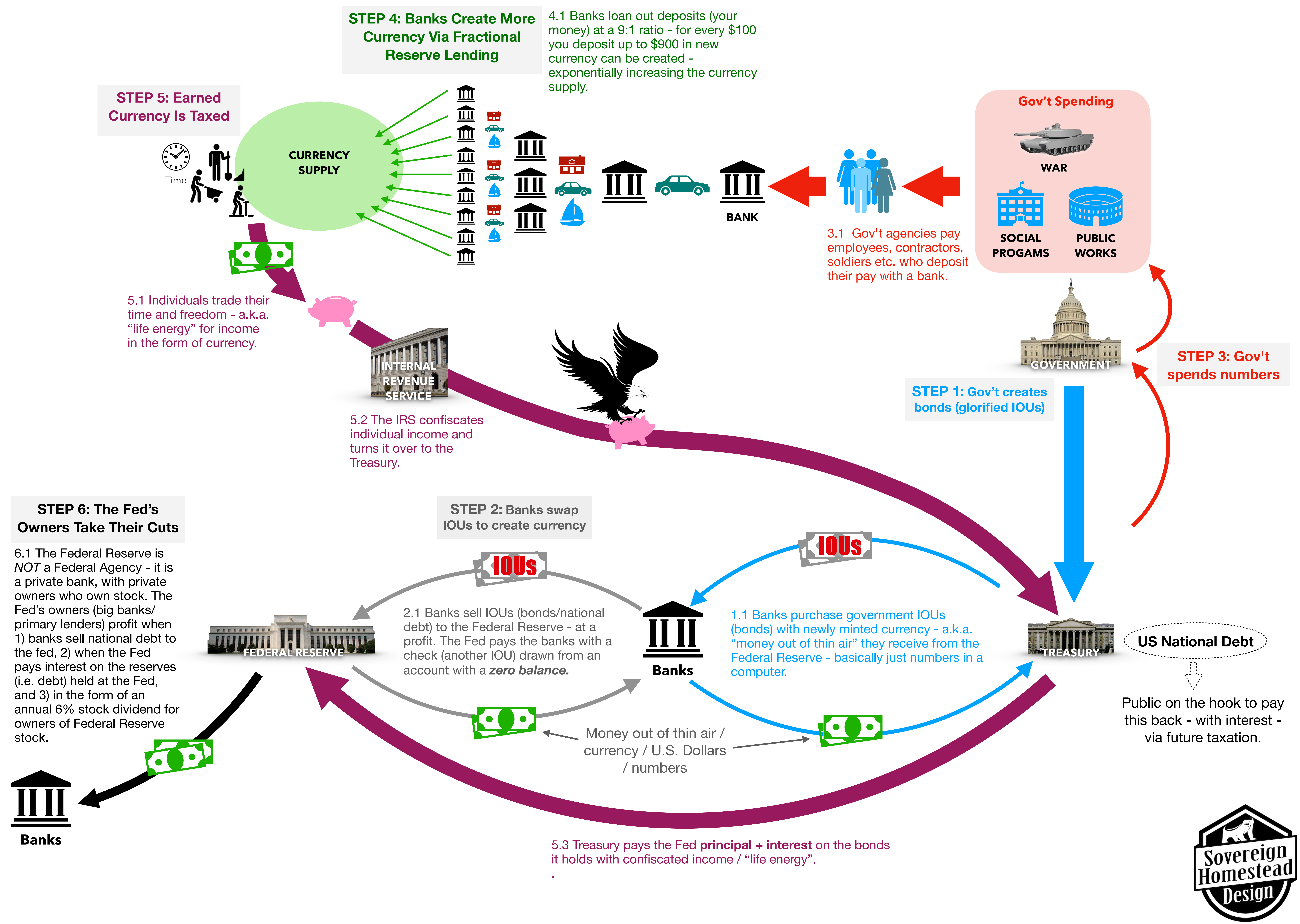
STEP 4: Banks Create More Currency Via Fractional Reserve Lending
4.1 Banks loan out deposits (your money) at a 9:1 ratio - for every $100 you deposit up to $900 in new currency can be created - exponentially increasing the currency supply.
STEP 5: Earned Currency Is Taxed
Time
CURRENCY SUPPLY
BANK
Gov't Spending
WAR
SOCIAL PROGAMS
PUBLIC WORKS
3.1 Gov't agencies pay employees, contractors, soldiers etc. who deposit their pay with a bank.
5.1 Individuals trade their time and freedom - a.k.a. "life energy" for income in the form of currency.
INTERNAL REVENUE SERVICE
5.2 The IRS confiscates individual income and turns it over to the Treasury.
GOVERNMENT
STEP 3: Gov't spends numbers
STEP 1: Gov't creates bonds (glorified IOUs)
STEP 6: The Fed's Owners Take Their Cuts
6.1 The Federal Reserve is *NOT* a Federal Agency - it is a private bank, with private owners who own stock. The Fed's owners (big banks/ primary lenders) profit when 1) banks sell national debt to the fed, 2) when the Fed pays interest on the reserves (i.e. debt) held at the Fed, and 3) in the form of an annual 6% stock dividend for owners of Federal Reserve stock.
STEP 2: Banks swap IOUs to create currency
IOUs
IOUs
2.1 Banks sell IOUs (bonds/national debt) to the Federal Reserve - at a profit. The Fed pays the banks with a check (another IOU) drawn from an account with a ***zero balance.***
FEDERAL RESERVE
Banks
1.1 Banks purchase government IOUs (bonds) with newly minted currency - a.k.a. "money out of thin air" they receive from the Federal Reserve - basically just numbers in a computer.
TREASURY
US National Debt
Public on the hook to pay this back - with interest - via future taxation.
Money out of thin air / currency / U.S. Dollars / numbers
Banks
5.3 Treasury pays the Fed **principal + interest** on the bonds it holds with confiscated income / "life energy".
Sovereign Homestead Design