

Ten FALSE Patriot Myths Regarding Paper Money v. Gold

By Eric WhoRU

- or -

Why Gold Works No Better As Money Than Paper

Dr. Edwin Vieira's Error Laced Adversarial Memorandum, Totally Rebutted by Eric WhoRU.

Statement of Eric WhoRU in regard to Mr. Vieira's "MEMORANDUM" castigating my paper on the Federal Reserve by Mr. Vieira's totally misrepresentation of what I actually wrote and what my positions are. Mr. Vieira even went so far as to make up totally silly issues I did not write and then Mr. Vieira proceeded to castigate me for the silliness that Mr. Vieira concocted:

The purpose of my paper on the Federal Reserve was/is to conduct an unbiased examination of our present monetary system including the means by which we fund our government (armed robbery sanctified by euphemistically calling it "taxation"); and to design and present an unbiased solution which is actually achievable in 2007, which will, when implemented, totally eliminate all taxation in the entire Federation and also totally eliminate all economic problems caused by the private ownership of the closed ended Federal Reserve System.

In arriving at the solution I present I have examined all realistic alternatives to what we presently are subjected to and endure, including the impossibility and inadvisability of returning to a Constitutional gold and silver money system.

Having stated the foregoing I must quickly add that I most certainly not in any slight way a friend of the privately owned closed end Federal Reserve System with which we are currently saddled.

In evaluating and designing a solution to our financial ills it is of the utmost importance that the solution be one which would cause the least amount of economic chaos and disruption; the solution must be one that takes into account and is based on where we are today, in 2007, and not where we might have been if things had been done differently in the past. The "we" referred to herein must, of necessity, include the entire internationally commercial system that we actually live in - whether we like it or not, that happens to be the real world in which we now live.

The solution I have designed will eliminate all taxation in the entire Federation; it will end the roller coaster economic boom and bust cycles with their inevitable foreclosures that we have been enduring for the past 70 years and it will fund the government entirely from interest charged on loans to private sector borrowers. I have had this solution under development for the past 15 years and have discussed it with "hundreds" of people through exposure on the Internet. I have had no one yet find any problem with what I present, including Mr. Vieira's instant writing!!

What Mr. Vieira offers is nothing more than a sincere attempt to stroke his own ego!! What Mr. Vieira does here is raise many straw men, using short "sound bites" many of which require several pages to rebut. Mr. Vieira's personal attacks on me, laced continually

throughout his presentment, indicate his actual inability to refute the Solution I offer on its own deficiencies, of which, I maintain, there are none!!

As a key to the format below, in addressing each of the Ten Myths, you will first find Mr. Vieira's entire comment on that myth, then what I had written in regard to that myth,, and, finally, my phrase by phrase explanation of the subject matter and my rebuttal of Mr. Vieira's misinterpretations.

Here is Mr. Vieira's MEMORANDUM, with my rebuttal commentaries interleaved, appropriately therein:

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07 December 2006

MEMORANDUM FROM;

Mr. Edwin Vieira, Jr.

TO: WhoRU Yahoo Group Member

RE: Paper by Eric WhoRU

Mr. Vieira's preliminary comment:

[Written in response to a comment made by the person who sent my Ten Myth Essay to Vieira]

I do not know what "nail" you imagine Mr. WhoRU has "hit on the head". But I should not award his paper a very high grade for coherence. Although I have neither the list nor leisure to go through it line by line, I can offer – once and for all – a few suggestions as to its weaker points. (My reference numbers are to Mr. WhoRU' various "'myths'.)

Mr. WhoRU's response to the above:

In his comment above, it may appear that Mr. Vieira is claiming that he did not have the entire essay written by me at his disposal (he states that he did not have the list...), for reference – rest assured, Mr. Vieira had my entire essay, word for word, just as it is posted on my WhoRU Yahoo group, as message number 112, and as it is included herein below, in its entirety.

FALSE Myth # ONE -

The Fed creates money out of thin air.

What Mr. WhoRU wrote that Mr. Vieira purports to comment on.

[1] *It is certainly true that the Fed does create money - but out of thin air - not hardly. The only time the Fed creates money is when a qualified borrower applies for a loan, and then the Fed creates the principal to fund the loan. The principal is created based on the borrowers proven ability to repay the loan - this "proven ability" is called the borrowers credit rating. The basic fundamental purpose of money in the first place is to lubricate commerce - how better to lubricate commerce than to "kick start" it by monetizing the future income of the borrower?*

[2] *The Fed is totally incapable of creating money, that is, to enable money to enter circulation, without a qualified borrower making an application for an advance on his future production.*

Mr. Vieira's Commentary on what Mr. WhoRU wrote:

FALSE Myth # ONE -

The Fed creates money out of thin air.

