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# These Financial Times

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Unlock the truth. Financially, we have all been told WHAT to think; now learn HOW to think. Please read and discover how financial common sense has been lost in traditional thinking and conventional wisdom. This very important article, an excerpt from Leonard A. Renier's book Sudden Impact will be continued in next week's Lakelander.

## *I'll Gladly Pay You Tuesday For A Hamburger Today*

I think it is important to understand how the government gets its money. We must ask some basic questions. Can the government print and circulate its own money? The answer is NO! Fiat money is money that is not backed by gold or silver. The 10<sup>th</sup> Amendment of the U.S. Constitution prohibits the printing of fiat money. Next question: Is the Federal Reserve a part of the Federal Government? The answer is NO! The Federal Reserve represents the banks of the United States, and was originally formed to obtain a franchise to create money out of nothing for the purpose of lending. It has been given the power by the government to print fiat money as our currency. Why would the Federal Reserve (banks) want to do this? The Federal Reserve charges interest on the money it prints and loans to the Federal Government. As every good banker knows, a debtor needs income to repay any loan. That is why the government created the 16<sup>th</sup> Amendment to the U. S. Constitution, to impose an income tax on American citizens. It is interesting that the government tried to impose an income tax on its citizens back in the 1890s only to have the U.S. Supreme Court strike the measure down as unconstitutional. Now, the government receives income

from the taxes it collects to repay the loans and interest to the Federal Reserve. This action, in a way, short-circuited the 10<sup>th</sup> Amendment.

As an example, try to imagine this...right after the attacks on September 11, 2001, the government was in desperate need of \$60 billion dollars. It needed this money to increase security, help clean up New York and the Pentagon, and to support the airline industry. I know this will sound simplistic, but it went something like this...The President calls Alan Greenspan, the Chair of the Federal Reserve, and asks for \$60 billion. Alan runs downstairs and prints \$60 billion. He forwards it to the Federal Government at what cost to the Federal Reserve? Almost NOTHING! The government distributes the money to New York, The Pentagon, and the airline industry at what cost to the government? Once again, almost nothing. The cost of all this debt is passed on to us in the form of more debt, higher taxes, and reduced public benefits. We pay anywhere from \$330 to \$350 billion per year in just interest on the country's debt.

As you can see, the real power of the government is to borrow money and spend it. Unfortunately, it spends much more than the revenue (taxes) it takes in to pay down the loans. To be continued...

The main focus of this article, produced by Charlie and Nancy Jackson, is to teach you how to financially prosper in these very perilous financial times. Please contact your Wealth & Wisdom Educators at JIFS Inc., 800-583-5865 in Hillsboro. You may access all previous These Financial Times at [www.bcbstexas.com](http://www.bcbstexas.com). Click on Resources.

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As you can see, the real power of the government is to borrow money and spend it. Unfortunately, it spends much more than the revenue (taxes) it takes in to pay down the loans. There might be confusion when you hear the words government debt and government deficit. A deficit is created when the government overspends its annual budget. The government debt is the accumulated debt of the country from these unpaid deficits. One might concede that the real problem is that the government spends too much.

To create debt, someone must give you money you haven't earned. Just look at these numbers!

**09/30/1987 =**  
**\$2,350,276,890,953.00**  
**09/30/1996 =**  
**\$5,224,810,939,135.73**  
**08/21/2006 =**  
**\$8,503,230,761,750.97**  
**2009/2010 = ??? SKYHIGH!**

This is the debt of the federal government, and this is a serious problem. Not one year in the last 50 years has this debt gone down. NOT ONE! Politicians claimed record surpluses in the late 1990s and early 2000s, then blamed other politicians because those surpluses had somehow allegedly been lost. How could there be record surpluses and yet no reduction in the debt? These numbers are from the government's own websites. Someone is not telling the truth!

The debt is now everyone's problem. The share of every man, woman, and child in America has grown and will continue to grow significantly. Even with record amounts of revenue being collected in the form of taxes, the debt continues to grow. Sorry for the repetition, but it needs repeating! Along with the debt and the government's continuous overspending, the cost of social programs also continues to grow. These programs will have a record number of participants with longer life expectancies, all at much greater costs in the very near future.

It should be a mystery to no one why the government continues to overspend its budgets. Its lack of fiscal discipline and its ability to borrow money whenever it wants is a dangerous combination, given its history. Day after day, the problem escalates. The government continues to increase its spending and the population gets older. Due to demographic shifts alone, the costs of government social programs will double in the next 20 years. This is a certainty!

With a smaller workforce, more productivity will be needed from fewer workers, to support an ever-growing retired population. The workforce will also strive to increase their standards of living and save for their retirement. The dilemma is clear. The solutions to this dilemma do not yet exist. Things must change.

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Actual "Letter to the Editor" from the February 5<sup>th</sup> edition of the Wichita Falls, Texas Times Record News...

Dear IRS,

I am sorry to inform you that I will not be able to pay taxes owed April 15, but all is not lost.

I have paid these taxes: accounts receivable tax, building permit tax, CDL tax, cigarette tax, corporate income tax, dog license tax, federal income tax, unemployment tax, gasoline tax, hunting license tax, fishing license tax, waterfowl stamp tax, inheritance tax, inventory tax, liquor tax, luxury tax, medicare tax, city, school and county property tax (up 33 percent last 4 years), real estate tax, social security tax, road usage tax, toll road tax, state and city sales tax, recreational vehicle tax, state franchise tax, state unemployment tax, telephone federal excise tax, telephone federal state and local surcharge tax, capital gains tax, lease severance tax, oil and gas assessment tax, Colorado property tax, Texas, Colorado, Wyoming, Oklahoma and New Mexico sales tax, and many more that I can't recall but I have run out of space and money.

When you do not receive my check April 15, just know that it is an honest mistake. Please treat me the same way you treated Congressmen Charles

Rangle, Chris Dodd, Barney Frank, and ex-Congressman Tom Daschelle, and of course, your boss, Timothy Geithner. No penalties and no interest.

P.S. I will make at least a partial payment as soon as I get my stimulus check.

Ed Barnett  
Wichita Falls

Readers, remember there is only 100 cents in every dollar for all of us. Fifty cents of every dollar you make goes to some type of tax or fee, and twenty-five to thirty-five cents of that same dollar goes to interest in finance charges. Remember, even when you pay cash, you pay interest, for when you pay cash, you give up the interest you could have earned on that money.

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## *Sustaining the Unsustainable*

In the event of an approaching dangerous storm, it is imperative that one make the necessary preparations in order to avoid disaster. Knowing what is about to happen and what to do before it does is crucial. This is true of your financial world also. When it is evident that financial storm clouds are approaching, you must already be prepared. It wasn't raining when Noah started building the ark. Preparing for the storm after it has started may be too late. Unfortunately, even being prepared for a storm that is coming will not stop the storm. Those who aren't ready for this event will be surprised and shocked that they have become victims of the storm.

## *Sustaining the Unsustainable: The Horizon*

Off in the distance, there are definite signs that something is happening and it's not good. Financially speaking, the horizon is darkening quickly even though the sun is still shining now. The trouble that is brewing is man-made and out of control and no one should expect it to just go away. The core of this financial storm has a powerful center and continues to grow. It is coming. Here is what is at the center of this storm.

Last year in the United States alone, there was an increase in credit expansion of \$2,718 billion. To be continued...

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