

This is an introduction to how the financial system is *designed* to take advantage of you all the time, without you noticing it. It is the greatest form of fraud that exists.

Modern banks (from the Federal Reserve down to your local bank) are like King Midas with his magic hand, creating money out of nothing. While you work hard for your money, both the FED and your local bank just type a few keystrokes on a computer to create money as an accounting entry.

Most people incorrectly assume that when they take out a loan from a bank that they are borrowing from depositors, maybe even the life savings of their neighbors who are thrifty old pensioners. This is wrong. The truth is that when banks make loans, they create that money. This is because our money *is* debt – really just an IOU or an electronic entry credited to some borrower’s account. Where King Midas once created gold, our banks create money that is backed only by the force of government—often referred to as *fiat* money.

In our system, money can come into existence only when someone takes out a loan. That loan can be for a car, a house, or even – in the case of the US government, mountains of U.S. Treasury bonds. No paper dollars need to be moved around.

Thus, no one really “borrows” anything from a bank. If I ask if I can borrow your lawn mower, you first have to have one, and then I can take that physical object from you and later give it back to you. The banking model is more like a magician snapping his fingers and causing the lawn mower to come into existence. The money that banks “lend” simply does not exist before it is credited, and the principal amount ceases to exist when you repay the bank and they balance their accounting.

Don’t believe that banks create money like King Midas? The Bank of England (the UK equivalent of the Fed) let the cat out of the bag back in 2014. Their guide, called *Money Creation in the Modern Economy*, offers a detailed explanation.

<https://www.bankofengland.co.uk/-/media/boe/files/quarterly-bulletin/2014/money-creation-in-the-modern-economy.pdf>

Say you go to a bank and get a loan to borrow a \$100K. The bank credits your bank account with \$100K. But, you do not pay back \$100K; you are paying back \$100K *plus interest*. If you borrow \$100K at 5% for 30 years then you will actually end up paying back nearly \$200K because of the interest charges. That means that you pay nearly \$100K as just interest. A mental survey of your street, town, or state should help you realize that adds up to a lot of money. Is it any wonder then that the biggest building in almost every city is a bank? Is it any wonder that Wall Street seems to dictate public policy to politicians?

Just as local banks have the power to create money out of thin air; so too does the Federal Reserve. The FED creates money when it issues Treasury bills, which are a LOAN to the U.S. government. The U.S. Treasury used to create the nation’s money

supply interest free! Today, we pay interest to the consortium of too-big-to-fail banks that own the FED and have a monopoly on creating the nation's money supply - when we could be doing it directly interest-free! Why?

Here is the bigger systemic problem. When a bank or the FED creates \$100K in brand new electronic digit money, it does not create the additional \$100K needed for interest payments. This is often referred to as "the problem of interest".

<https://publicbankinginstitute.org/the-problem-of-interest/>

The interest is never created, only the principal is created. By design, not accident, there is never at any point in time enough units of exchange (money) in circulation to pay back all the principal on the debt outstanding and all the interest on the debt outstanding.

Thus, by design, some people are going to lose their homes.  
Thus, by design, some people are going to lose their businesses.

*Why? Because there is never enough money in circulation to pay back all the debt plus all the interest on the debt.* We don't notice that there isn't ever enough money in circulation because money is always changing hands, and as the overall economy "grows"—as people and companies and government takes on ever more debt—there seems to be enough money. Our system is obsessed with economic growth, and that is why. Without growth, the system suffocates for lack of "liquidity"—plain old money to pay off debts and interest. Our system is a like a game of musical chairs. It seems to work well enough during a boom, but during a recession the music stops and someone—the person who is laid off or loses their business—is left without a chair to sit in.

An economic boom happens when the FED expands the money supply or "inflates" the size of the money supply. Ron Paul explains:

<https://www.birchgold.com/news/inflation-source/>

A boom is not an accident or natural event like a hurricane. The FED has to decide when to make getting credit cheaper by lowering interest and increasing (called inflating) the money supply by issuing more Treasury bills. Because there is more money in circulation, people feel rich. They spend more and this sends a signal to companies that there is higher demand for their goods and services. Companies overestimate demand and build more stores and restaurants. People take more trips and upgrade their cars. With that expansion you can hide the fact that there isn't really enough money in circulation to pay off on all the debt and the principal because money is changing hands so quickly (velocity).

The Federal Reserve can then cause a recession (like now or like 2008) by deciding to withdraw money from the money supply by raising interest rates. Raising

interest rates makes it expensive to borrow. Less borrowing means that banks create less money. Remember: Banks are allowed to create money only when someone “borrows”, so if central banks raise interest rates, then fewer people will borrow and less money will be created via the lending process.