[Mr. WhoRU's comment: The un-bracketed number "1" immediately below is the Myth number as identified by Mr. Vieira; the bracketed numbers [] were added by me to identify Mr. Vieira's paragraphs, to serve as reference points.]

Mr. Vieira wrote:

1. [1] No one I know argues that the Federal Reserve System---or, more accurately, the Federal Reserve regional banks and the thousands of commercial and savings "member banks and other "depository institutions" in the System---create "money" (i.e., Federal Reserve Note currency or "FRNs") "out of thin air". Everyone with any knowledge of the System is aware of 12 U.S.C. §§ 411 and 412 (primarily), which set out the requirements for emission of FRNs on the basis of various forms of "collateral". So, here Mr. WhoRU is beating a dead horse.

[2] At this point, though, Mr. WhoRU first introduces what appears throughout his paper as a self-contradiction: On the one hand, he says that "[t]he principal [of a new loan] is created [presumably, in new currency] based on the borrowers['] credit rating. On the other hand, later he argues that the banks profit, not from the collection of interest (which would come from borrowers with good credit paying off the loans) but from foreclosures (which would arise from borrowers proving to be bad credit risks, after all) - And, if the latter, will not the banks likelihood to make loans be inversely proportional to the borrowers credit rating[s]", in which case the debts that "back" FRNs will be of low quality?

[3] Also, how can the banks predict, let alone assure, that a foreclosure on a defaulted loan will actually result in a profit? For example, a defaulted mortgage leaves the lending bank in possession of a house, which the bank typically will have to sell to realize anything. But if the reason for the default is a contraction in the local economy, the prices of houses may have fallen to such an extent that whatever the bank realizes may not even repay the loan let alone provide a profit. How can the bank foretell whether this will happen or not? Does

Mr. WhoRU really believe that bankers as a class are more reckless speculators than people who bet on horse races?

Mr. WhoRU' rebuttal to Mr. Vieira's out of context Strawman commentary:

In his commentary above Mr. Vieira states in the first paragraph thereof:

1. [1] No one I know argues that the Federal Reserve System---or, more accurately, the Federal Reserve regional banks and the thousands of commercial and savings "member banks and other "depository institutions" in the System---create "money" (i.e., Federal Reserve Note currency or "FRNs") "out of thin air". Everyone with any knowledge of the System is aware of 12 U.S.C. §§ 411 and 412 (primarily), which set out the requirements for emission of FRNs on the basis of various forms of "collateral". So, here Mr. WhoRU is beating a dead horse.

Mr. WhoRU's response:

[1] Mr. Vieira unequivocally and quite emphatically states that no one that he knows argues that the Federal Reserve creates money (FRNs) out of thin air - if that be true then it is quite obvious that Mr. Vieira lives in a world populated by persons quite far removed from the reality of the real world where most of us live, as the contention that FRNs are created out of thin air is quite vehemently argued by almost everyone that thinks they know anything at all about the Federal Reserve. In fact, the contention that FRNs are created out of thin air is one of the major contentions put forward by Aaron Russo in his movie, "America: Freedom to Fascism".

And in that regard, my purpose in mentioning how FRNs get into circulation was to clarify that the insinuation inherent in the term "created out of thin air" is misleading to those who are new to any information regarding how FRNs originate into circulation and, as the term, "created out of thin air" implies that FRNs have no backing whatsoever, to demonstrate that this implication is not entirely true, and in that regard, it is my purpose to explain that when the FRNs are created to fund loans made to private sector borrowers, that such FRNs are indeed backed by the promise of the borrower to create goods and -services equal to the quantity of FRNs created to fund the loan, plus to create an additional amount of goods and services equal to the interest charged on the loan.

In his commentary above Mr. Vieira states in the second paragraph thereof:

Claiming my position is self-contradictory, stating (in relevant part):

[2] "At this point, though, Mr. WhoRU first introduces what appears throughout his paper as a self- contradiction: On the one hand, he says that " [t]he principal [of a new loan] is created [presumably, in new currency] based on the borrowers['] credit rating. On the other hand, later he argues that the banks profit, not from- the collection of interest (which would come from borrowers with good credit paying off the loans) but from foreclosures (which would arise from borrowers proving to be bad credit risks, after all) -: And, if the latter, will not the banks' likelihood to make loans be inversely proportional to the borrowers "credit rating [s]", in which case the debts that "back" FRNs will be of low quality? "

Mr. WhoRU's response:

In the first place, just to be technically correct, as the paper to which Mr. Vieira is responding is a written document, I did not "say" anything therein as the content of a writing is not properly referred to as "he says", but then I was assigned a "D" in English so what could I possibly know.

