never happen again! Goldstein is a gift from God!

Bacciagaluppe: Mordecai! You son of a bitch! I will kill you with my bare hands!

In an instant, the raucous crowd turns silent - so silent, one could hear a coin drop.

King Brainless: Who said that?


Goldstein: Anti-Semite! Racist!

Franz: No! The good people of Pizza & Pasta are not bigots! These men, Bacciagaluppe and Dino, have a story to tell - a true story - about that blood-sucking scoundrel who has brought ruin and discord to our once happy Kingdom. You see, he has taken our gold and silver and replaced it with worthless paper and endless debt.

Goldstein: (sobbing) Oh why do they persecute me? Am I not a man? If you prick me, do I not bleed? If you tickle me, do I not laugh? If you poison me, do I not die?

Franz: Don't fall for his act! There is a reason why he was chased out of Pizza & Pasta. It all began when....

King Brainless: Enough!!! I will not have you slander the Great & Good Goldstein in the presence of this august body! Philosopher Franz!
You have violated the newly enacted 'hate-speech' laws of Beer & Strudel and brought our financial savior to tears. Your Pizza & Pasta friends are to immediately return to that wretched ignorant land of intolerance from whence they came, And you, Herr Franz, are hereby sentenced to 9 months in prison. Guards! Seize him!

The stupid King falls for Mordecai's 'persecution act' and wrongly condemns Franz.

Goldstein’s wholly-owned Parliament, upon hearing of the King's decree against Franz and seeing his arrest, breaks out into loud applause. One by one the empty-headed babblers line up to embrace, console, and thank Goldstein. With the entire debt-based money supply now in his hands, along with The Beer & Strudel Daily Times, Beer & Strudel University, most of Parliament, and an idiot King, Goldstein is the undisputed material and mental master of the bewildered sheep of Beer & Strudel. Let the paper counterfeiting and high-interest loans roll!
THE GRAND SCHEME MADE SIMPLE

The misleadingly named King's Reserve System (*secretly owned by Goldstein*) allows Goldstein to scientifically engineer both "booms" and "busts". By expanding the debt money supply (*via loans*), economic activity is stimulated but inflation and / or asset "bubbles" also form as all the new money pushes up the price of stocks, real estate, rents, milk, butter, coffee, chocolate etc.

You see, the market cannot be fooled. More debt-money suddenly chasing the same amount of goods MUST push prices up. When the bubbles get too big, the King's Reserve can "deflate" the economy by contracting the money supply via loan tightening.

Remember, under such a system, 100% of currency must be loaned, at interest, into the system. **This necessarily means that the total amount of debt (P+I) always exceeds the total amount of money in circulation**- just like "Musical Chairs" in which the total amount of players always exceeds the total amount of available chairs.

As in "Musical Chairs", the sudden deflation forces debtors to scramble, or "panic" in order to get their hands on enough disappearing money to satisfy old loans. This shortage (*aka “lack of liquidity”*) is the result of the amount of repaid currency and interest exceeding the amount of new currency being injected into the system via loans.

The deflationary "bust" causes markets to crash, "under-capitalized" businesses to close, bankruptcies to multiply, and unemployment to skyrocket. Goldstein loves the "busts" as much as he does the "booms" because he can then buy up assets and stocks on the cheap before creating his next re-inflationary "boom".

Incredibly, no one questions the madness of the never-ending boom vs. bust / growth vs. recession / inflation vs. deflation / easy money vs. tight
money / bull market vs. bear market "business cycle" because Goldstein's newspaper and Goldstein's University have convinced the people that the cycles are natural.

Images from 'Money as Debt'

Public and private Debts can never all be repaid because there is never enough "liquidity" in the Principal (money supply) pool to fill up the much larger pool of Principal + Interest owed.

THE FIRST INCOME TAX

If the King’s free-spending Parliament was going to run up debts to the phony King's Reserve System, it was going to need a constant and secure flow of revenue. And so it came to pass, at about the same time as the Central Bank became operational, a Bill establishing an Income Tax was introduced in Parliament by one of Goldstein’s stooges.

The bill passed; the King signed it, and just like that the Income Tax was imposed upon the good and once-free people of Beer & Strudel. Naturally, the public was told that only “the rich” would ever have to
pay such a tax. But as time goes on, the “tax brackets” were defined downward – transforming the workers of Beer & Strudel into human collateral for Mordecai Goldstein.

The “criminals” in Debtors’ Prison would soon have new cell mates – the “tax evaders”!

**REAL WORLD APPLICATION:** The Income Tax and The Fed go hand-in-hand. Both of the above headlines are from 1913 – the year in which BOTH the Federal Reserve and the Income Tax became law.
THREE ELEMENTS OF THE CENTRAL BANK SCAM

There are three basic techniques that the King's Reserve System uses to manipulate the monetary boom-bust scam via debt-money lending. The object of Goldstein's games is to allow him to constantly milk the people of their wealth, while preventing the whole system from crashing catastrophically. Unlike the primitive old days of mobs "breaking bancas", Central Banking is a form of "responsible" destruction and plunder - sort of like exploiting a slave; while allowing him ample rest, food, a bit of property and some leisure time so that he can remain ignorantly content and keep producing.

Here are the three tricks that the King's Reserve uses to manipulate the game of secret slavery:

1. FRACTIONAL RESERVE LENDING
   Manipulation of Reserve Requirements

In its earliest and simplest form, with just one money-lender in town, this is how the game began in Pizza & Pasta. Now, all banks, whether owned by Goldstein or not, play this game of legalized counterfeiting while complying with the dictates of the King's Reserve System. When the King's Reserve mandates higher reserve requirements, member banks must reduce their lending by tightening approval standards (bust) When the King's Reserve mandates lower reserve requirements, members banks will increase their lending by loosening approval standards (boom.)
As new loans (debt-money) are re-deposited in other banks, the new money serves as the basis for making more loans (more debt money) – and so on – and so on.

2. CENTRAL BANK LOANS TO MEMBER BANKS
Manipulation of "Prime Rate"

Central Bank loans to member banks enable the King's Reserve to function as "the lender of last resort". Mobs can run on the member banks all they want. It won't be a problem because the King's Reserve can always print up new currency and lend it to member banks.

The rate which the King's Reserve's charges to the banks is known as the "Prime Rate". When the King's Reserve raises the Prime Rate, member banks are forced to raise the rates charged to direct borrowers. This causes fewer people to borrow and has the effect of "tightening" the debt money supply (bust).

Conversely, by lowering the Prime Rate, the King's Reserve encourages more borrowing, an expansion of the injected money supply (boom).
The discount window prevents “broken benches” by allowing the money lenders to have access to counterfeited new debt-money.

3- OPEN MARKET OPERATIONS  
Open Market Operations / Bond Buying

Goldstein's generous financial contributions to the "left wing" Parliamentarians who always advocate for grand welfare-for-vote schemes; and the "right wing" Parliamentarians who always advocate for war, will create a massive welfare-warfare state that must perpetually borrow money to cover its spending. This is done by the sale of the King's Bonds to the general public or investment houses.

When Goldstein wants to inject more "liquidity" (debt money) into the economy (boom), his Central Bank can print money out of thin air, and then re-buy bonds from private sources. The Kingdom will then have to pay Goldstein interest on the bonds.

* In recent years, the U.S. Federal Reserve System has been buying bonds and bad debts directly - all with counterfeit money.
When Goldstein wants to withdraw money from the economy (bust), his Central Bank can sell off bonds to the investors. This removes money from the system as it returns to Goldstein's vault, or, in the modern version of the scam, into the make-believe electronic source from which it originally came.

