These Financial Times

An Allegory

Follow Along:

You own your own store which supplies you, your family, your customers, and your employees every personal item that all of you need in your everyday lives. You name it; it can be purchased from your store.

Here's the really hard question! When you, the owner, take a lawnmower, a shotgun, an HDTV, or a new necklace for your wife out the door, which door will you take it out, the front door, or the back door? The front door is the retail door, the back door is the merchandise receiving door.

A. If you take your item out the back door, it is outright stealing. Your store will have to sell 5 of the same item to replace it!
B. What does this tell some of your employees who saw you steal it?
C. If you go out the front door, paying the full retail price, your store ends up with all the profit and suffers no loss.
D. What if you could take the item out the front door on a tax-free basis as well?

You're asking yourself how this applies to me. I don't own a business. You actually are the owner of your own business. Your family economy is a business. Your family economy is: the production of money (wealth and resources) by a family or an individual that is used (consumption) to acquire goods and services and to secure their future.

Would you like to know how to operate your own family economy and recycle your own money just as the store owner does? Invest $30.00 in the book Money for Life. Go to: youbethebank.com or bcbstexas.com -- very bottom of home page, or call Charlie or Nancy Jackson at 1-800-583-5865. We will refund the full price of the book if you are dissatisfied for any reason.

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Isn't it amazing that a book written three years ago reminds us exactly of the events occurring in recent days?

This is an excerpt from the book Sudden Impact, by Leonard A. Reneir.

"The collapse of the housing bubble will throw the economy into a recession, and quite likely a severe recession," warned a July report by the Center for Economic and Policy Research. (Ellen Simon, Detroit Free Press, November 14, 2005).

"The Center for Economic and Policy Research predicts worse, saying a bubble burst would mean the loss of 5 million to 6.3 million jobs. The housing run up has financed consumer spending, creating more than $5 trillion in bubble wealth, the center estimates. Consumers have used 'cash out' mortgages to pay for everything from new kitchens to college tuition."

"A final nightmare scenario: A federal bailout of the mortgage market is likely if housing crashes, the center predicts. So, if corporate pension funds continue to falter and this dire prediction does come true, the Feds could be conceivably holding your mortgage and your pension."

"Another indicator, unsold homes sitting on the market, also points down. The ratio of inventories to sales has been rising rapidly in recent months and now stands at its highest level since 1996, according to Wachovia Corp. (as of 10-3-2008 they are now owned by Wells Fargo).

"Then there's the problem of affordability. Affordability for first-time buyers is the worst it has been in 20 years, which brings to mind an old parable about the stock market. A woman buys up a company stock, driving up the price as she goes. Eventually, she tells her broker to sell. His response: "To whom?"

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Recently on one of the Sunday morning political talk shows, Alan Greenspan was being questioned by George Stephanopolus about our country's current financial crisis. He stated (on September 14, 2008) "Our country is entering the most financially perilous monetary crisis that it has experienced in 100 years." Think about it; that is a very scary, scary statement. It now seems quite apparent that Alan Greenspan retired, not because he was too old. He retired because he saw the handwriting on the wall. He left his job to Ben Bernanke and what a mess he knew Ben was taking over.

This article in not an indictment of our local banks. They have lived within their means and they have been very careful with their community's trust. The real problem is with the entire system from the top down and that is where the serious problems exist that can badly hurt the whole system and the public's trust at large.

Things or stuff (except for health, education, and welfare) cost basically the same as they did 50 years ago (1958). "You're telling me," you say, "that the $5,000 automobile that my grandpa purchased in 1958 costs the same as it does today." It's not the cost of the car that has changed; it's the hidden tax called inflation that makes you and I earn $25,000 today to accomplish the same thing our dad or granddad did with $5,000 back in 1958 (back to the future!).

If we could get our Federal Reserve to quit producing billions of dollars (that is backed up by nothing) that is basically worthless paper, inflation wouldn't even exist. Did you know that your bank can take in $1,000 in savings deposits and loan it back out 10 times courtesy of the Federal Reserve and the U.S. Government? Remember, only $1,000 is actually on deposit in the bank and they, like Mandrake the Magician, can loan out $9,000 extra that doesn't even exist. This is why it takes $25,000 today to do the same thing that $5,000 did back in 1958.

