Debasement is Not About the Room Below the House

Debasement is about systematic erosion of value of the dollar-based currency over time. A dollar of value today will consistently go down each month and year. Over time purchasing for the same basket of goods or services requires increasing amounts of money.

In 1913 Woodrow Wilson signed the Federal Reserve Act allowing an otherwise private cartel of banks to become the central banking system for the United States. This gave 12 Federal Reserve banks the right to print money intended to provide a safe, flexible, stable monetary and financial system. Also, to address the threat of bank runs that characterized the Panic of 1907 the objective was to foster a sound banking system and promote a financially healthy economy.

The privately owned banks were chosen by an earlier event when a group of 13 of the wealthiest entrepreneurs in the US met on Jekyll Island for the expressed purpose of creating a secret cartel and drive all non-member banks out of business. The meeting date was November 20,1910. Their agenda was to provide a mechanism to lend to each other to insure against bank runs thereby being able to invest at higher leverage with higher yields. This was essentially a plan to cause non-member banks to become insolvent thereby destroying the competition.

Today these Federal Reserve banks are given tremendous power and receive preferential treatment by creating/making money and profiting from this system, at the expense of the general public. The Federal Reserve is a privately owned cartel, that has monopoly power, and delegated central planning responsibility, but always designs systems to benefit itself first.

Member banks are authorized to take incredible highly leveraged financial risk to earn high profits. If they win, they keep the profit. If they lose, they are bailed out by the US Treasure Department who instructs the issuance of newly created money. Remember that they have a monopoly to do this. Every dollar of newly created fiat currency becomes future debt, which losses are transferred to the taxpayers. Since the top earning 20% of the taxpayers pay more than 80% of the taxes, the future burden is ever present. Taxpayers who pay little or no taxes are not directly affected. For every new dollar created by the federal reserve, there is a corresponding new dollar of debt that is then owed by the taxpayers. The process of the Federal Reserve injecting new currency into the system has been responsible for creating a systematic erosion of the purchasing power of the dollar. Since the beginning of 1913 when the Federal Reserve was created until now 2020 inflation has risen approximately 2,505.8% (reference www.usinflationcalculator.com) This process has and will continue to decimate the lower and middle class in the United States, primarily the ones who pay little or no taxes.

An inflation calculation is used to create the official US Consumer Price Index (reference Consumer Price Index, U.S. Bureau of Labor Statistics-bls.gov/cpi/) If we calculate the average rate of annual inflation from 1913 until 2020, we get 3.09%. In some decade's inflation was much greater, and in a couple it was less. Prices doubled every 20 years. Note, that 10 decades represents 5 times doubling. $10.00 doubled 5 times would mean 10 X 2=20 X 5= 100. This calculation assumes a fixed and static value, and not compounded, nor cumulative.

Real inflation is calculated not only with a cumulative effect but also a compounding cumulative effect. Just like compound interest can multiply your savings and investment income over many years, inflation works the same way. The real compound cumulative inflation rate from 1913 to 2020 is 2,505.8%. You would now have to spend $2,506. dollars for the same basket of goods and services that could be purchased for $1.00 in 1913. Most folks refuse to believe this.

Some products have gone up more and some less. Bread is up 2439%, milk 890% per gallon, coffee up 1875% per pound, potatoes up by 3819%, while eggs are up by only 418% per dozen. Also, technology and increased productivity has had an effect.

1913 households usually had a single wage earner with a family at home. Today the cost of living, compulsory taxation and overburdening regulation usually requires both spouses to work outside the home in income generating enterprises. Lower-and middle-class homes are full of occupants who are stressed out trying to keep up with this financial and regulatory treadmill. 1 in 3 wage earners runs out of money before each payday. Many are working full time and paying 50% of their wages for housing alone.

Unfortunately, this system is built in purposefully for the benefit of Wall Street, government deficit spending, and increasing the size and power of government. The elites are fully aware that the U.S. collects about $3.4 trillion in taxes and creates a new debt of an additional $1 trillion to feed all the government programs that the population demands. They borrow from our future to give demanded benefits, then steal it back through the erosion of purchase in power. One may even refer to this as mutual exploitation.

We can expect that both inflation and the erosion of purchasing power will accelerate at higher speeds in the future. We are on track to double the rate of inflation for the next century compared to the last century.

Since 80% of our economy is consumer, spending the only thing that would derail the brutal serfdom existence that most people look forward to is to just stop spending all at once and force the government's hand in cutting back on government it's spending, government growth, waste, and uninvited intrusions into our private lives. Otherwise, 80% of the working population are and will continue to be like hamsters on a financial treadmill.

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