**Bond-driven Boom or Bust – It's all rigged artificially by meetings of the high and mighty board.**

And that's how the game works. If the King's Reserve stops injecting new debt money to replace the old debt money that is perpetually being paid back to the banks; then everything deflates as money *literally* begins to disappear. That’s called a “liquidity crisis”.

If the King's Reserve continues to inject loans, currency loses its values as prices and asset markets creep back up. That’s known as “overheating”. Inflation or deflation; stock market boom or crash; either way - Goldstein wins.

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The money that one borrower needs to repay an old loan MUST BE created somewhere else in the economy by another debtor who just took out a new loan! And so on, and so on, and so on...
Anti-Central Bank cartoons from 1912 foresaw the coming monster.

MANAGING THE PHONY “BUSINESS CYCLE”

So, you see; the "business cycle" is not a natural occurrence, at all! "Easy money" = "Boom"; which leads to inflation because more currency is chasing goods and services (counterfeiting effect).

"Tight money" = "Bust" because folks can't get their hands on enough money to repay old loans. The "recession" / "depression" must ultimately be remedied by another round of "easy money". And on and on and on the cycle of counterfeit money insanity plays out decade after decade after decade -- which is why a loaf of bread has gone from 5 cents to $2 over the past 100 years.
In short, think of the debt-money supply as a bucket containing water, but full of holes. The water pouring into the bucket from your garden hose represents the new loans. The water escaping the bucket through all the holes represents the old loans (both principal and interest) being paid back into the part real / part make-believe bank-money system.

The "challenge" for the Jewish "geniuses" at the Federal Reserve is to keep enough water in the bucket to prevent it from emptying out (Great Depression, Asset Crashes) -- while not pouring so much in that the bucket overflows (high inflation, hyperinflation, asset bubbles, "overheating" economy etc.). Indeed, since the Fed's inception (and even before) every, and we do mean every, "boom" and asset bubble was preceded by an artificial bank-induced, debt-based monetary expansion (too much water going into the bucket).

Conversely, every, and we do mean every "Panic", stock market crash, real estate crash and recession was preceded by the inevitable monetary "correction" / contraction (bucket emptying out as water flow is reduced and people scramble to get their hands on "liquidity"). The constant interest drain of the bucket game weighs on society even more so than heavy taxes.
You know the old adage, "buy low and sell high"? Well, whether people know it or not, it’s really just another way of saying, "buy as the water level in the bucket is getting low; and sell after the maximum amount of new water has been poured in." It’s sound advice for playing a fundamentally dishonest game -- a game in which the biggest winners are those who know in advance when the next “liquidity” cycle is going to be rigged. The insiders make money on both the "ups" and "downs".

Though some Central Bankers appear to have played the bucket game of inflation-deflation-re-inflation more skillfully and responsibly than others; the fact remains, it is still a crooked, destructive, and INSANE game.
FRANZ PLOTS HIS REVENGE

While in prison, Franz writes a book about his revelations and plots a new strategy for taking power away from Goldstein and returning it to the people of Beer & Strudel. With the press and parliament in Goldstein's hands, the only way to fight the new economic system is to go through the new political system. Upon his release, Franz forms his own political Party, the Sons of Beer & Strudel Party (SBSP), and establishes a newspaper.

Slowly but surely, month in and month out, Franz builds the SBSP. After 12 months, in spite of blistering attacks from the Beer & Strudel Daily Times, SBSP controls 15% of Parliament. The following year, a catastrophic Goldsteinian Depression throws one-third of the Kingdom out-of-work. Hungry and afraid, the gullible townspeople finally open their minds to Franz's warning about Goldstein and The King's Reserve System. SBSP soon becomes the majority Party. An aging King Brainless, who has finally started to understand what Goldstein is all about, names Franz as Chancellor.

Franz's SBSP moves quickly to seize control of The Beer & Strudel Times, Beer & Strudel University, and the King's Reserve Bank. Goldstein is permitted to live in peace, but he is barred from exercising political, press, or financial power over the people of Beer & Strudel. The corrupt monetary system is replaced with a sound and stable currency backed by productivity and managed in such a way as to avoid the destructive boom-bust cycle. As the economic life of Beer & Strudel is restored, Franz's popularity reaches amazing heights.
REAL WORLD APPLICATION: The German economic and social recovery of the 1930’s was nothing short of miraculous.

THE GLOBAL PLOT AGAINST BEER & STRUDEL

Jealous and bitter, the once-supreme Goldstein packs up his belongings and moves away to an island known as the "Kingdom of Tea & Crumpets". Upon his arrival, Goldstein is given a warm welcome by his cousin, the supreme Central Banker and shadow ruler of Tea & Crumpets, Nutter Rottenchild.

Rottenchild: Let not your heart be troubled my cousin. We shall settle accounts with Chancellor Franz soon enough.

Goldstein: No. You don't understand. Franz's is so popular now that the people of Beer & Strudel have crowned him Chancellor for life. He controls their hearts as well as the press and the university. We shall never capture Beer & Strudel again.

Rottenchild: Not internally, perhaps. But we can take Franz down from the outside.
Goldstein: No way. Beer & Strudel is too well-armed and motivated. They will defend their freedom to the last man.

Rottenchild: The Kingdom of Tea & Crumpets may not be strong enough to take down Chancellor Franz, but through an alliance with the Kingdom of Quiche & Champagne and the Kingdom of Hammer & Sickle, we can crush Beer & Strudel from both the East and West.

Goldstein: Yes! An alliance! That could work! But the people do not want war. They would rather 'appease' Franz. How do we get them to fight?

“Do not be troubled, cousin. We shall re-conquer Beer & Strudel.”

Rottenchild: It's already been arranged. We have promised to give the Kingdom of Polka & Kielbasa part of Beer & Strudel’s territory in exchange for picking a fight with Chancellor Franz. Years ago, we had arranged for Polka & Kielbasa to take possession of parts of Beer & Strudel. The Mad King of Polka & Kielbasa has been told to start killing Beer & Strudelians living there and also to make incursions upon the border of Beer & Strudel.
When Franz responds to the attacks, our press will accuse Beer & Strudel of invading poor little Kingdom of Polka & Kielbasa. That will give the allies the justification for declaring war on Beer & Strudel.

**Goldstein:** Brilliant!

**REAL WORLD APPLICATION:** The propaganda war against peaceful (yes, peaceful!) Germany was launched more than 6 years before the actual shooting started.

**WORLD WAR**

Rottenschild's plan to kick-off a war on Beer & Strudel works exactly as planned. But not before Chancellor Franz pleads for peace and talks with the King of Quiche & Champagne. Franz pens an open letter pleading for peace, but the bankers and their political allies and agents will hear none of it!
REAL WORLD APPLICATION: The August 28th, 1939 headline of the New York Times (Berlin Thinks Door Is Left Open To Peaceful Solution) confirms that Hitler sought to avoid war with Britain & France. Excerpts of Hitler’s letter to French President Daladier can be found in ‘The Bad War’ by M S King.

Wrongly believing that Polka & Kielbasa was the innocent victim of aggression, much of the "world community" turns against Chancellor Franz. But what the warmongers did not expect was the swift victory of Beer & Strudel over the Kingdoms of Polka & Kielbasa and Quiche & Champagne. Tea & Crumpets is forced to withdraw her troops back to its home island and the Kingdom of Hammer & Sickle never even has the chance to attack Beer & Strudel from the east.