In his strained and studied effort to discredit my impeccable and flawless analysis Mr. Vieira creates a Strawman by combining the evaluation of two unrelated aspects of lending. He does this in order to create a non-existent contradiction in my writing; (1) a borrower's deterioration of his initially good credit rating has absolutely nothing whatsoever to do with (2), establishing the means by which a lender takes a profit.

Quite to the contrary actually, as the borrowers reduced credit rating is actually caused by the charging of interest on loans, and not by any moral deficiency inherent in the borrower, as is implied by Mr. Vieira. It is the charging of interest that sets the economy up for the profit taking foreclosures inherent in the inevitable "bust" cycles, however the charging of interest does not in any way cause the portion of loan payments designated as interest to be the actual source of the lenders' profits - which happens to be through the sale of collateral foreclosed upon and taken from insolvent borrowers.

That interest is not and cannot be the actual source of lender's profits is due to what I call, "The Single Source Doctrine", that is, a single source of an item cannot receive back more of the item than the single source caused to enter into circulation; this is not opinion, this is axiomatic!!

The means (1) by which a lender takes a profit and (2) the level or amount of the profit are two totally separate issues. (I have repeatedly proven that it is totally, mathematically and physically impossible for the lender to take a profit called interest!! - The Single Source Doctrine).

As an example (taking as a given the economic conditions being as they would be toward the end of a boom cycle), as the "supply" of qualified borrowers would then have been naturally diminished (because such borrowers have already taken out loans), therefore new money from new loans would have stopped entering circulation. As loan payments are then continually made each month thereafter, the circulating supply of money will, of course, be diminished. However this reduction of the circulating supply of money will be at a greater rate than will be the corresponding reduction of all of the borrowers' total obligations to the lenders; this is because, with the added interest charge, the borrowers, individually and as a group, are paying back more than they borrowed, which also, happens to mean that the borrowers, both individually and as a group, agreed to pay back more money than ever existed (again, this is a manifestation of another axiom, "The Impossible Contract Doctrine", coupled with the Single Source Doctrine), making it totally mathematically and physically impossible for all of the borrowers, as a class, to pay off their total combined obligations, of both principal and interest, to the lenders.

The inevitable and unavoidable result of this imbalanced shrinking of the circulating money supply, is that there will be profit taking foreclosures, and this inevitable result is an inherent aspect of a privately owned closed end central bank lending system. The resulting foreclosures are the only way the lenders can take a profit because it is totally impossible for the

lenders to receive back from the borrowers more money than the lenders provided to the borrowers when the lenders funded the loans back on day one (The Single Source Doctrine). Where would the additional money to pay the interest come from?? No doubt, Mr. Vieira's imagination will graciously supply that money.

If you made a contract with a pint jar, that is, if the pint jar was thirsty, and you agreed to fill the pint jar with water, to the top, on condition that the pint jar would, at a later fixed time, give you back all the water that you put in the pint jar, plus 10 additional ounces, and if the pint jar failed, you would then own the pint jar. Where would the pint jar get the ten additional ounces of water to give to you?? What if the agreement was for only one additional ounce - would the results be any different?? Be careful with your answer because I guarantee you, that it is a trick question!! Additionally, is it not clear that, in reality, you owned the pint jar from day one - all that was necessary for you to officially take ownership was for the agreed upon time to pass - that is always the case in a closed end money lending system and it would not make any difference if the money lent was pure gold coin!! This is why the Bible condemns usury - usury is, by reasonable analysis and deductive definition, a privately owned closed end money lending system - it is closed end because it is privately owned!!

As I wrote six paragraphs above, "... the borrowers reduced credit rating is actually caused by the charging of interest, and not by any moral deficiency inherent in the borrower..." The borrowers inability to pay (failed credit rating), is not the actual cause of the foreclosures, the borrowers' failed credit rating (inability to pay) is the result of interest charged on loans in a privately owned closed end central bank lending system.

