

Budget Deficit by Pat Foster

You do a job for me and I agree to pay you \$500 for that job. After you complete that job, I owe you \$500. We can both agree on the fact that I should pay you the \$500. Why are governments different from us?

If money was measured by something of value like gold, the debt that governments owe individuals and foreign countries would be measured by gold. Until the early 70's, that was the way governments purported to handle their debts. At that time, we went off the "gold standard", and the money that governments use is measured by the goods and services produced by that economy. Each country has a Central Bank that creates new money based upon the needs of that country. Under Milton Friedman's Monetary Theory, a country can increase that money supply 5%/year without any inflation or deflation.

So why shouldn't each government use that 5% increase to pay it's bills? Central Banks are not controlled by governments, like the Euro issued in Europe. Who controls these Central Banks? You are not going to believe this, but we are not allowed to know who controls or owns these banks. We do know certain facts that we can put together to make logical conclusions regarding not only who controls these banks, but why our current politicians are so excited about balancing the budget.

Between September, 2008 and June, 2009 the Bloomberg News reported that over \$8 Trillion was taken from the Federal Reserve Bank in new money for large American banks like Goldman Sachs. For the calendar year 2009, the Goldman Sachs Corporation paid their 30,000+ worldwide employees and average salary of between \$500,000 and \$600,000. Of course the average employee received average pay, but the officers paid themselves huge bonuses based on the money they took from the Federal Reserve. This left them with a problem. This new money would have to compete with all the money that was currently in circulation. To create value for these new funds that they created, they needed to take value away from the people holding money all over the controlled world.

Governments could no longer use that 5% increase, and the people of each country would be made liable for paying what they took from those Central Banks in prior years. In order to carry that out, politicians need to get you to believe that you owe them, so they will try to take away from you any benefits that you paid for in our entire working life like Medicare and Social Security.

A simple analogy would be a game of "Monopoly" where the banker cheats and creates all the money needed to buy everything on the board and bankrupt all the other players. In the game, you would quickly learn to have someone else control the money, so that there is an even chance for all the players.

When private individuals have the right to control the creation of new money, they have the right to force the rest of us into economic slavery, besides using their money to control Washington, Lansing, and Allegan.