With Beer & Strudel in total control of the situation, Franz pleads with Tea & Crumpets to end the war and make peace. There are some in Tea & Crumpets who also want to stop fighting. But from far across the great ocean, the Kingdom of Yankee-Doodle urges the drunken King of Tea & Crumpets to keep fighting. The powerful young Kingdom even sends weapons to Tea & Crumpets.
Suspecting that the Kingdom of Hammer & Sickle was about to invade Beer & Strudel, Chancellor Franz orders a surprise invasion of Hammer & Sickle and nearly topples its evil King and his whole court. The only hope left for the evil alliance is for the Kingdom of Yankee-Doodle to enter the war. It seems like an impossible task because the people of Yankee-Doodle are peaceful and see no reason to cross an ocean to fight a foreign war. It will take a major triggering "event" for the money-lenders of Yankee-Doodle and their puppet King Rosie to be able to trick their Kingdom into a war.

REAL WORLD APPLICATION: 'The Bad War' by M S King clearly shows that Hitler did all he could to avoid the bankers’ war, and also to end it peacefully after it had started.

Chancellor Franz refuses to respond to Yankee-Doodle provocations, but the Evil King Rosie has a plan. The Asian Kingdom of Sushi & Saki is party to a defense alliance with Beer & Strudel and also Pizza & Pasta. After tolerating a series of outrageous provocations and threats from Yankee-Doodle, Sushi & Saki is forced to strike the first blow at Ruby Harbor. The mighty Kingdom of Yankee-Doodle, along with Tea & Crumpets and Hammer & Sickle, is now at war with Sushi & Saki, Beer & Strudel and Pizza & Pasta. What a bloody mess!
As you might expect, the combined might of the Evil Allies ultimately proves too much for Beer & Strudel and friends to withstand. Countless numbers of people are burned to death by the mighty catapults of Tea & Crumpets and Yankee-Doodle. The hordes of Hammer & Sickle rape every Beer & Strudel woman that they can get their hands on. With the world closing in on him, Chancellor Franz takes his own life and the war in Europe ends.

Months later, the Kingdom of Sushi & Saki is finally defeated after Yankee-Doodle catapults two massive fireballs over its walls.

**REAL WORLD APPLICATION:** Unlimited Allied manpower and unlimited brutality brought Germany and Japan to their knees.

As part of the "de-Franzification" process, the **Beer & Strudel Daily Times** and Beer & Strudel University are placed under strict control of the Evil Allies. Subsequent generations of brainwashed Beer & Strudelians will be taught to feel guilty over starting the war and to hate their "anti-Semitic" ancestors. Goldstein's fraudulent King's Reserve System is also put back in place along with the "boom" and "bust" debt-money cycle which the whole world now accepts as normal banking.
REAL WORLD APPLICATION: Three subsequent generations of Germans have been brainwashed into self-loathing and extreme guilt over fictitious claims about "The Holocaust TM".

MONEY TODAY

In the modern world, this "bancarella" debt system is now so entrenched, and so well-protected by political, journalistic and academic barriers, that many otherwise intelligent people cannot even begin to imagine, let alone understand, the true depths of the perpetual fraud.

But it's all so very simple. If you can understand the "broken bancas" of Pizza & Pasta, and the upheaval in Beer & Strudel; then you now understand how the world we live in today really works -- and why so many people, in spite of the economic growth and wealth all around us, still must struggle to 'make ends meet' and to maintain a family.

You don’t have to be a diploma-decorated economist or banker to understand how the scam works. The scam is very simple to understand, once one overcomes the psychological barriers. If you can understand the original “bancarotta”, you now know how the world works.
A SOLUTION

An honest way to build better and bigger buckets of REAL money!

Step 1: Kill the Central Bank (Federal Reserve) -- like President Andrew Jackson did in 1833! All currency should be issued interest-free from the National Treasury or National Bank.

Step 2: Declare consumer debts null and void -- like Napoleon did in 1808 -- and abolish the evil practice of consumer lending at interest (aka 'usury'). This will plug up the holes in the bucket and lead to a debt-free economy in which affordable cars and homes can once again be paid for in cash -- as many middle class people used to be able to do as recently as 40 years ago!

Step 3: Abolish Fractional Reserve Banking and replace it with 100% Reserve Banking for certain types of commercial loans only. Commercial loans in a 100% reserve context are acceptable because they can serve as investments in future growth (more goods and services, hence, non inflationary). In essence, the depositors in commercial loan banks would be investors, similar to stock holders.

Those who wish to avoid any risk can keep their money in insured safety deposit boxes at 0% interest. States and municipalities should be able to
borrow for useful construction projects at 0% interest from the National Bank / Treasury.

1- Napoleon Bonaparte: “Money lenders are without patriotism and without decency; their sole object is gain.”

2- Andrew Jackson: “The bold effort the present bank has made to control the government, the distress it had wantonly produced...are but premonitions of the fate that awaits the American people should they be deluded into a perpetuation of this institution or the establishment of another like it.”

Step 4: New Monetary Law: As the amount of goods & services (GDP) expands, proportionally expand the money supply (via the Treasury) with spending on useful public works projects or direct tax rebates. This makes the solid bucket bigger and provides more water (true wealth) for everybody, with zero inflation and zero debt for everybody. *A possible exception could be made for the national emergency of war.*

Step 5: Fiscal Policy: Apart from the overhaul of the monetary system and the abolition of consumer usury, drastic reductions in state
bureaucracies, welfare scheme spending and military spending will allow for deep reductions in taxation. Excessive regulation and litigation must also be eliminated. This would provide more investment capital for entrepreneurs, and more real money for working people.

In this time of advanced production and technological capabilities, economic revival, full employment, high wages and universal prosperity should be easily achievable. It is only the thievery and oppression of Mordecai, his political puppets, his propaganda press, and his University minions that keep so many people in perpetual blindness and bondage.

That’s the truth of our world. Yes, truth – the only thing that will ever set us free.

Wealth and debt-free living may not buy happiness, but it sure would avert misery and stress for many families!

Prosperity is available to all of us; but the Globalist Central Bankers and their idiot minions won't allow the masses of tax & debt slaves to have it.
SECTION 2

ECONOMYTHS

Quick Rebuttals to 32 Common Economic Lies
**MYTH #1:**

Government spending is a “stimulus” for a slow economy.

**FALSE:** Government can only spend money that it takes out of the private economy by taxation and/or currency debasement (*inflation*). Therefore, “government stimulus” is the equivalent of extracting blood from a sick patient’s right arm, and infusing the very same blood into his left arm – with a few ounces actually being lost in the transfer due to inefficiency, fraud, stupidity and interest.

*Government Stimulus schemes fail because the heavy cost of the stimulus must be borne by the private economy that is already overburdened.*

**MYTH #2:**

The Great Depression was caused by excessive greed and made worse by President Hoover’s inaction and tariff policy.

**FALSE:** The Great Depression was preceded by a multi-year period of the Fed’s debt-based monetary expansion – followed by the Fed’s extreme monetary contraction of 30%. Debtors couldn’t get their hands on enough “liquidity” to pay back the debts they had run up during the Fed’s “easy money” years. Rather than alleviate the stress by adding back more “liquidity”, the Fed continued tightening until President Herbert Hoover could be thoroughly destroyed and replaced by Franklin D Roosevelt in 1932.
When The Fed choked off the money-supply; it spelled the end of 1920’s prosperity and the end of the Republican Party – which was wrongly blamed by the press.