In the latter portion of his second paragraph of his commentary above, Mr. Vieira also states the following:

"And, if the latter, [the lenders taking profits through foreclosures rather than through interest] will not the banks' likelihood to make loans be inversely proportional to the borrowers "credit rating[s]", in which case the debts that "back" FRNs will be of low quality? "

Taking a portion of Mr. Vieira's instant paragraph, in relevant part,

Mr. Vieira wrote:

"And, if the latter, will not the banks' likelihood to make loans be inversely proportional to the borrowers "credit rating[s]" "

Mr. WhoRU's response:

If my understanding of, "inversely proportional" is correct, what Mr. Vieira wrote means that as the borrowers' credit ratings deteriorate the lenders would be more inclined to grant them loans, because that would more likely result in more profit taking foreclosures and as the borrowers' credit ratings improved the lenders would be more inclined to deny them loans because borrowers with good credit ratings would not be as likely to wind up in profit enabling foreclosures - that does seem to be what Mr. Vieira clearly wrote, does it not?

But be that as it may, addressing the latter, somewhat more coherent portion of this snip, in

which Mr. Vieira wrote: **"...in which case the debts that "back" FRNs will be of low quality"**.

It is my understanding that what Mr. Vieira is (correctly) contending here is that as the value of the FRNs created to fund the loans is originally based upon the borrowers promise to thereafter, in the future, create goods and services equal to the value of the FRNs created to fund the loan, that because the borrower has thereafter defaulted and is not going to be paying what the borrower agreed to pay, that the promise of the borrower to create goods and services sufficient to imbue the money created to fund the loan with value, that therefore that money will have no value - that is a good point to examine- however, once again, Mr. Vieira vainly attempts to raise a self serving Strawman!!

Remember, back when the loan was originally funded, the borrower promised to pay the lender both principal plus interest, and the borrower agreed to create goods and services to imbue all of that money (both principal and interest) with value, that is, let's presume, that the borrower applied for a loan of \$1,000.00 with a total interest surcharge of 10%, for a total obligation to the lender of \$1,100.00. So the borrower did indeed promise to create goods and services equal to \$1,100.00, but remember, the lender only created \$1,000.00 - the extra \$100.00 the borrower agreed to imbue with value does not exist and never did exist and never ever will exist; so then the borrower went to work and did indeed create goods and services equal to \$1,000.00, and the borrower made payments on the loan for as long as the borrower was physically able - that is the borrower made payments as long as any of the \$1,000.00 originally created by the lender remained in circulation - so the borrower did indeed create goods and services to imbue the \$1,000.00 the borrower actually received from the lender with the agreed upon value but as there were no more FRNs in circulation than the original \$1,000.00, it would not matter whether or not the borrower worked 24/7/365, creating all kinds of goods and services, there would still be no way the borrower's substantial productivity could ever imbue any value into any FRNs because there were no more FRNs in circulation, so no matter that the borrower defaulted on the loan (as to the \$100.00 interest), and no matter that the lender foreclosed and took the borrower's pledged assets, the borrower had, indeed, none the less fully performed to the maximum physically possible and every single one of the \$1,000.00 FRNs that was created to fund the \$1,000.00 loan was, indeed, imbued with value!

Sorry Mr. Vieira, but I am not stupid.

In his commentary, Mr. Vieira also castigates and ridicules my explanation as to how banks actually make a profit. Here, and later in his instant paper, Mr. Vieira erroneously asserts and insists that banks do indeed make an interest profit on loans. What Mr. Vieira asserts constitutes a mathematical and physical impossibility - It is clear that Mr. Vieira would benefit substantially from a course in physical and mathematical reality; Mr. Vieira simply is unable to comprehend, the axiomatic nature of the Single Source Doctrine. What Mr. Vieira fails, refuses and is intellectually unable to acknowledge, is that it is mathematically and physically impossible for a single source of any item to receive back more of the item than the single source created and issued, sold or loaned into circulation.

The "Single Source Doctrine" is axiomatic! This axiomatic doctrine clearly and irrefutably establishes that it is totally and irrefutably impossible for the creator of FRNs (the lending banks), to receive back more FRNs than the creator of the FRNs created and loaned into

circulation. The privately owned banks that create and loan FRNs into circulation do not provide a secondary source of FRNs for borrowers which borrowers could acquire to use to pay the interest obligation on their loans. This makes it totally impossible for the creating lender to make a profit called interest, because, in order for the originating lender to make an interest profit the originating lender would have to receive back more FRNs than the originating lender created to fund the loan; I am sorry Mr. Vieira, but whether you like it or not; whether you know it or not; or whether you admit it or not, interest as profit, happens to be and is irrefutably, a mathematical and physical impossibility to the creator of the FRNs!!