The music stops, everything slows down and some people can’t service their debts and pay back their bills. During a recession, companies lay off people, and through no fault of their own, people find themselves in bankruptcy and foreclosure.

This is an intentional engineered process. In a moment of uncommon candor, the Federal Reserve chairman told Senator Elizabeth Warren that the FED will slow down price inflation by creating unemployment. Unemployed persons, and even those who fear being laid off, purchase less goods and services. Businesses respond to this reduced demand and start laying off even more workers. Alas, this does reduce demand and hence prices!

Video of Senator Warren.

<https://www.youtube.com/watch?v=gW6I9BnIgEU>

Inducing unemployment, and hence bankruptcy, is now FED policy. Inflation and deflation can be weapons in the right hands.

Who benefits from increased bankruptcy and foreclosures? China is the single biggest purchaser of foreclosed residential properties in the U.S., second only to Wall Street investment firms.

[http://www.chinadaily.com.cn/business/2014-07/09/content\\_17690933.htm](http://www.chinadaily.com.cn/business/2014-07/09/content_17690933.htm)

Right now investment companies like BlackStone are openly poised to benefit from a recession. BlackStone recently raised \$50 billion in anticipation of a recession in order to buy up distressed properties to prepare them for rental.

<https://finance.yahoo.com/news/blackstone-preparing-record-50-billion-120000092.html>

Additionally, the FED is creating money that it then gives to Black Rock, other asset managers, and large banks, who then turn around and purchase stocks and bonds on behalf of the FED.

<https://goldsilverbitcoin.com/blackrock-to-oversee-the-federal-reserves-asset-purchases/>

This keeps the price of bonds and stocks up. However, this is also one way that wealth is being transferred from the middle and lower classes (who pay via price inflation) to people with the largest financial portfolios.

But isn’t the Federal Reserve working for us? Hell no! The FED is not a government entity, but is privately chartered to the same large banks we bailed out in 2008—who sit on the FED’s NY Governing Board. We pay a private institution interest payments to create money that our Treasury could be creating for us interest free!

<https://www.globalresearch.ca/who-owns-the-federal-reserve/10489>

Finance can be a weapon. The FED can game the boom-and-bust cycle to serve the interest of these large banks. “Boom” and insiders (Banks, Wall Street) make lots of money via lending fees and speculative investments. “Bust” and insiders transfer paper wealth into real wealth like houses, buildings, and businesses at a discount. Either way, they win. And, the insiders have a powerful advantage to game the system. The largest banks who own the FED, together with asset managers like BlackRock, get to do things like buy assets (stocks and bonds) on behalf of the FED, which allows them to know that ahead of time there will be increased demand for these assets and hence a buying opportunity. Getting in early allows you to buy up an asset before everyone else hops on and drives prices higher.

While a person or business can be destroyed through bankruptcy and foreclosure, banks face little risk of bankruptcy. Non-payment of loans (also called non-performing loans) need not cause the bank much trouble. Banks seldom retain the loans that they issue. Instead, they are bundled together, graded, and sold on Wall Street to investors. Moreover, the FED allows banks to effectively bail themselves out when needed. Where once the FED sought Congressional approval of bank bailouts, today banks can go straight to the FED’s discount window and “borrow” at anywhere from 1% to 0.25%. That is nearly free money that neither I, nor you, are eligible for. Banks are also no longer required to maintain reserve cash on deposit. Moreover, the money that banks borrow is often simply forgiven.

Fed’s Discount Window.

<https://www.reuters.com/article/us-health-coronavirus-fed-banks-idUSKBN21408C>

All people are equal. Some are more equal than others.

God, in his infinite wisdom, told us that usury (the charging of any interest on loans) is “an abomination” that should be punished with “death”.

Ezekiel 18:13

*“He that engages in usury and takes excess interest. Will this son live? He will not! Since he has committed all these abominations, he will surely die; his blood will be on his own head.”*

Usury is a subtle form of theft. Would most people borrow \$100K to buy a house if they knew that it would cost them an additional \$100K in interest? The disclaimers are there, but few people really appreciate what they mean.

Imagine now that every commercial building, almost every house in your city pays approximately that same amount of interest. All this interest is like a hidden tax or tribute that keeps our true hidden government alive. That money, in turn, buys off our puppet political class. For what? An engineer can invent. A factory can

manufacture a computer or lamp. A farmer creates food. But, what productive value does a banker provide? Where once he warehoused gold and even paper dollars and kept them safe from thieves, banks today have almost nothing in their vaults. Rather, they are given the exclusive privilege to create money, that used to be the function of sovereign governments.