MYTH #3:  
FDR’s The New Deal ended the Great Depression

FALSE: Six years into the reign of the de facto dictator, with the National Debt exploding, unemployment continued to hover in the high teens as FDR’s Democrats lost 80 seats in the 1938 Congressional Elections. Many in FDR’s own Party began to turn against him and his ineffective tax and spend schemes.

No longer “untouchable”, FDR’s failed schemes had become the butt of many jokes and creative cartoons.
MYTH #4:
World War II pulled America out of the Great Depression

FALSE: The increased production (GNP / GDP) of the “full employment” wartime economy (10 million men forced to join the military!) was mostly consumed by the militaries of the U.S., Britain and the Soviet Union. World War II was actually a time of great privation, rationing and sacrifices on the home front. Car bumpers had to be made of wood as metals were used up by the war effort. While the young men were sent to fight and die abroad; the women were forced to do with less at home, or worked like dogs in the factories. What kind of “recovery” is that?!

It was the end of World War II (drastic reduction in government spending) that finally brought about an economic recovery.

From 1941 – 1945, “Rosie the Riveter” was worked like a factory animal while the country was put on rations and urged to “do with less”. It wasn’t until about 1947 that living standards finally began to rise again.
MYTH #5:

Federal Taxes are the price we must pay for civilization - roads, police, fire departments, schools, courts etc.

FALSE: This is a favorite cliché that loony liberals / “progressives” use to deflect from the truth of their destructive policies. Only a tiny fraction of the loot which the Feds rake in is actually used to fund highway / road infrastructure and the courts. Police, firemen and schools are mostly funded on the local level.

The bulk of the Federal Budget is used to fund the war-making Department of Defense Offense, the useless Departments of Education, Energy, Homeland Security, Interior etc., the Social Security and Medicare Pyramid Schemes, various bloated welfare schemes that keep millions of people dependent and voting for Democrats, and well-documented waste, fraud and abuse that everyone knows about, but does nothing about.

*Warfare schemes and welfare schemes — that’s where the bulk of tax dollars go!*
MYTH #6:
Federal Regulations protect the public.

HALF TRUE: Some regulations are necessary and reasonable; but many are not. Excess regulation places an extreme burden on the private economy and its ability to create and sustain good paying jobs. All human action carries with it some degree of risk or downside. The trick to common sense regulation lies in determining what level risk is tolerable.

A thorough cost-benefit analysis would eliminate the petty business regulations that destroy jobs and accomplish little if anything for the general public. But the control freaks of government will hear nothing of “deregulation” – a word they have turned into something bad.

The cost and the time wasted in regulatory compliance is stifling economic growth and killing jobs. As if that wasn’t bad enough, many of the environmental regulations are based on phony science.

MYTH #7:
Liberal / Progressive politicians care about the poor.

FALSE: Don’t fall for the phony altruism. The only thing that big government liberals care about is getting elected and expanding their power. For example, the most worshipped “liberals” of them all, FDR and his Communist wife, Eleanor,
gave less money to charity than any other 20th century First Family. This was in spite of the fact that they, due to their respective inheritances, were probably the wealthiest couple to occupy the White House.

The only interest that the devious demagogues of the Left have in “the poor” is in keeping them poor, stoking their sense of envy, making then dependent on government handouts, and voting Democrat – forever.

*Franklin and Eleanor were very generous in “giving to the poor” – just not with their own money!*

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**MYTH # 8:**

Capitalism is failing the people.

**FALSE:** First of all, the term “capitalism” is a derogatory reference coined by the degenerate Communist demagogue Karl Marx. A “Market Economy” would be a much better way to describe the natural system of free and competitive commerce.

What most countries operate under today is not a “Free Market Economy”, but rather a “Mixed Economy” – **a bastard hybrid of the Communist and the Free Market models.** The degree of prosperity that many are able to still enjoy comes solely from the beautiful free-market “parent”. The serious problems plaguing our economic life (*Central Banking, debased currency, excessive taxation, excessive regulation, excessive litigation, corporate crony-ism between the Feds and favored corporations etc*) come solely from the ugly Marxist / Progressive “parent”.

87
Only a Mad Marxist or a Loony Liberal would blame the beautiful raped mother (the free market parent) for Junior’s gross deformity (from the Marxist parent). Oh well; at least Junior has her hair and eye-color.

MYTH #9:
“Income Inequality” is a serious problem

FALSE: The struggles of the working poor and middle class are in no way connected to the high incomes of others. The economy is not a closed-end pizza with 8 fixed slices – but rather an ever-expanding pie that would produce enough slices for everyone if the politicians and Central Banking crooks stopped bludgeoning us with taxes, debt-money and inflation.

It is The Fed and the politicians who are weighing down the private economy and keeping people down with burdensome taxation, regulation, litigation, interest payments and inflation. The “rich” (the job creators!) are unjustly used as convenient scapegoats. Bashing “the rich” may play well with envious losers and haters, but it does nothing to improve their lot in life.
The Fed’s debt-based economic system is what causes extreme “income inequality” – not the so-called “rich people”.

**MYTH #10:**

Health Care and education should be free for everyone.

FALSE: There is no such thing as universal “free”. Whereas the “benefits” of “free” stuff are often visible and tangible; the true costs, however, are not always easily discernible – but are very destructive nonetheless.

One way or another, every good and service has to be paid for by the workers and producers of society – either by direct purchase, or by taxation and inflation.

For example, “free” schools and “free” school lunches are supported by heavy property taxes and higher rents; and “free” European-style medicine is financed by very heavy VAT (*sales*) taxes and constant increases in “the cost of living”.
The burden of both seen and unseen taxation is what funds the “free” gifts that politicians “give” you. Wouldn’t you be better off just keeping your money (debt-free money, preferably) and shopping on the free and competitive market with it?

**MYTH #11:**

Deficits are the result of the rich “not paying their fair share of taxes”.

**FALSE:** Class warfare demagoguery for the envious and ignorant! In reality, the top 10% of U.S. earners pay about half of all income taxes. Know this, dear reader -- there is no shortage of money flowing into the coffers of the Internal Revenue service! The deficits *(in America)* are the result of excessive spending on the Department of Defense Offense, welfare schemes, the Social Security and Medicaid Pyramid schemes, the useless Departments of Education, Energy, Homeland Security etc., as well as waste, fraud and abuse.

Many European countries that “tax the rich” *(the entrepreneurial, job creating class)* at rates even higher than America does, still carry massive budget deficits year after year. The problem is the spending, stupid!
The government is not short of loot. The Feds alone rake in the equivalent of about $20,000 per worker!

**MYTH #12:**

Social Security is a great program for elderly and disabled Americans.

**FALSE:** FDR’s Social Security program is, and always has been, a destructive Pyramid Scheme by which young workers are heavily taxed so that politicians can buy the votes of the elderly population that they have made dependent upon the state.

The forced plan was sold to the gullible public as a savings plan that would work “like a shoebox” with dollar for dollar employer matching to accumulate until old age. In reality, Social Security TAXES have never funded old age. The sneaky taxes are used to pay current SS recipients; with any excess used to purchase the government bonds that fund America’s out-of-control welfare and warfare state. **There is no "shoe-box" and there never was!**

Every current American senior citizen has therefore been cheated out of what would have been a privately self-funded small fortune at retirement. Just imagine what nearly 50 years of employee-employer forced savings, intelligently diversified and with a reasonable rate of compound growth would have accumulated to in our "shoe-boxes"!