Please read about how the Federal Reserve (a private banking cartel that is not Federal and has no reserves) was created back in 1910 on Jekyll Island, Georgia, by the richest bankers in the world. Google The Creature from Jekyll Island, by G. Edward Griffin.

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With all the events of the last several weeks it is quite obvious who the main culprit for this financial fiasco is; it is the Federal Reserve System. It is not commonly known except in the financial world that the Federal Reserve is not federal, has no reserves, and is not a system. It was begun in 1910 by the richest bankers in the world. A couple of the most powerful ones of the group were J.P. Morgan and John D. Rockefeller. Forming a partnership with key United States senators, they crafted the greatest financial scheme ever foisted on mankind. They formed a partnership with the federal government creating a banking cartel with no competition, and a win-win situation for them, the banks, and the federal government to reap all the benefits. Did you notice where the very first part of the $850,000,000 went in the recent bailout? Two hundred fifty billion dollars went to the nation's largest banks. The big banks control our nation and our money supply one hundred percent, for they are the ones who control the Federal Reserve System.

Please read this most powerful quote from one of the richest bankers in the world, delivered in 1927 in a speech at the University of Texas. It tells you precisely what is going on in our financial world today. It tells you why your 401k is sinking like a rock.

"The modern banking system manufactures money out of nothing. The process is perhaps the most astounding piece of sleight of hand that was ever invented. Banking was conceived in inequity and born in sin. Bankers own the Earth. Take it away from them but leave them the power to create money, and with a flick of a pen, they will create enough money to buy it back again. Take this great power away from them and great fortunes like mine will disappear, for then this would be a better and happier world to live in. But if you want to continue to be the slaves of bankers and pay the cost of your own slavery, then let bankers continue to create money and control credit." – Sir Josiah Stamp, president of the Rothschild Bank of England and the second richest man in Britain in the 1920s, speaking at the University of Texas in 1927.

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The following article is an excerpt from the book *Unintended Consequences* by Leonard A. Renier. It is the classic example of "spreading the wealth around" (better known as socialism).

I would like to compare our system of paying taxes to ten people going out to dinner. The common belief is the rich get more back than us ordinary taxpayers and that is not fair. The reality is, the rich pay more so they *should* get more back.

If ten people went out to dinner, and when the bill came we used the rules of the tax code to pay this bill, it would look something like this: The bill for dinner for ten came to $100.00; Persons #1 through #4 would pay nothing; Person #5 would pay $1.00; Person #6 would pay $3.00; Person #7 would pay $7.00; Person #8 would pay $12.00; Person #9 would pay $18.00; and Person #10 (the richest person) would pay $59.00.

If the restaurant owner decided to give the group a 20% discount, the dinner for 10 is only $80.00. How should they divide up the $20.00 savings? Remember, the first four paid nothing to begin with, so the savings should be divided between the remaining six. Twenty dollars divided by six equals $3.33 each. If you subtracted that amount from those six people's share, then persons #5 and #6 would be paid to eat their meals. This doesn't seem fair, so the equitable answer is to reduce each person's bill by the same percentage. The results look like this: Persons #1 through #5 would pay nothing; Person #6 would pay $2.00; Person #7 would pay $5.00; Person #8 would pay $9.00; Person #9 would pay $12.00; Person # 10 (the richest person) would pay $52.00 instead of $59.00.

Now everyone starts comparing and complaining. Person #6 complains because he only got $1.00 back and Person #10 got $7.00 back. "Why should he get $7.00 back when I only got $2.00?" shouted Person #7. "Why should the wealthy get all the breaks?" Person #1 through #4 yelled "We didn't get anything back. This system exploits the poor!" Then the nine people surrounded Person #10 and beat him up. That seemed to satisfy them. The next time they went out to dinner, Person #10 did not show up, so they sat down and ate without him. When they were finished the bill came and they discovered they were $52.00 short.

The people who pay the highest taxes get the most benefit from a tax deduction. It's common sense math. If you tax them too much and attack them for being wealthy, they may decide not to show up at the table anymore. For everyone involved that would create an unintended consequence. *Everyone* would have to pay more.

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