



*"Let every man get out of debt and keep out of debt. It is the debtor that is ruined by hard times."* —Rutherford B. Hayes

## COMMON SENSE ECONOMICS

### BUBBLES

The Federal Reserve's theme song should be *"I'm forever blowing bubbles ..."*

According to the US Government and its economists we are living in an era of "economic bubbles." "Bubbles," they tell us, are causing bank failures and "inflation."

"Bubbles." It is a nice, innocent-sounding term.

If our problems are mere "bubbles" how bad can they be? It certainly doesn't sound serious. And yet people are losing their homes, their cars, their jobs ... and some are committing suicide. Banks are defaulting and then being infused with trillions of dollars from the US Treasury and the Federal Reserve. What does all this mean? What happened to all that money that the banks had before?

We are being told that, somehow, the money has been swallowed up in "bubbles." Economists and politicians speak of these "bubbles" as if they just appear due to natural causes associated with normal human activity and commerce. These "bubbles," we are led to believe, just happen. They come and go – kind of like the seasons come and go. We are expected to believe they are surprises to everyone including the bankers and the "experts."

Most people today are so confused about the economy they don't know what to think. The more they listen to news, and read articles, the more confused they get.

What should we be doing to prepare ourselves for what's coming? The "experts" say one thing, then another. Does anyone really know what's happening? And wasn't it these same "experts" who didn't see the crash coming? Why would we trust them now?

Well, lets see if we can make sense of it ... and we'll look at some of their terms.

In our Feb-Mar 2009 issue of STRAIGHT TALK I gave a short explanation of current economic problems ... and the real meaning of "inflation." I will refer back to that article as I enlarge on this point.

Here is a rule of thumb to keep in mind: when problems arise and are presented as having no describable cause, and no workable cure, then someone is pulling your leg. Problems always have causes and cures, and when these

are covered up or obscured you can be sure there is an intentional deception going on.

Don't fall for political rhetoric and tricks. In reality, most problems are understandable ... if we keep our heads on straight. When problems arise that you cannot understand, generally that means you are being lied to. It is as simple as that. And when problems appear to be incurable, someone is probably covering up the truth.

For instance, consider the deception of war. Governments tell citizens "we are at war" with this or that country. But the public never understands why there is war. They just accept it as necessary ... because government says it is.

To our shame we almost never demand answers as to why war happens. We just accept the tacit excuse that "it is too complicated for common people to understand," and that it involves "issues of national security" which the public is not allowed to know. Bush lied about the reasons for war. All presidents have lied about the reasons for war.

The fact that Americans allow such chicanery at government levels attests to our general ignorance and depravity of character.

By the same token, Americans very rarely demand understandable answers regarding economics. They just leave it to politicians and "experts" ... and to Wall Street.

We are being deceived by schools, churches, and by politicians and news media ... and we deserve it because we have not cared enough to demand truth.

These institutions conspired together to confuse us and keep us ignorant so we won't realize we are being robbed and enslaved. It is hard to admit, but most Americans are greatly confused and ignorant when it comes to economics: which currently is the most talked-about national subject. Economists, politicians and news people throw deceptive terms at us ... and we let them get away with it.

So now we are all hearing about "bubbles," "inflation," and "bailouts."

### HUMPTY DUMPTY TERMS

*"When I use a word," Humpty Dumpty said in rather a*

scornful tone, "it means just what I choose it to mean - neither more nor less."

"You seem very clever at explaining words, Sir," said Alice. "The question is, whether you can make words mean so many different things." "That's a great deal to make one word mean," Alice said in a thoughtful tone.

—Through the Looking Glass, Lewis Carroll

The character of Humpty Dumpty was probably a parody of the 15th-century King Richard III. Like a modern politician or a presidential speech writer, or a lawyer or a script writer for TV news, the king misused words.

With modern mass communication the volume of spin has grown exponentially. There is so much spin today most people have no idea what's really happening in the world.

To unspin the spin and get a basic understanding of politics we need to correctly define some basic terms.

## INFLATION

What about "inflation." Economists really like this term, and use it a lot. It is a "Humpty Dumpty term." Economists and politicians tell us inflation is devaluing the dollar.

The classic definition of inflation is "too much money chasing too few goods and services." In other words, when the volume of dollars grows faster than the volume of goods and services the dollars lose value. Conversely, when the volume of dollars shrinks relative to goods and services the dollars gain value. This definition is accurate ... **but it does not apply to our situation.** I'll explain.