Instead, FDR’s monstrous pyramid scheme is now busting America’s multi-trillion dollar budget and can only be kept afloat by more debt and currency debasement
caused by the Fed’s printed money. Many Seniors barely survive and younger people already know that FDR’s SS will not support them in old age.

1 & 2: The 'shoe-box' is empty! It was a Pyramid Scheme all along.
3- Chile’s Social Security system truly is a mostly self-funded private “shoe box”, and the people LOVE it!

**MYTH #13:**
If it were not for welfare programs, people would starve in the streets.

**FALSE:** The main Federal welfare schemes (food stamps and Medicaid”) were not put into place until President Johnson’s “Great Society” aka “War on Poverty” of the late 1960’s. Why weren’t people starving to death in the streets before that? Answer: Because most families were intact and the economic deterioration was not as widespread. Those who did “fall through the cracks” had strong families, churches and civic groups to fall back on.

Of course, in today’s dependent society, a sudden cut-off of welfare “benefits” would indeed wreak havoc upon the dependent class. But the important thing to remember is that it was the welfare schemes that brought about the epidemic of fatherless children and perpetual government dependency – not the other way around.

The long term solution to state dependency is a return to free enterprise, sound debt-free currency, honest banking and a moral restoration centered on strong nuclear families.
MADNESS! The social engineers behind the liberal welfare state reward single mothers for having multiple children out-of-wedlock. The generational cycle of welfare dependency creates thousands of criminals; millions of chronically unemployed Democrat voters; and a busted Federal budget which must continuously borrow counterfeited money from The Fed.

**MYTH #14:**

High prices are caused by greedy capitalists seeking to maximize profits.

**FALSE:** The profit margin (*which people are entitled to for their work!*)) is actually one of the lowest components that factors into the price of a given product or service – generally averaging about 12%. There are entire industries that thrive on margins as low as 3% (*health insurance and hospital care are among them!*)

The main overhead drivers of final retail prices are: commodity prices (*affected by The Fed’s inflation*), business taxes, payroll taxes, cost of regulatory compliance, cost of protection against frivolous litigation (*liability insurance*), and labor costs (*affected by The Fed’s inflation*).

In short, politicians and Central Bankers cause prices to rise; then they blame the business owners for being “greedy”. Typical Marxism!
The cartoonish caricature of the mythical fat businessman as the source of our problems is silly Marxist propaganda. It is the gangsters depicted on the right who are the REAL culprits. In order from left to right: Current Fed Chairwoman: Yellen, past Chairmen Volcker, Greenspan, Bernanke

**MYTH #15:**

Illegal aliens do the jobs that Americans won’t do.

**HALF TRUE:** A more accurate statement would be "Illegal aliens do the jobs that "poor" Americans do not have to do because the welfare state provides for them." Take away the free stuff from all the phony disability cases and able-bodied welfare recipients; and see how fast many of those menial jobs get filled when society's pampered freeloaders are faced with going hungry!

*Illegal immigration is NOT good for America, or Europe.*
MYTH #16: High poverty rates in the inner cities are the legacy of a century of slavery and another century of racism.

FALSE: This phony argument was invented by "progressives" to cover up the failure of their own policies. In 1960, the unemployment rate among young Black men was only 8% (as compared to 5% nationwide). Crime in the inner city was far lower and 80% of children had a father in the home. So, if the problems of the inner city are "the legacy of slavery and racism" - shouldn't the situation have been far worse in 1960 - a time in history that was closer to institutionalized discrimination and slavery than 2015?

It was the socially-engineered collapse of the traditional family - caused by the "sexual revolution" and the rewarding of women for having fatherless children - that has led to the crisis of the cities. Destructive economic policies (again, caused by Marxists / liberals) only compound the social problems.

The husbandless baby-factories of the inner city breed because of welfare, not because of “slavery”.

MYTH #17:

Inflation, aka “the cost of living” is a natural phenomenon.

FALSE: In an honest market economy which uses a debt-free honest form of currency, the natural course of things is for prices to continually decrease! As the economy grows, there is more "stuff" relative to existing currency. Therefore, money should buy more and more as the years pass by.

Indeed, the overall rate of inflation for the 100 years preceding the establishment of The Fed was 0%. Since that time, a loaf of bread has risen from .05 to $3.00!

A scenario in which money gains value does create an incentive for people to hoard money - which is not what currency is supposed to be for. The wisest course of action is to therefore increase the money supply (a real increase in incomes) in proportion to the increase in overall productivity. This can be done through viable public works projects, tax rebates and interest-free Treasury loans for business development.

No change in consumer prices from 1800 to about 1915. The line goes steadily up after The Fed was established in 1913.
MYTH #18:
The unemployment rate is ____ %

FALSE: Changes in the method used to calculate the most commonly reported unemployment rate (U3) were designed to *grossly understate* the true rate by not counting the long term unemployed, part-timers who cannot find full time work, and those who have either partially or completely given up looking.

Economist John Williams of *ShadowStats.com* does a fine job of tracking the actual unemployment rate.

![Graph showing unemployment rate with and without labor force dropouts included.](image)

*The government LIES about unemployment.*

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MYTH #19:
The inflation rate is ___ %

FALSE: Changes in the method used to calculate the rise in prices were designed to *grossly understate* the true rate of inflation by not counting food, energy and rent prices. This keeps the public from panicking and enables the government to avoid increases in Social Security payouts (*which are tied to the consumer price index*).

Economist John Williams of *ShadowStats.com* also does a fine job of tracking the actual consumer price index – and it’s not a pretty picture!
When economist John Williams adds food prices back into the inflation formula, the results are scary.

**MYTH #20:**

The economy (GDP) is growing at ___%

**FALSE:** One of the key components used to calculate economic growth (*productivity*) is the rate of inflation. By grossly understating inflation (see Myth #19), government economists are able to overestimate the GDP and avoid panic.

Again, economist John Williams tracks the actual GDP numbers of ShadowStats.com.

*Williams also demonstrates how the GDP “books are cooked” by the government.*
MYTH #21:
The dollar is strengthening.

FALSE: Whenever you hear about “the strong dollar”, understand that the “strength” refers to how the dollar compares to other dying currencies at any moment in time. When the dollar is “strong” vs. the Yen, it means that the Japanese Central Bank is debasing its currency even worse than the U.S. Central Bank (The Fed) is.

Unless you are directly involved in the import-export business; or you are traveling to a foreign country; or if you play at the casino of Foreign Exchange (Forex), this ratio means nothing! What matters to the great bulk of the population is not how the dollar is trading relative to the Yen or the Euro at any given time; but rather, how the dollar is doing relative to the cost of bread, coffee, milk, meat, plastic, olive oil, detergent, sugar, cereal etc. In those areas, it is never “strengthening”.

As the “strong dollar” outperformed the yen and the Euro, the size of soda cans and chocolate bars shrank substantially!

MYTH #22:
Lower wage earners don’t pay taxes.

FALSE: Although many low earners are exempt from income taxes, they are all still forced to pay a 7% chunk of their weekly salary for Social Security and Medicare taxes. They must also pay gasoline taxes, tolls, sales taxes, property
taxes embedded within their rents, business taxes that are passed along to consumers, frivolous parking and traffic tickets, and “the inflation tax” which is caused by the constant debasement of the national currency.