Then Mr. Vieira ridicules my contention that banks cannot make an interest profit by raising an issue in regard to the druthers of banks, in that regard,

Mr. Vieira wrote:

"Well, which is it? Do the banks want the borrowers to pay off their loans, in which case the banks make no profit at all (because, according to Mr. WhoRU "interest" is not profit), or do the banks want the borrowers to default, so they can foreclose and thereby make profits? "

Mr. WhoRU's response:

The answer to Mr. Vieira's question is that the manner of how the banks will profit from their loans has nothing to do with the banks' druthers, as the means of the bank's profits, as afore stated herein above, is inherent in the fact that it is totally impossible for the bank to make a profit called interest; because in order for the banks to make an interest profit the banks would have to receive back from the borrowers more FRNs than the banks created to fund the loans.

The facts are, that it is physically and mathematically impossible for all of the borrowers to pay their total combined obligation(s) (principal plus interest), dictates that the only way that it is possible for the banks to make a profit is through the foreclosure on pledged assets, and the subsequent sale thereof.

In his eagerness to ridicule me personally rather than to properly examine the manner in which banks actually take their profits Mr. Vieira lumps all borrowers together. A proper examination will reveal that some borrowers will indeed pay off their loans; however in order to do so those borrowers will have to pay back more to the bank than they borrowed - so where do these borrowers get the extra FRNs necessary to pay back more than they borrowed - why they use some of the FRNs created as principal to fund other borrowers loans - this makes it mathematically and physically impossible for the latter borrowers to pay even the principal portion of their obligations.

As to the borrowers that did pay off their loans - the books of the lender will indeed (falsely), indicate the lender did take a profit as to those borrowers, however, what Mr. Vieira misses, in his eagerness to ridicule me, is the fact that the account books of the lender will show a loss on the loans to the defaulting borrowers, so, at the bottom line, the most money that the lender could possibly physically received back from all of the borrowers will be no more than the lender created to fund all of the loans. That fact reveals that the only possible true source of profit to the lender will be from the sale of collateral pledged by the defaulting borrowers.

It is certainly true that the lender will designate the interest collected as profit but calling it a profit cannot make it to be a profit, due to The Single Source Doctrine!! And all of this is true no matter if the "money" lent is unbacked paper or pure gold coins!! (Except, of course, when gold is used the lender will not create the gold, but everything else applies equally to both gold and paper money).

In his commentary above Mr. Vieira states in the third paragraph thereof:

[3] Also, how can the banks predict, let alone assure, that a foreclosure on a defaulted loan will actually result in a profit? For example, a defaulted mortgage leaves the lending bank in possession of a house, which the bank typically will have to sell to realize anything, But if the reason for the default is a contraction in the local economy, the prices of houses may have fallen to such an extent that whatever the bank realizes may not even repay the loan let alone provide a profit. How can the bank foretell whether this will happen or not? Does Mr. WhoRU really believe that bankers as a class are more reckless speculators than people who bet on horse races?

Mr. WhoRU's response:

What Mr. Vieira totally misses it that the reason there is a bust cycle is because the lending banksters have already received back a very substantial portion of the FRNs created as loan principal – that is why there is a bust cycle!!! The bust cycle is caused by the circulating imbalance caused by loan payments.

The fact that at the time the foreclosures happen the economy is in a "bust" cycle does not mean the bank has to sell the property at that time - the bank can keep the property until the economy improves; moreover, everything the bank gets from the sale of the house will be a profit to the bank because the FRNs that the bank created did not exist prior to the loan being funded but were in fact created at the time the loan was funded; the point here is that the creation of the FRNs to fund the loan did not constitute any investment of any assets owned by the lending bank, so no matter that the lender did not receive back all that the lender created it is still totally impossible for the lender to suffer any loss and everything the lender receives above the amount lent will still be a profit to the lender. That is, if the lender did not receive back an amount equal to that created, the lender would not be able to claim a profit but no matter the amount of the shortfall, the lender would still not suffer any loss, because the lender never lent any of the lender's own assets in the first place - the loans were funded by writing numbers on a check or entering numbers in a computer data file, based on the promise of the borrower to create goods and services equal to the loan obligation.

The general population has been conditioned to believe that the interest they pay on their loans constitutes a profit to the lender. This is true in regard to loans made by pawn brokers and credit unions and other lenders where the lenders were not the entity that created the FRNs such lenders loan to borrowers. The FRNs loaned out by such lenders as are referred to in this instant paragraph, had already originated into circulation through a loan previously originating in a Federal Reserve branch bank.

Such lenders as these (pawn brokers and/or credit unions) do indeed make an interest profit on the FRNs they lend out - provided the borrowers pay back the principal plus the

advisors and tax collectors, and everyone else concerned with finance. Surely, too, such a proof would stand him in good stead for a professorship at Harvard, or even the Nobel Prize in economics.

