

ECONOMICS 101

2<sup>ND</sup> in a series

© 2010

by Michael Keehn

mhkeehn@gmail.com

“The Federal Reserve announced a second round of quantitative easing Tuesday that will purchase \$600 billion of long-term Treasury securities through the second quarter of 2011.” – Forbes article titled “Bernanke's Fed Sets Sail With \$600 Billion QE2”

While this first paragraph should have been included in the last column, I was not yet aware of its existence. This is exactly how *public debt* (Treasury securities) puts currency into circulation. Purchasing 600 billion in Treasury Securities authorizes the Federal Reserve Bank to issue 600 billion in new currency. Creating 600 billion (six-hundred-thousand-million) will devalue your existing currency resulting in less purchasing power and higher prices of virtually everything. It must be what we want, we continue to vote for it. Well, this dovetails with last week. Continuing with Economics 101 for this week:

Obviously, the force and violence of military and police provide a means to control people in a country, but economics provides a more subtle means of control. Oh, it's not that force and violence will not be used in economic control, we see that all the time. Locally, we've seen an abundance of it at Orland Sand & Gravel, but we also see it in tax cases.

Economics is control, plain and simple. Economic control of a country is also control over everyone in that country, although it is not obvious and unfortunately, not taught in public schools. In controlling the economy, the well being of every citizen is controlled. It determines his ability to provide for him or her self and provide for a family. It determines what type of property, if any, to which an individual will hold equitable title, not allodial title even though all property in the United States of America was set up to be held in allodium. Economics controls the general standard of living of the people within a country. Having lived in the United States since 1946, I've seen the standard of living continually decline during my life, primarily due to the engineered devaluation and purchasing power of our “dollar”.

In a previous column I have made clear that if the wage of a job paid \$2.25 an hour in 1962 had kept pace with the devaluation of our “dollar”, that job would be paying about \$94.54 an hour today, and with this wage the individual would have the same purchasing power he did in 1962. That is a significant decline in our living standard.

Throughout history, control of the economy is a battle to the death between the people and government. The founders of the United States of America (Republic of, not democracy of) knew this and that's probably why they provided a government of the people, by the people and for the people. In our representative republic, all power rested in the people. Any power or authority exercised by government, was a power or authority conferred upon that government by the people. This was important because we the people cannot confer a power or authority we do not possess. For example, if I do not have the power or authority to go into your wallet, take out a

hundred-dollars and give it to whomever I feel is deserving, then I cannot confer this power upon government.

Does anyone wonder why this simple foundational premise of our country is not taught in public schools? Does this help us to understand why many schools no longer pledge allegiance to the flag of the United States of America and to the REPUBLIC for which it stands? If school students are pledging allegiance to the REPUBLIC, some of the smarter ones might want to know what 'this REPUBLIC' is all about and what it means. Leadership cannot have a populace which comprehends that government is to be a REPUBLIC as mandated by the constitution if leadership is taking over control of the economy for their benefit and not for the benefit of the people. This is why local leadership is so important.

Yes, democratic principles are embedded in our REPUBLIC, but the REPUBLIC is not a democracy. Democracy is strictly majority (or mob) rule, it is two wolves and one sheep sitting down to discuss what's for dinner, and every time the sheep loses, becoming dinner. Not so in the REPUBLIC, because the two wolves (as a majority) have no more power and authority than the sheep (a minority), and so the two wolves cannot confer any power or authority upon government to make the sheep the main course at dinner. The rights of the minority are preserved and protected in the REPUBLIC, and it prevents the majority (or a tyrannical leadership) from trampling the minority.

Although our founding fathers provided a government in which the battle between government and the people over control of the economy could be avoided, the leadership we have elected over the years since then has, step by slow step, altered our foundational laws so that now, we are back at a battle to the death over control of the economy. One of the biggest road blocks against economic tyranny in our constitution was this...

"No State shall enter into any treaty, alliance, or confederation; grant letters of marque and reprisal; coin money; emit bills of credit; make anything but gold and silver coin a tender in payment of debts; pass any bill of attainder, ex post facto law, or law impairing the obligation of contracts, or grant any title of nobility." – Section 10, Constitution for the United States of America.

No State, and let us remember that "the United States" is also a state, shall make anything but gold and silver coin a tender in payment of debts. A solid road block against economic shenanigans and tyranny. But now, our currency is issued upon the deposit of public and private debt obligations with the Treasurer of the United States. Borrow two-hundred-thousand to buy a house, and that will authorize the Federal Reserve Bank to issue two-hundred-thousand in currency. Since the currency (Federal Reserve Notes) is issued upon the creation of debt obligation, both public and private, it is a "debt currency."

Now, does anyone think they can PAY a debt with a debt? No, we cannot. Therefore we cannot own anything. Does this sound like I've lost my marbles? Tune in next week for the next exciting episode.