The “working poor” are heavily taxed – most of all, by The Fed’s inflation. It’s only the professional welfare class that pays nothing.

MYTH #23:
The government is cutting spending.

FALSE: Modern governments never cut actual spending. When politicians and the press talk about “cuts”, they are really talking about cuts in projected future increases. Talking about “spending cuts” while only cutting the rate of future spending growth – is like a 300 pound fat man claiming that he lost 20 pounds while actually gaining 10 pounds. “I was projected to gain 30 more pounds next year, which would have put me at 330. But I am reducing that projection to only 10 pounds gained, which will put me at 310 pounds. I lost 20 pounds!

To make matters worse, even the promised phony “cut” often never materializes as promised!
MYTH #24:

Welfare spending has a stimulatory effect because the recipients spend the money back into the economy anyway.

FALSE: The great French economist Frederic Bastiat referred to wrong-headed thinking as "the broken window fallacy" Bastiat argued that such schemes amount to the deliberate breaking of windows so that the money spent to fix them could stimulate commerce.

In reality, the money that people would spend to fix windows could have been used to buy something else and thus reward someone's productivity -- all while the windows remained intact. Wealth is thus squandered, not enhanced -- and society is left poorer (with less stuff), not richer!

Likewise, paying people to be non-productive represents a repeating stage in the currency circulation cycle in which tax money is wasted in return for nothing. Welfare spending is a constant burden, not a benefit.
Only a deranged Harvard economist and a liberal politician would argue that forcing taxpayers to carry this unwed woman’s eight children is “good for the economy” – but Bastiat knew better.

**MYTH #25:**

Before the Progressive Era, America was a cruel and heartless society ruled by greedy “Robber Barons”.

FALSE: The pre-Central Bank and minimal taxation era of 1840-1913 witnessed the most rapid growth and upward class mobility in history. Millions of European immigrants clamored to reach America and start at the bottom rung. Did they all come to America to be "oppressed" by "Robber Barons".

As for some of the working conditions in the nation's factories, only a minority of workers even worked in factories. Most people worked in agriculture, small trades, self-employed etc. To suggest that the existence of harsh working conditions in some of the factories somehow justifies the explosive growth in government size, the Income Tax and the establishment of The Fed is like using a shoplifting problem as an excuse to declare martial law.

Pre - "progressive" 19th century America had some problems that needed to be smoothed out, but all in all, for its ability to create wealth and happiness for so many, the young, free and moral country was the wonder of the world.
1900 Campaign Re-election Poster: Pre-progressive President William McKinley was very popular; and America was very prosperous. His assassination at the hands of a Communist-Anarchist (Red) ushered in the Presidency of Progressive Teddy Roosevelt. TR would later set up a Monetary Commission which ultimately led to the creation of the Federal Reserve.

MYTH #26:

Progressive European governments provide “cradle to grave” security and prosperity for their happy citizens.

FALSE: The wealthy and the upper-middle class of Europe generally live well. But the middle-middle to lower class Europeans pay for their "security" with heavy taxes and constant inflation. The tax burden and "cost of living" is so high that, in some "progressive" countries, 90% of young mothers are forced to return to the work force - against their will - because the father cannot earn enough on his own to maintain a decent lifestyle.

Millions of young European men live at home with their parents well into their 20's and 30's. This is not for cultural reasons, but for economic reasons. The "free" health care is so inferior to the private systems, that people of means generally will not use the system, opting to pay on the private market instead.

In short, the "security" of the citizens of the Soviet European Union is similar to the "security" of a plantation slave – “three hots and a cot”, and shut up!
Europe’s heavy hidden Value Added Taxes (VAT) and hidden inflation taxes are used to oppress the citizens without them fully realizing it. As a result, the stay-at-home mom is a thing of the past. America is not that far behind.

**MYTH #27:**

Without access to consumer credit, we would not be able to afford homes, automobiles and college tuition.

**FALSE:** In a debt-based monetary system, prices for high ticket items skyrocket as they adjust to the value of the counterfeit and imaginary debt money. With an honest, debt-free money system, the values would naturally adjust downward.

As recently as the 1970's, and in spite of The Fed, many middle class Americans were still able to save money for a few years and then buy homes and cars with cash. Today, this is impossible for most people -- thanks to rapidly deteriorating and inflating money system and the high-taxing criminals in government.

"Consumer debt for big ticket items does not help us. It enslaves us!"
MYTH # 28:
Banks lend out their depositors’ money.

FALSE: If bank’s only had depositor money to play with, they would never be able to lend out so much “funny money”. Fractional reserve banking, combined with The Fed’s “discount window”, allows banks to create money “out of thin air” and inject it into the system.

Loans go out = monetary expansion (inflation / boom) --- Loans get repaid = monetary contraction (deflation / bust)

MYTH # 29:
Federal Deposit Insurance (FDIC) was put in place to protect the money of bank depositors.

FALSE: FDIC exists only to prevent panics and bank runs historically associated with the scam of fractional reserve banking. The "insurance" is a tool of psychological manipulation that would not be needed at all in an honest 100% reserve banking system.

FDIC does not insure depositors against the ravages of annual "cost of living". Nor will it protect you from arbitrary withdrawal limits or an emergency "bank holiday".
Here's an experiment: If you have the money in your account, go to your bank and ask to withdraw $10,000 in cash. They will tell you "no!" How's that for "insurance?"

**FDIC** – another one of FDR’s tricks designed for the benefit of the fractional reserve bankers, not the people.

**MYTH # 30:**

Budget deficits don’t matter.

**FALSE:** Contrary to the claims of many “Keynesian” economists (big spending liberals named after the Leftist John Maynard Keynes), annual budget deficits, and the national debt which accumulates because of them, are very damaging to the overall economy for two reasons:

a- A higher tax burden must be placed on the private economy in order to pay back not just the debts, but also the compounding interest to the holders of U.S. bonds.

b- Any bonds that are sold to The Fed (either directly or through “open market operations) are purchased with new money (counterfeit) created out of thin air. This has always been one of the main mechanisms by which Central Banks cause inflation – the “cost of living”.

106
The abused Germans of Post World War I learned that deficits do indeed matter! Hyperinflation wiped out their savings overnight.

**MYTH # 31:**

The Federal Reserve System is a "Federal" agency, which lends out its "Reserves" through the various branches that make up the "System"

**FALSE:** The word "Federal" is used to mask the reality that The Fed is privately owned by its member banks. Through the murky fog of subsidiaries and front organizations, the ultimate controllers are folks like the Rockefellers and Rothschilds.

The word "Reserve" is used to mask the reality that The Fed creates counterfeit money out of thin air. The printing press and the Treasury bonds that it "buys" constitute the main "reserve".

The word "System" is used to mask the reality that The Fed is a CENTRALIZED entity run out of New York (not Washington, not Denver, not Los Angeles, not St. Louis etc) The "regional" branches exist only for window dressing as the Chairman, Vice Chairman, and New York branch Chairman can actually outvote the 12 regional branches.

The “regional banks” are just different tentacles of the same monster.
MYTH # 32:

Buy low and sell high is good investment advice.

**TRUE -- BUT ...** What most people fail to realize about this adage is that it intrinsically contains advice on how to rob our fellow citizens. You see, the only reason why the "highs" and "lows" of the stock and real estate markets swing so violently is because of the money supply manipulation associated with debt-currency. This cruel and corrupt system forces us to play a dishonest game.