If we were seeing true inflation – if we had too much money chasing too few goods and services – there would be more money than goods. Do you see this today? I don't. And if there is too much money, why aren't we using it to pay off debts? How can there be too much money and too much debt at the same time? It doesn't make sense.

## DEBT IS NOT INFLATION

"Dollars" in circulation are notes. Notes are debts. Debts cannot "inflate" an economy. Inflation (true inflation) is when the supply of **non-debt money** grows faster than the supply of goods and services. The Federal Reserve NEVER issues NON-DEBT MONEY.

Too much non-debt money in circulation would cause dollars to compete to buy goods and services by bidding them up as at an auction. Goods and services would then bring higher prices (more dollars) as buyers offered more for them, thus using more of the inflated money supply.

That is inflation, and it would diminish the dollar's purchasing power. But this is NOT what is happening today in America!

Think about it. It is true that prices have risen ... but not due to inflation. Consumers are not bidding up prices by competing with one another to buy things. Rather, producers have been forced to raise their prices because of rising production costs. These are totally different dynamics.

What pushes up the costs of production? It is the need to pay bigger and bigger business loans.

Production costs have been pushed up because producers have rising DEBT. Debt, taxes, licenses, fees, and government regulations – these are the things that push up the cost of production. Apples cost more to grow and sell (due to rising debt, taxes, fees, and government regulations) so farmers and markets must raise their prices to make ends meet. The same is true with autos, cattle, or houses. The rising debt behind all production is the thing that is pushing up prices. THIS IS NOT INFLATION. In fact, it is the opposite ... and it is the natural result of usury banking. Bankers ruin the markets by making produce more expensive and harder to sell.

## US "DOLLARS" ARE DEBT - NOT WEALTH

Wealth is increase. Debt is decrease. Wealth is gain. Debt is loss. One is a plus, and the other is a minus. It is absolutely essential to keep this straight in your mind. There is no way for debt to be increase or gain.

A "US dollar" is a debt – it is not wealth. The "dollar" you have in your pocket is a **note** signifying a **debt**. It was created by a loan from a bank. It is labeled "Federal Reserve Note." It came into existence at the moment it was loaned from a bank. It didn't exist before that. When it was lent into existence it became a "note" (a debt). A "note" is a debt. It is an IOU. However, for the banker's ledger it is listed as "an asset." They are called "dollars." They are debts we owe to banks. Thus, when we trade dollars among ourselves we are trading bank assets which are debts we owe to banks.

In addition to each debt note we owe to the banks, we also owe interest on that note. Thus, the debt grows greater every day. But that interest, which exceeds the original amount of the loan, was not created ... so it doesn't exist. The bank creates only the principle ... never the additional interest. Thus, the money needed to pay the interest does not physically exist, so the borrower can never pay the interest. If a dollar was lent at 10% interest, then one dollar and 10 cents is owed back to the bank. But since only one dollar was created, the additional 10 cents does not exist and it can never be paid.

The additional money needed to pay the interest is **unpayable debt** ... so the debt and the interest just keeps growing and growing into mountains of enslaving debt. It turns us into perpetual slaves, and it makes the bankers very powerful. It puts the bankers "above us very high," and puts us "very low.."

43. *The stranger that is among you shall get up above you very high; and you shall come down very low.*

44. *He shall lend to you, and you shall not lend to him: he shall be the head, and you shall be the tail.*

45. *Moreover all these curses shall come upon you, and shall pursue you, and overtake you, till you are destroyed; because you listened not to the voice of Yahweh your God, to keep his commandments and his statutes which he commanded you:*

Dt. 28:43-45

The bottom line is this: DEBT (not inflation) is the cause of America's economic woes. Debt continually enriches the bankers while it continually bleeds us. Good for them ... bad for us.

Therefore, the "bubbles" that are being created are bubbles of DEBT ... not bubbles of wealth.

## THE NEXT BUBBLE

Bank notes are debts. Trades on Wall Street are debts. All commerce runs on debt. None of it is "increase" or "wealth." It is all debt, and it creates a void ... not an inflation.

Gerald Celente, the head of Trends Research Institute, is considered the world's # 1 trends forecaster. He says that the next bubble will be the "Bailout Bubble."

At the turn of the century America was hit with the "Dot Com bubble" which came from Wall Street loans and speculation in the internet industry. Then after that came the "Real Estate bubble," also called the "subprime mortgage crisis," which was larger and more destructive. Both these bubbles were built on debts ... loans from banks.