Here is the rub. ***We do not really need banks.*** Consider this:

Imagine a car auction. John can't obtain credit because he suffered from a medical bankruptcy several years ago, so he has worked hard and finally saved \$8K in cash to buy a car at the auction. Another 4 people show up at the auction. They have no cash or savings, but they each have a credit line of \$10K. How much will the car sell for? Do you think John will get it? Sadly, the price of the car is very likely to be raised by \$2K because people with no savings used credit to purchase.

If the auctioneer does "only cash sales" then the 4 people who came with credit would have gone home empty handed because they cannot actually afford to purchase the car. The car would go to John who had \$8K in cash in his pocket. So, this is an important point:

***In a world without credit, the price of everything drops to what people can afford to pay out of pocket or from savings.***

The money creation process is itself inflationary! And inflation is a form of theft or a violation of the 8<sup>th</sup> commandment. Every time someone takes out a loan from a bank, they are asking the bank to create new money for them as accounting entries. And as in our car auction example, that credit helps drive up prices, gradually creating a society where it is impossible for people who desire to live without credit to do so. Credit shifts to becoming a necessity. In 1940, credit was hard to obtain and most people paid for their radios, cars, and houses with cash. Financing was often limited to "rent to own" and "lay-away". We don't really need banks. We need to realize this soon before they deprive us of all our property and liberty.

Thomas Jefferson predicted this moment in history...

***"If the American people ever allow private banks to control the issue of their currency, first by inflation then by deflation the banks and corporations that will grow up around them will deprive the people of all property until their children wake up homeless on the continent their Fathers conquered... I believe that banking institutions are more dangerous to our liberties than standing armies... The issuing power should be taken from the banks and restored to the people to whom it properly belongs."***

<https://www.goodreads.com/quotes/405594-if-the-american-people-ever-allow-private-banks-to-control>

As recently as the 1970s, lenders were expected to not extend loans that they knew could not be repaid. That ethos, like much of our earlier morality, is lost to history. Today, banks offer teaser rates with ballooning payments. We are revisiting the mortgage crisis of the 1990s, but fail to recognize it because on the other side of every distressed home seller there is always either a Chinese or Wall Street investment firm ready to snatch up the properties. The homeowners lose their equity, and these properties are then converted to rentals. We are well on our way to becoming a nation of renters, with foreign landlords. China is now the single biggest buyer of U.S. housing. The Wall street firm of Black Rock is not far behind and also controls almost everything else from Pepsi to Sony.  
[https://www.americanthinker.com/blog/2021/06/blackrock\\_owns\\_americas\\_homes\\_\\_and\\_a\\_whole\\_lot\\_else.html](https://www.americanthinker.com/blog/2021/06/blackrock_owns_americas_homes__and_a_whole_lot_else.html)

States would do well to create a moratorium on foreclosures and revisit foreclosure and bankruptcy law. Our bankruptcy law has its origins in the Bible. It is derivative of the idea that there should be a Sabbath rest for debts, which comes from the idea of a Debt Jubilee, which God commanded the Israelites to observe as a write down or wipe out of all debts every 50 years. Part of the logic was that lenders had a responsibility to not extend debts that they knew were unpayable. Again, this is without even including interest.

Economist Michael Hudson explains that a debt jubilee is the only way to avoid a global depression:

<https://www.washingtonpost.com/opinions/2020/03/21/debt-jubilee-is-only-way-avoid-depression/>

Bondholders will decry this. However, what they are really saying is that they expect a risk-free investment. The Bible's prescription for a Sabbath rest for debts was given at a time when ANY interest on loans was forbidden as a crime. About 500 years ago; throughout much of Western civilization, charging interest on a loan was a crime punishable by death. Our system today is far more wicked, so today the case for debt write-downs is much stronger.

Corporate America gets debt write-downs all the time, but we have been brainwashed into thinking that the little guy does not deserve the same treatment, which would allow him to retain his home or small business. This is intentional. The endgame, outside the scope of this essay, is to have a few corporate cartels owning everything – that is part of the World Economic Forum model: “You will own nothing and be happy.”  
<https://www.forbes.com/sites/worldeconomicforum/2016/11/10/shopping-i-cant-really-remember-what-that-is-or-how-differently-well-live-in-2030/?sh=13fbb21c1735>

The FED's balance sheet is now over 8 trillion dollars.  
<https://www.glennbeck.com/glenn-beck-federal-reserve?rebelltitem=1#rebelltitem1>

That can only result in increasing inflation. We can watch as every teacher, every firefighter, and every sheriff's deputy loses their home to massive inflation and then foreclosure. Alternatively, we can rethink this system now.