Example: You sell a home at its "high" for $300,000 to a young newlywed couple expecting their first child. The couple puts down $50,000 of their hard-earned savings, and takes out a 30 year mortgage for the remaining $250,000.

Two years later, the inflated market has crashed 33% (*due to debt-money manipulation*). The young couple is now stuck with a mortgage that is worth more than the home -- while you laugh all the way to the bank!

What kind of fiendish system is this that encourages us to prey upon our fellow man by "buying low and selling high"?

*The debt-based monetary system turns investment into a dishonest game of dice in which the object is to screw your fellow man before he can do the same to you!* 
SECTION 3

MEMORABLE QUOTES ABOUT MONEY & BANKING
"I believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a monied aristocracy that has set the government at defiance. The issuing power (of money) should be taken away from the banks and restored to the people to whom it properly belongs."

-- Thomas Jefferson, Author of Declaration of Independence, 3rd U.S. President

"But if in the pursuit of the means we should unfortunately stumble again on unfunded paper money or any similar species of fraud, we shall assuredly give a fatal stab to our national credit in its infancy. Paper money will invariably operate in the body of politics as spirit liquors on the human body. They prey on the vitals and ultimately destroy them. Paper money has had the effect in your state that it will ever have, to ruin commerce, oppress the honest, and open the door to every species of fraud and injustice."

-- George Washington, “Father of America”

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

“History records that the money changers have used every form of abuse, intrigue, deceit, and violent means possible to maintain their control over governments by controlling money and its issuance.”

- James Madison, Father of the U.S. Constitution, 4th U.S. President

“The poverty [in the American colonies] is caused by the bad influence of the English bankers on the Parliament which has caused in the colonies hatred of the English and... the Revolutionary War. [This, he said, was the real reason for the Revolution] The colonies would gladly have borne the little tax on tea and other matters had it not been that England took away from the colonies their money, which created unemployment and dissatisfaction.”

– Benjamin Franklin in 1765

In context: Said after the Bank of England pushed through the British Parliament the Currency Act of 1764, that made it illegal for the American colonies to print their own money.

“There are two ways to conquer and enslave a nation. One is by the sword. The other is by debt.”

– John Adams, 2nd U.S. President
“When a government is dependent upon bankers for money, they and not the leaders of the government control the situation, since the hand that gives is above the hand that takes... Money has no motherland; financiers are without patriotism and without decency; their sole object is gain.”

– Napoleon Bonaparte, Emperor of France

“I set to work to read the Act of Parliament by which the Bank of England was created. The investors knew what they were about. Their design was to mortgage by degrees the whole of the country, lands, houses, property, labour. The scheme has produced what the world never saw before -- starvation in the midst of abundance.”


“The bold effort the present (central) bank had made to control the government ... are but premonitions of the fate that await the American people should they be deluded into a perpetuation of this institution or the establishment of another like it.

“If congress has the right under the Constitution to issue paper money, it was given them to use themselves, not to be delegated to individuals or corporations.”

“I am one of those who do not believe that a national debt is a national blessing, but rather a curse to a republic; inasmuch as it is calculated to raise around the administration a moneyed aristocracy dangerous to the liberties of the country.”

- Andrew Jackson, 7th U.S. President, Killed the Central Bank
“Independently of its misdeeds, the mere power, — the bare existence of such a power, — is a thing irreconcilable with the nature and spirit of our institutions.”

– Nicolas Trist – secretary to President Andrew Jackson

In context: What Trist said about the incredibly powerful privately owned Second Bank of the United States

“The Government should create, issue, and circulate all the currency and credits needed to satisfy the spending power of the Government and the buying power of consumers. By the adoption of these principles, the taxpayers will be saved immense sums of interest. Money will cease to be master and become the servant of humanity.”

-Abraham Lincoln, 16th U.S. President

“Whosoever controls the volume of money in any country is absolute master of all industry and commerce... And 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 he told how periods of inflation and depression originate.”

– President James Garfield, 1881

[President Garfield was murdered not long after releasing this statement.]
“Banks lend by creating credit. They create the means of payment out of nothing.”

- Ralph M Hawtry, former Secretary to the Treasury.

“... our whole monetary system is dishonest, as it is debt-based... We did not vote for it. It grew upon us gradually but markedly since 1971 when the commodity-based system was abandoned.”

The Earl of Caithness, in a speech to the House of Lords

“I am afraid the ordinary citizen will not like to be told that the banks can and do create money. And they who control the credit of the nation direct the policy of Governments and hold in the hollow of their hand the destiny of the people.”

Reginald McKenna, as Chairman of the Midland Bank, addressing stockholders in 1924
“The banks do create money. They have been doing it for a long time, but didn’t realize it, and they did not admit it. You will find it in all sorts of documents, financial textbooks, etc. But in the intervening years, and we must be perfectly frank about these things, there has been a development of thought, until today I doubt very much whether you would get many prominent bankers to attempt to deny that banks create it.”

H W White, Chairman of Associated Banks of New Zealand

“Money is a new form of slavery, and distinguishable from the old simply by the fact that it is impersonal – that there is no human relation between master and slave.”

- Leo Tolstoy, Russian writer

There was an occasion, near the close of 1910, when I was as secretive—indeed, as furtive—as any conspirator....I do not feel it is any exaggeration to speak of our secret expedition to Jekyll Island as the occasion of the actual conception of what eventually became the Federal Reserve System....We were told to leave our last names behind us. We were told, further, that we should avoid dining together on the night of our departure. We were instructed to come one at a time and as unobtrusively as possible to the railroad terminal on the New Jersy littoral of the Hudson, where Senator Aldrich's private car would be in readiness, attached to the rear end of a train for the South....Once aboard the private car we began to observe the taboo that had been fixed on last names....Discovery, we knew, simply must not happen, or else all our time and effort would be wasted.”

- Frank Vanderlip, banker -- twenty-five years after the meeting on Jekyll Island, Georgia conspiring to establish the Federal Reserve in the U.S.
"This [Federal Reserve Act] establishes the most gigantic trust on earth. When the President [Wilson] signs this bill, the invisible government of the monetary power will be legalized....the worst legislative crime of the ages is perpetrated by this banking and currency bill."

"From now on, depressions will be scientifically created."

"The financial system has been turned over to the Federal Reserve Board. That Board administers the finance system by authority of a purely profiteering group. The system is Private, conducted for the sole purpose of obtaining the greatest possible profits from the use of other people's money"

“[The Federal Reserve Board] can cause the pendulum of a rising and falling market to swing gently back and forth by slight changes in the discount rate, or cause violent fluctuations by greater rate variation, and in either case it will possess inside information as to financial conditions and advance knowledge of the coming change, either up or down.

This is the strangest, most dangerous advantage ever placed in the hands of a special privilege class by any Government that ever existed .... The financial system has been turned over to ... a purely profiteering group. The system is private, conducted for the sole purpose of obtaining the greatest possible profits from the use of other people’s money.”

- Congressman Charles A. Lindbergh (father of famous aviator)

- "The [Federal Reserve Act] as it stands seems to me to open the way to a vast inflation of the currency... I do not like to think that any law can be passed that will make it possible to submerge the gold standard in a flood of irredeemable paper currency."

- Senator Henry Cabot Lodge Sr., 1913
"We have, in this country, one of the most corrupt institutions the world has ever known. I refer to the Federal Reserve Board. This evil institution has impoverished the people of the United States and has practically bankrupted our government. It has done this through the corrupt practices of the moneyed vultures who control it."

