ECONOMICS 101
1ST in series
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We begin our examination of economics with a discussion of money. The following is a Law Dictionary meaning of the term "money."

"Money. In the usual and ordinary acceptation it means coins and paper currency used as circulating medium of exchange, and does not embrace notes, bonds, evidences of debt, or other personal or real estate." - Blacks Law Dictionary, Sixth Edition.

Important to notice is that "money" does not embrace notes or debt. Notes, as in Federal Reserve Notes is not money. Yes it is a currency, but it is not money. Additionally, the Federal Reserve Note is issued upon the deposit of debt obligation with the treasurer of the United States. We can read this from the Banking Relief Act of March 9, 1933...

"Upon the deposit with the Treasurer of the United States; (a) any direct obligation of the United States; (b) any notes, drafts, bills of exchange or bankers acceptances acquired under the provisions of this act, that any Federal Reserve Bank making such deposits in the manner prescribed by the Secretary of the Treasury, shall be entitled to receive from the Comptroller of the Currency, circulating notes in blank, duly registered and countersigned." – Banking Relief Act, March 9, 1933.

(a) any direct obligation of the United States = Public Debt
(b) notes, drafts, bills of exchange, bankers acceptances = Private Debt

And although the law reads a little different today, it is essentially the same, currency is issued upon the deposit of debt with the Treasurer of the United States, making it a "debt currency" and not money.

"Lawful money in the account of the United States" is gold and silver coin, minted in a united States of America mint. Now we can discuss banking.

At one time, "we the people" traded in gold and silver. However, we may have found it risky or inconvenient to carry large quantities of gold and silver for there were people back then who would "mug" us and take our gold and silver. Probably early gang members. So, what did we do with our gold? Well we could hide it somewhere on our property, and some of us did that. Others of us might take it to a "gold smith" for safe keeping. The "gold smith" would issue us "certificates of deposit." Let's call them "gold certificates."

The people quickly discovered they could trade their "gold certificates" for merchandise and other products. The merchant then became the owner of the gold certificate and could redeem the gold represented by the gold certificate from the gold smith.

Let’s say that 10 people deposit $100 in gold with the gold smith (the banker), and they each receive twenty $5 deposit certificates (gold certificates.) And the people are out there, spending their deposit certificates. So far, so good.

Now comes the problem... politics. Politicians and political parties need money to stay in power and control and they go to the gold smith for some money. So the gold smith issues two-hundred $5 deposit certificates. He has just doubled the number of deposit certificates in circulation. When he did so, what just happened?

Well, what happened is that he has doubled the amount of obligation to the redemption of the gold certificates without an increase in gold supply. This means that what a person could purchase for one gold certificate yesterday, is going to cost two gold certificates today because they are now worth half as much with twice as many in circulation.

In effect, what the gold smith (banker) has done is to steal 50% of the depositors gold and devalued their currency (deposit certificates). This stealing has to show up some place and it does. That’s your annual inflation rate. The inflation rate is the amount the government and bankers have stolen from the people in a particular year.

The inflation rate is zero when the government and banks stop issuing deposit certificates without deposits. But that was banking of yesteryear, not of today. As set forth at the beginning of this article, today’s Federal Reserve Note is issued upon the deposit of debt with the Treasurer of the United States. In the case of private debt, it happens when we buy something on credit, such as a house. We buy a home for $250,000 and put $50,000 down, financing $200,000. When this $200,000 debt obligation is put on deposit with the Treasurer of the United States, the Federal Reserve issues $200,000 in currency back to the bank making the deposit. The bank from which the money was borrowed is paid back in 24 hours.

In the case of Public debt, it is the “bonds” issued by the government. The government issues the bonds (borrows the money) needed to operate for another year, and that borrowing includes the money needed to pay the interest on the outstanding national debt. Our national government seldom gets money directly from us, they get it from this nations creditor. The money, or currency, that we think we are paying to government, actually goes to this nations creditor. That’s why you have an income tax, it is to service the national debt interest. And since the leadership we elect increases our national debt obligation each and every year, then the money taken from us in our income tax will increase each and every year, until there is insufficient income for us to survive.

A bond is a promise to pay at some future date, but we never do. We never pay one penny on the principle of the national debt, only the interest payment. It’s the greatest “wealth transfer scheme” ever invented, and that is today’s banking as controlled by the Federal Reserve Bank which also controls the government, for it is the creditor and source of money for our government leadership to maintain their control over our lives after having sold us, our children and our grand children into economic slavery.

And if we the people continue to need a government parent to wipe our butts and be responsible for us, then we will never be free, nor will our children or grand children. It is only when we no longer need a parent wiping our butt that we can be free.

Tune in for next week's exciting episode in economic education.