Now the Real Estate bubble is passing, and we are seeing the next bubble – the Bailout Bubble, created by the humongous debt from the bailout loans.

Celente says that the Bailout Bubble will probably be the bubble that ends all bubbles. In other words, the Bailout Bubble will probably be the coup de gras; the sockdolager that destroys the American economy.

The debt buildup (debt bubble) from the tremendous loans of the bailout will be gigantic. It will be the biggest debt in history ... greater than anyone has ever seen. The only question is ... is this still part of the bankers' plan, or is it actually getting away from them? Either way, those who get hurt the most are us ... the common people ... unless we make plans for survival.

The first thing we must do is STOP BELIEVING ANYTHING THE GOVERNMENT OR THE BANKERS SAY! Next, we must READ GOD'S LAWS AND INSTRUCTIONS ON ECONOMICS, AND START FOLLOWING THEM!

Bob Chapman, publisher of the International Forecaster, says that Real Estate will bottom in 2011 or 2012, and that the overall economy is still less than half way to the bottom which may take 5 years or more. We are looking forward to bank failures, wars, and possible revolution.

The Privateer Newsletter published from Australia reported that the Bank of International Settlements (BIS) in the last quarter of 2008 saw the largest decline in bank claims in recorded history ... and the first quarter of 2009 was even worse. This equates to a 22% global contraction of the money supply. One fifth of the world's money is being removed from circulation ... with more leaving daily. This is money no longer available to us.

That is DEFLATION (not inflation) the likes of which the world has never seen! The world is going into an economic depression, and the governments and news broadcasters are telling us lies to keep us from knowing what is happening. We are witnessing the largest decline in the money supply in world history. It already dwarfs the 1930's. It is

already worse than the "great depression" and getting worse.

The following quote from Sheldon Emry's BILLIONS FOR THE BANKERS, DEBTS FOR THE PEOPLE explains how the debt-usury banking system removes and depletes money out of circulation faster than it creates it ... thus creating depressions by design.

*Under this system, where new debt always exceeds new money no matter how much or how little is borrowed, the total debt increasingly outstrips the amount of money available to pay the debt. The people can never, ever get out of debt!*

*The following example will show the viciousness of this interest-debt system via its "built in" shortage of money.*

*When a citizen goes to a banker to borrow \$100,000 to purchase a home or a farm, the bank clerk has the borrower agree to pay back the loan plus interest. At 8% interest for 30 years, the borrower must agree to pay \$734.00 per month for a total of \$264,240.00.*

*The clerk then requires the citizen to assign to the banker the right of ownership of the property if the borrower does not make the required payments. The bank clerk then hands the borrower a \$100,000 check or a deposit slip crediting the borrower's checking account with \$100,000.*

*The borrower then writes checks to the builder, subcontractors, etc.. \$100,000 of new "checkbook" money is thereby added to the "money in circulation."*

*However, the only new money created and put into circulation is the amount of the loan, \$100,000. The money to pay the interest is NOT created, and therefore was NOT added to "money in circulation."*

*Even so, this borrower (and those who follow him in ownership of the property) must earn and take out of circulation \$264,155.60. That's \$164,240.00 **more** than he put in circulation when he borrowed the original \$100,000! (This cheats all families out of nicer homes. It is not that they cannot afford them; it is because the bankers' interest forces them to pay for 3 homes to get one!)*

*Every new loan puts the same process in operation. Each loan adds a small sum to the total money supply when it is borrowed, but the payments on the loan (because of interest) then remove a much larger sum from the total money supply.*

*There is therefore no way all debtors can pay off the money lenders. As they pay the principle and interest to the banks, the money in circulation disappears. All they can do is struggle against each other, borrowing more and more from the money lenders each generation. The money lenders (bankers), who produce nothing of value, gradually gain a death grip on the land, buildings, and the earnings of the whole working population. Proverbs 22:7 has come to pass in America. "The rich ruleth over the poor, and the borrower is servant to the lender."*

As you can see, the usury banking system is designed to put the common people into perpetual growing debt, keep us poor, and make it impossible for us to get ahead.

## WHO DO YOU TRUST?

Government statistics are lies. That's what governments do ... they lie, and you should not believe them. When has the government ever told the truth? NEVER! Truth would destroy them ... so they lie. The US Government claims the unemployment rate is 8 or 9 percent. The true unemployment rate is about 18 to 20 percent. Half a million jobs are being lost every month ... but the government tells us that everything is under control and things are getting better.