[2] Mr. WhoRU makes his deduction based on the theory that, in a perfectly closed monetary and banking system, there will never be enough currency to pay both the principal and the interest on all outstanding loans, yet, later on (at the end of Myth No. 4), he admits that the present system is not perfectly closed, but involves a continuum of new loans being made that constantly inject new currency into the system, and foreclosures that enable old currency to remain in the system, thus enabling "many borrowers" to earn enough currency to repay their loan as to both principal and interest. If that is the case, it is certainly not "a mathematical and/or a physical impossibility" for "interest" to amount-as every accountant I have every run across treats it-as "profit".

[3] By the way, if "interest" is not "profit", then what is it, "Return of capital"? And if it is "a mathematical and/or physical impossibility" for both principal and interest to be repaid in the system Mr. WhoRU posits, then does every bank loan that does not conclude in foreclosure result in nothing more than a return of "capital"?

Mr. WhoRU's rebuttal to Mr. Vieira's continuing out of context Strawman commentary:

In his commentary above Mr. Vieira wrote in the first paragraph thereof:

[1] "If Mr. WhoRU can prove that "interest" paid on a loan is not, in principle, a profit to the lender, then he should open a school in which to re-educate economists, accountants, tax-advisors and tax-collectors, and everyone else concerned with finance."

Mr. WhoRU's response:

I Contend that I have more than proven that it is impossible for the creating lender of FRNs to take a profit called interest but please note here that Mr. Vieira challenges me to prove that interest paid on a loan is not, in principle, a profit..." "...in principle..."?? What can be Mr. Vieira's meaning and or intent here, by his use of the qualifying term, "...in principle..."?

What does Mr. Vieira have in mind here?? "...in principle..."? I have to admit that I cannot come up with anything concrete as to what Mr. Vieira has in mind, other than obfuscation.

I freely acknowledge that the term "interest" is used in many ways by economists, accountants, tax advisors, tax-collectors, and everyone else concerned with finance, to describe the surcharge paid by borrowers on loans. I have never ever in any way or at any time contended that borrowers do not pay interest on loans nor have I ever likewise contended that lenders do not purport to collect interest on the loans they make - what I have contended, and continue to contend - and as I have irrefutably proven time and time again - is that it is mathematically and physically impossible for that which is designated as interest to actually, in reality, to in any way whatsoever, constitute a profit to the creating lender!!

To present a simple example: If the total FRNs created to fund many loans was ten millions, at 10% interest, the total obligation of all the borrowers together would be eleven mil-

lions. As the lender only created ten millions - where could the borrowers, taken as a group, obtain the additional one million to pay the interest? From nowhere, as there is no source other than as loan principal! It is as simple as that, Mr. Vieira!!

As it would be impossible for the lender to receive back from the all of the borrowers more than the ten millions created to fund all of the loans, it would be mathematically and physically impossible for the lender to take a profit called interest.

Yes, some of the individual borrowers could indeed pay off their individual loans, but in paying the interest on their loans they would have had to use some of the ten millions of FRNs created to fund all of the loans - this would reduce the circulating supply making it totally physically impossible for **some of** the remaining borrowers to even repay the principal created to fund their loans and these borrowers would go into foreclosure, and that is where the lender would derive its profit!

And it is additionally true that the lender's account books would indicate that the lender had made a profit on those loans that had been paid in full, but if all of the borrowers repaid the entire ten millions created to fund all of the loans - then there would be no more FRNs in circulation and the account books of the lender would have to show a loss on the loans that were not paid in full, and overall, on all of the loans made in regard to the ten millions created and loaned, the account books of the lender could, at best, only indicate that the lender had broken even if the evaluation was limited only to the money received from the borrowers, but when the money received from the sale of the foreclosed assets was factored in - then the books of the lender would indicate a profit - taken from the foreclosures!!

So, Mr. Vieira, where is your interest profit, "in principle"?

So now, Mr. Vieira, I contend that I have once again more than proven that "interest" paid on a loan is not, "in principle", a profit to the lender, therefore, Mr. Vieira, I contend that at the very minimum you owe me a very public apology!! And you, Mr. Vieira, as you postulated in the closing portion of your first paragraph, should now open a school in which to re-educate not only yourself, but economists, accountants, tax-advisors and tax-collectors, and everyone else concerned with finance who maintain that lenders can take a profit from interest charged on loans.