"The Federal Reserve banks are one of the most corrupt institutions the world has ever seen. There is not a man within the sound of my voice who does not know that this nation is run by the International bankers."

"Some [Most] people think the Federal Reserve Banks are the United States government's institutions. They are not government institutions. They are private credit monopolies which prey upon the people of the United States for the benefit of themselves and their foreign swindlers."

“... [The Great Depression] was not accidental. It was a carefully contrived occurrence. The international bankers sought to bring about a condition of despair here so that they might emerge as rulers of us all.”

- Congressman Louis T. McFadden

- “These international bankers and Rockefeller-Standard Oil interests control the majority of the newspapers and magazines in this country. They use the columns of these papers to club into submission or drive out of office public officials who refuse to do the bidding of the powerful corrupt cliques which compose the invisible government.”

- – John Hylan, Mayor of New York
  In context: Remarks given in a speech, NY Times, 1927
“It is well enough that people of the nation do not understand our banking and money system, for if they did, I believe there would be a revolution before tomorrow morning.”


If the Nation can issue a dollar bond it can issue a dollar bill. The element that makes the bond good makes the bill good also. The difference between the bond and the bill is that the bond lets the money broker collect twice the amount of the bond and an additional 20%. Whereas the currency, the honest sort provided by the Constitution pays nobody but those who contribute in some useful way. It is absurd to say our Country can issue bonds and cannot issue currency. Both are promises to pay, but one fattens the usurer and the other helps the People.

- Thomas Edison, Inventor

“Banks can in fact inflate, mint and un-mint the modern ledger-entry currency.”

-Major L L B Angus.
"By this means government may secretly and unobserved, confiscate the wealth of the people, and not one man in a million will detect the theft."

- British Lord John Maynard Keynes (the father of 'Keynesian Economics' which our nation now endures)

“If there were no debts in our money system, there wouldn’t be any money.”

– Marriner Eccles, Governor of the Federal Reserve Board
In context: Spoken in hearings before the House Committee on Banking and Currency in 1941

“The modern banking system manufactures money out of nothing. The process is perhaps the most astounding piece of sleight of hand that was ever invented. Banking was conceived in inequity and born in sin .... Bankers own the earth. Take it away from them but leave them the power to create money, and, with a flick of a pen, they will create enough money to buy it back again .... Take this great power away from them and all great fortunes like mine will disappear, for then this would be a better and happier world to live in .... But, if you want to continue to be the slaves of bankers and pay the cost of your own slavery, then let bankers continue to create money and control credit.”

– Sir Josiah Stamp, director of the Bank of England (speaking at the University of Texas in 1927)
“The study of money, above all other fields in economics, is one in which complexity is used to disguise truth or to evade truth, not to reveal it. The process by which banks create money is so simple the mind is repelled. With something so important, a deeper mystery seems only decent.”

- John Kenneth Galbraith, Economics Professor, Harvard

“The money that one borrower uses to pay interest on a loan has been created somewhere else in the economy by another loan”.

John M. Yetter, U. S. Treasury

“Money is created when loans are issued and debts incurred, money is extinguished when loans are repaid”.

John B Henderson, Senior Specialist in Price Economics
"If all bank loans were paid, no one would have a bank deposit, and there would not be a dollar of currency or coin in circulation. This is a staggering thought. We are completely dependent on the commercial banks. Someone has to borrow every dollar we have in circulation, cash or credit. If the banks create ample synthetic money, we are prosperous; if not, we starve. We are absolutely without a permanent monetary system.

When one gets a complete grasp upon the picture, the tragedy and absurdity of our hopeless position is almost incredible -- but here it is. It (the banking system) is the most important object intelligent persons can investigate and reflect upon. It is so important that our present civilization may collapse unless it is widely understood and the defects remedied very soon."

- Robert Hemphill, for 8 years credit manager of the Federal Reserve Bank of Atlanta

"Our national circulating medium [i.e. dollars] is at the mercy of loan transactions of banks, which lend, not money, but promises to supply money they do not possess."

-Economist Irving Fisher

“Individuals, businesses/corporations, governments at all levels, MUST borrow from banks in order to get money created.”

-Economist Byron Dale
"Most Americans have no real understanding of the operation of the international money lenders. The accounts of the Federal Reserve System have never been audited. It operates outside the control of Congress and manipulates the credit of the United States."

- Sen. Barry Goldwater (R-AZ)

"To expose a 15 Trillion dollar rip-off of the American people by the stockholders of the 1000 largest corporations over the last 100 years will be a tall order of business."

- Buckminster Fuller
  American architect, systems theorist, author, and inventor

"Every Congressman, every Senator knows precisely what causes inflation...but can't, [won't] support the drastic reforms to stop it [repeal of the Federal Reserve Act] because it could cost him his job."

- Robert A. Heinlein, Author of ‘Expanded Universe’
"The regional Federal Reserve banks are not government agencies. ...but are independent, privately owned and locally controlled corporations."
- Lewis vs. United States, 9th Circuit 1982

"As soon as Mr. Roosevelt took office, the Federal Reserve began to buy government securities at the rate of ten million dollars a week for 10 weeks, and created one hundred million dollars in new [checkbook] currency, which alleviated the critical famine of money and credit, and the factories started hiring people again."
-- Eustace Mullins, Author & Historian

“Except for coins, which are issued by the government and make up only about one one-thousandth of the money supply, the entire U.S. money supply now consists of debt to private banks, for money they created with accounting entries on their books.”
– Professor Henry C.K. Liu, economist, chair of Department of Economics at UCLA

“Banks create money. That is what they are for .... The manufacturing process to make money consists of making an entry in a book. That is all.... Each and every time a Bank makes a loan... new Bank credit is created – brand new money.”
– Graham Towers, Governor of the Bank of Canada
“When the Federal Reserve writes a check for a government bond it does exactly what any bank does, it creates money, it created money purely and simply by writing a check... The Federal Reserve, in short, is a total money-making machine.”

“In the U.S. today, we have in effect two governments. We have the duly constituted government, and then we have an independent, uncontrolled and uncoordinated government in the Federal Reserve, operating the money powers which are reserved to congress by the Constitution.”

– Wright Patman, Chairman of the House Banking and Currency Committee, 1960s

“[The aim of an elite clique of global financiers (international bankers) bent on controlling the world was] nothing less than to create a world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole. [This system was] to be controlled in a feudalist fashion by the central banks of the world acting in concert, by secret agreements.”

– Dr. Carroll Quigley, Professor Georgetown University & Author of “Tragedy and Hope” (and mentor to Pres. Bill Clinton)

“The Federal Reserve definitely caused the Great Depression by contracting the amount of currency in circulation by one-third from 1929 to 1933.”

– Milton Friedman – Nobel Prize Winning Market Economist
“The creation of money is a total mystery to probably 99 percent of the US population, and that most definitely includes the Congress and the Senate. The takeover of US money creation by the Fed is one of the most mysterious and ominous acts in US history…. The legality of the Federal Reserve has never been “tried” before the US Supreme Court.”

– Richard Russell, Stock Market Economist

The Fed is actively involved in looting the American population for the benefit of giant U.S. and global financial institutions, and the global casino. Few Americans have any idea the extent to which the Fed and its system reach in to their pockets on a daily basis and the extent to which their standard of living has been eroded by the financier-led deindustrialization of the United States.”

– John Hoefle, Senior Economist, Executive Intelligence Review
TomatoBubble.com

Planet Rothschild (2 Volumes)

The Bad War / The War Against Putin