The Dow Jones went from 14,000 in the fall of 2008 down to 7,000 in the spring of 2009.

We are being told that the government is getting it under control and they are seeing "green shoots" and "light at the end of the tunnel." They are lying!

America's middle class was built during the 50's. Now it is being systematically destroyed. Asia, on the other hand, is on the rise and is actually building a middle class. Industry and money is flowing to Asia and away from America. This is by design of the international bankers. It is not Asia's fault. It is America's fault for adopting Babylonian banking principles.

In the 2000's America lost one third of her manufacturing jobs and went into debt \$11 trillion (mostly to China). At the same time the average household income stayed approximately the same. Americans keep doing the same thing and hoping for different results. That is the definition of insanity.

What should you be doing different to prepare for what is ahead? Do you still trust the bankers? Are you still relying on banks and Wall Street to fix the problems? Is your money still in the bank? Is your savings still in US Dollars?

Unless you change your methods you cannot expect your situation to improve.

George Gordon compares America's situation with that of the well-known ill-fated Titanic. The Titanic was hailed as "unsinkable" ... and nearly everyone believed it. It was obviously a lie ... nonetheless nearly everyone believed it.

When an iceberg ripped a 300-foot hole in the side of the Titanic that Sunday night in April, 1912, she sank in just over two hours killing two-thirds of the passengers (approximately 1500 people). Of the 2200 passengers aboard only 700 escaped in lifeboats. Many of those lifeboats had only a few people in them, with lots of empty seats. Many more passengers could have made it into the lifeboats if they had known the truth and acted on it. The White Star Lines' officers had told the passengers to go back to their rooms and that everything was under control. It was a lie, but most of the passengers believed it and went back to their rooms and drowned.

America's economic situation is similar. The government is telling us to not worry. We should do nothing different; everything is under control. And like the passengers on the Titanic, most Americans are believing the lie. Instead of preparing to survive, they are continuing to do the same things they have always done ... things that have led them to the brink of destruction. They will still be trusting government lies and doing nothing different as their heads go under and they drown in debt.

So ... what will you do? Will you trust the "authorities" as the passengers on the Titanic did? Will you pull the covers up over your head and trust in the system? Will you believe what you hear and see on the TV?

Or will you rethink the situation and take responsibility for the survival of yourself and your family? Many people will suffer total loss. Will you make plans and provide for your survival, or will you trust government, go back to your rooms and go down with the ship? It is your choice.

## EVERYTHING YOU KNOW IS WRONG

Well, maybe not everything ... but most of what you've been taught, and are being told today by the system, are lies. Most of what you know are lies. Think about it. Was the history you learned in school true? How about politics? Were you taught truth about government? How about religion? Did your church teach you truth? How about the money system? Do you understand American economics? Has the system told the truth about any of these subjects?

NO! Not one! You've been told lies ... and most Americans are ignorant of the truth in these subjects. You've been lied to all your lives. You mostly know lies. What, then, will you do?

Americans are slaves who think they are free. You are owned and controlled by the bankers and politicians. They truly believe they own you. To them we are cattle ... and they don't allow you to know what freedom really means. You are caged, fed, kept ignorant, taxed, and treated as slaves. In your heart you know I'm telling you the truth.

For instance, consider that your captors proudly claim that they are "Capitalists" ... and you've been taught that Capitalism is good. They don't tell you what Capitalism is, but they tell you it is good, and most Americans believe it.

The truth is that Capitalism is the economic system that profits from "capital." "Capital" is money, property, or assets. Profit from capital is usury. Capitalists are people who merchandise in the buying and selling of money, property, or assets: i.e., usury. This requires no physical labor and produces nothing ... except profit. They are bankers, salesmen and money changers. And you've been taught to emulate these criminals. "Profit" is the ultimate good, by any means and regardless who gets hurt.

The Bible teaches us that profit ("increase") should only come from production through honest labor and ingenuity ... not from loans, trades, markups, gambling (i.e., capital).

Capitalism is not something to be proud of. It is a sickness that infects the whole world ... because bankers and politicians carry the disease and have spread it to the masses. Americans are capitalists in ignorance and idolatry.

God's economic system is NOT Capitalism. You can read about God's economic system in MOSES THE ECONOMIST (available from us for \$10).

Do something different. Repent and change your habits. Learn who you can trust. **The end of your enslavement begins in your head.**

Pray for repentance in America!