In his commentary above Mr. Vieira wrote in the second paragraph thereof:

[2] "Mr. WhoRU makes his deduction based on the theory that, in a perfectly closed monetary and banking system, there will never be enough currency to pay both the principal and the interest on all outstanding loans, yet, later on (at the end of Myth No. 4), he admits that the present system is not perfectly closed, but involves a continuum of new loans being made that constantly inject new currency into the system, and foreclosures that enable old currency to remain in the system, thus enabling "many borrowers" to earn enough currency to repay their loan as to both principal and interest. If that is the case, it is certainly not "a mathematical and/or a physical impossibility" for "interest" to amount-as every accountant I have every run across treats it-as "profit""

Mr. WhoRU's response:

Mr. Vieira is just a little bit more than disingenuous here as he totally misrepresents what I define as a closed end money system. My explanation of a closed end money system has absolutely nothing whatsoever to do with how many loans are made, or to whom or when made.

A closed end money system exists when the central banking system is privately owned so that the portion of the borrowers payments that are designated as interest is credited to the private accounts of the lenders who happen to be the private owners of the bank (Federal Reserve).

On the other hand, an open ended money system would exist when the central banking system is owned by the people of the Federation so that the portion of the borrowers payments that are designated as interest is credited to the Federal Treasury and then re-cycled into circulation by the government as the government pays its obligations, thus replenishing the circulating supply of money, thus eliminating the down cycles and the foreclosures inherent therein.

The fact, as Mr. Vieira points out, that accountants designate interest as profits can not in any way make interest to be an actual profit.

The books of a lending bank will show the interest as a profit, and will show the defaulted loans as a loss, and will show the foreclosed on collateral as an asset, with the proceeds from the sale thereof as a profit, thus, at the bottom line, the bank will show an overall profit, but an honest evaluation will acknowledge that what the account books do is simply cover up the fact that if it were not for the sale of foreclosed upon collateral, the lender would not have, could not have, made a profit.

In fact, a careful reading of Mr. Vieira's own words in his paragraph [2] above, will reveal that although the infusion of additional money into circulation as loan principal will temporarily enable existing borrowers to make additional loan payments, in due time such infusions will inevitably make the circulating imbalance even worse, because the more principal that is introduced into circulation, the more interest will be required.

In his commentary above Mr. Vieira wrote in the third paragraph thereof:

[3] By the way, if "interest" is not "profit", then what is it, "Return of capital"? And if it is "a mathematical and/or physical impossibility" for both principal and interest to be repaid in the system Mr. WhoRU posits, then does every bank loan that does not conclude in foreclosure result in nothing more than a return of "capital"?

Mr. WhoRU's response:

The proper question to be asked here, as Mr. Vieira well knows, is, "What is profit?" It doesn't make any difference what the product might be or how many billions a business may gross,, a profit only occurs when the business income exceeds its outgo. Almost everyone is familiar with the term, "loss leader", like when the super market advertises bananas at 33 cents a pound while the super-market paid 50 cents wholesale. If all the grocer sold was bananas the grocer would go out of business fairly quickly, but customers buy lots of other items that the grocer makes plenty on, so at the bottom line, overall, the grocer makes a profit.

[2] *The notes have value because the notes are backed by the promises of the borrowers, made at the time the loans were funded, to produce goods and services equal, not only to the principal borrowed, but also equal to the added interest charged on the loan principal. What better backing could be desired? Even gold would not be as good - what does gold do? Why is gold perceived to have value? Is it not because humans are willing to produce goods and services equal to the perceived value of the gold? So what is the actual difference between gold and paper in a healthy money system? (A healthy money system would be an open ended publicly owned money system).*

Mr. Vieira's critical commentary on Myth Three:

FALSE Myth # THREE -

The paper money the Fed creates has no backing.

Mr. Vieira wrote:

[1] 3. Bank notes, including Federal Reserve Notes, are, and always have been, debts. As to FRNs, see 12 U.S.C. ^{oo} 411 through 416. Historically, "backing" for bank currency was always specie (silver or gold coin), the things other than debts in which debt-currency were redeemed. Under the present system, distinguishably, one form of debt (FRNs) is purportedly "backed" by other forms of debt (the so called "collateral" required for emission of FRNs under 12 U.S.C. ^{oo} 411 and 412). Self-evidently, a debt is merely a contingent and problematic payment---it might be paid, or it might not, depending upon circumstances. A silver or gold coin, to the contrary, is the medium of payment itself. There is nothing contingent or problematic about it. A person who owns a silver or gold coin owns actual wealth. A person who owns a debt-based currency such as FRNs owns a possible claim to wealth—but a claim that might possibly prove ineffective.

