

# THE UNITED STATES FIAT MONEY & THE FEDERAL RESERVE SYSTEM

*Fiat money is an oxymoron. Traditionally, money has been both a storehouse of value and a medium of exchange. Fiat money exists by mimicking both; but when its ability to do so ends, fiat money exposed for what it is, reverts to what it is—government issued coupons with expiration dates printed in invisible ink.*

Fiat money distorts the time value of money and in so doing destroys both money and the economies that use it. Real money like gold and silver has value over time, the greater its value and the longer it endures, the more likely it will be accepted as money.

Throughout history, gold and silver have demonstrated such utility and as a consequence both have been used as money for thousands of years. Unfortunately, throughout history governments have either debased, *sic* diluted, the amount of gold and silver in their coins or attempted to circumvent gold and silver entirely by mandating the use of paper money, *sic* fiat.

This is why:

*Wealth, e.g. money, is power in a stored state. Unleashed, wealth is capable of doing its possessors' bidding for better or worse. Wealth can exacerbate suffering or alleviate it and its power to do both—usually the former—has been coveted by governments since governments existed.*

While productivity is doing more with less, fiat money allows governments to do more with nothing. Fiat currencies are a way for governments to spend what they don't have; and while counterfeiting by individuals is a crime, passing government coupons off as money is legal because governments make the laws.

## WHOSE LAWS WHOSE BENEFIT

The issuance of fiat money by governments is, in truth, a white collar crime; and, as happens when white collar crimes are discovered, a highly visible paper trail leads directly back to the wrongdoers—in this case, the central banks.

Central banks are the mechanism by which society's productivity is drained and indebted. Credit-based money issued by central banks turns into debt, debt which immediately begins to accrue compounding interest paid by productive members of society, e.g. workers, businessmen, farmers, savers and taxpayers. The interest, of course, is paid to bankers, non-productive members of society.

The motives for the co-conspirators in this crime are different but equally fulfilling. Governments get to spend what they don't have and bankers get to collect interest on money that is not theirs—a win/win for the governments and bankers and a lose/lose for citizens and savers.

### FIAT MONEY IS A CANCER ON THE ECONOMIC BODY

The longer a fiat money system exists, the greater the odds of economic collapse. Over time fiat credit money destroys economies because time exacerbates the systemic flaws of credit-based, *sic* capital, markets.

Capital is but the polite word for credit and that is why it is used. Capitalism sounds so much better (and more like money) than *creditism*. The word capital implies a “moneyness” that does not exist.

Credit turns into debt and over time in fiat money systems the growth of debt overwhelms the ability of producers and savers to service it. This is why debt markets, e.g. bond markets, are now so much larger than equity markets and why defaults involve increasingly larger and larger amounts. In the current fiat money system, time is running out.

### COMPOUNDING DEBT + TIME = INCREASING DEFAULTS

Time also contributes to the destruction of the “value” of fiat money. The continual issuance of fiat credit money expands the amount of fiat “money” in circulation and thereby lowers the value of all previously issued currency.

This is why savers are penalized in fiat credit based economies. Savings, measured in terms of constantly declining dollars, are worth less over time. In the 95 years since the creation of credit based money by the Federal Reserve, the US dollar has lost 95 % of its purchasing power.

In fiat credit-based economies, savers are penalized and speculators are rewarded. And while this is welcomed by Wall Street, it is a death warrant for Main Street. In the US over the past twenty years, while Wall Street has expanded, Main Street has contracted.

The shift in America from a productive to a speculative economy is evidenced by the recent growth and dominance of financial “services” companies, e.g. Goldman Sachs, JP Morgan Chase, BofA, Morgan Stanley, Lehman Bros, Wachovia, etc. —their only “service”, of course, is a uniquely destructive and deadly form of “self-service”.

Over time, parasites will kill the body on which they live and this can be seen in the current decline of the United States. The decline of America was not caused by outside forces, e.g. communism, terrorism, illegal immigration, currency manipulation or product dumping as the US corporate controlled media would have Americans believe. The decline of America was an inside job.

The collapse of the US came from within. In 1913, the US replaced its savings based currency with fiat debt-based money issued by the Federal Reserve System, a consortium of European and US private banks whose intent was to profit from the growing productivity of America—and profit they did but to the detriment of America.

Since 1913, the Federal Reserve System has helped Wall Street bankers leach and indebt the productivity of American businesses and workers until America is now but a shadow of its former self. As the fortunes of Wall Streets rose, America's fortunes declined.

### THE FIAT MONEY 3-STEP CREDIT (step forward) DEBT (stumble) DEFAULT (fall)

It's been 95 years since the Federal Reserve System and its credit based money took over the US economy. Now, the United States, once the world's only creditor is by far its largest debtor. A report from the Federal Reserve in 2006 stated the US is technically bankrupt with \$65.9 trillion in irreconcilable obligations. Currently, the US can only pay its debts by issuing new debt. Default comes next.

### THE US CENTENNIAL CELEBRATION OF FIAT MONEY

In 2013, in only five years the Federal Reserve System will celebrate its 100<sup>th</sup> birthday in America, the celebration of 100 years of bankers, financiers and corporate CEOs dismantling the productivity of America for personal gain.

It is my belief the next five years will determine America's destiny. Once seen as a beacon, it is now distrusted and feared and rightly so. Those who bled this nation dry are still in control and the American people, America's only hope, are not even aware of what has happened; and, if America is to be saved, there is not much time left in which to do so.

The odds aren't good and Americans, heavily indebted and addicted to credit, are still hoping the Federal Reserve can save them, much as a patient hopes doctors will provide the right medicines, not knowing the doctors are getting kickbacks from the pharmaceutical companies and are skimming prescriptions for their own benefit.

In fiat based economies, time is the enemy and 95 years have passed since fiat money was introduced into the US. In America and elsewhere time is passing and the clock is ticking and recently it's been sounding more and more like a time bomb.

It is hoped the election of a new president will save America. It won't. Democracy, once the hope of the world, is now its greatest disappointment. Money—and fiat money at that—has subverted the democratic process everywhere; and today, in all nations, politicians from both conservative and liberal parties dance to fiat money's funereal beat—in a mockery of democracy's original intent.

DEMOCRACY—A CONTROLLED DANCE  
REQUIRING TWO PARTIES TO PERFORM

Nations, as well as people, can pass away in their sleep; and unless the American people wake up and wake up soon, their slumber will be the death rattle of what was recently the greatest nation on earth.

In just two weeks, on July 4<sup>th</sup> 2008, the United States will celebrate its 232<sup>nd</sup> birthday. But during its last 95 years, fiat money courtesy of the Federal Reserve System has steadily eroded the economic foundations of America. Once the wealthiest nation in the world, it is no longer. The cause is clear. So is the cure.

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