[2] Anyone who cannot understand, from several centuries of financial history, why silver and gold are far more stable as "money" than any form of paper, no matter how the paper is "backed", is rather myopic. I suggest Mr. WhoRU start by studying Ludwig von Mises, *The Theory of Money and Credit*. But the basic answer to Mr. WhoRU question,—"So what is the actual difference between gold and paper?" — is that gold is an actual commodity with the necessary physical properties to function well as "money"; whereas paper is almost invariably a debt (or even a series of debts) that can function as "money" only when its conversion into commodities without market-induced losses is assured (which has never been the case).

Mr. WhoRU's rebuttal to Mr. Vieira's commentary:

I have no disagreement with what Mr. Vieira states in his first paragraph above in regard to what paper notes are, however it is interesting to note that what Mr. Vieira writes in this regard is not his own intellectual product but rather the work of others, on the other hand everything I write is the product of my own intellect! I must add, however, that as this information is quite widely known and accepted, that Mr. Vieira is, to use his own words, here merely beating a dead horse.

That being stated, I do have some significant disagreement with this snip from the latter

portion of Mr. Vieira's first paragraph above:

Mr. Vieira wrote:

"A silver or gold coin, to the contrary, is the medium of payment itself. There is nothing contingent or problematic about it. A person who owns a silver or gold coin owns actual wealth. A person who owns a debt-based currency such as FRNs owns a possible claim to wealth—but a claim that might possibly prove ineffective. "

Mr. WhoRU's response:

Although what Mr. Vieira wrote above is so widely accepted that all it really does is provide another vehicle for Mr. Vieira to further indulge himself in favorite pastime, his dead horse beating fetish. But be that as it may, it always stymies me when seemingly intelligent people fail to think! Why is it that paper money is always characterized as "debt based currency", like that fact somehow imbues it with immorality - much as an "illegitimate" child is tainted for life as a "bastard" because his mother was unwed.

Why?

Why, indeed, when an unbiased (Heaven forbid, Mr. Vieira), examination of the evils arising from and, if historical repercussions are of significance, seemingly inherent in whatever has been used as money over the centuries, paper or gold; an unbiased examination will reveal that evil will manifest itself no matter whether the medium used as money was paper or gold because in any honest examination it will always be found that the evil was in the humans involved rather than whether or not the medium was paper or gold; and, most often, the humans who caused the monetary debauchery were those operating the government – not those subject to it!!

As gold and silver seem to be Mr. Vieira's mantra for morality, let's make a quick evaluation of gold as money, to determine if the use of gold as money does not reveal the same inherent problems as does the paper money Mr. Vieira castigates so intently.

As I have previously demonstrated in this writing, a single source of any item cannot receive back more than the single source initially provides, I contend that this same impossibility exists with the lending of gold as it does with the issuance any and every other item, that is, that when gold is lent at interest by private lenders, the private lenders of gold will ultimately become the owners of everything and everyone - no matter that the money used by everyone was pure, 24 carat gold. Where can the borrowers of gold get the additional gold to pay the interest as the additional interest must also be paid in gold? This clearly demonstrates, that, all things considered, gold actually serves no better as money than does paper.

The next problem with gold as money, also proven by history, which Mr. Vieira is so insistent on referring to, is that every time the United States government has gone back to a gold money system the private banksters have worked behind the scenes to manipulate themselves back into control of some new version of their privately owned central bank closed end paper money system.

However, while the banksters are working to re-instill their paper money system the same banksters are at the very same time functioning as the lenders of money – GOLD MONEY – at interest, so while they are scheming to re-instill their privately owned closed end paper money system they are, by collecting gold interest on their gold loans to both the government and private sector borrowers, causing the imbalance in the circulating gold money supply that will, inevitably, result in boom and bust foreclosure cycles that will set the economy up for a return to the banksters privately owned closed end paper money central bank.

The banksters are able to succeed in their scheme to re-instill their privately owned closed end paper money system because when gold and silver coins are used as money, with interest charged on loans of gold, gold and silver coins perform not one whit differently than does paper money, The Single Source Doctrine will enforce itself no matter what is used as money. When are we going to learn to stop setting ourselves up for such consistent predictable repeated monetary debauchery??

And neither are silver coins or gold coins true wealth; true wealth is that which silver and gold coins can be exchanged for, food, clothing, housing, etc., including gold jewelry, but it is the artistry in the jewelry that actually constitutes it's true qualification to be characterized as wealth. If gold actually constitutes true wealth then why do people trade gold for other things?

And lastly, as to the problems with a gold money system, putting aside the emotional aspects of gold - is gold really all that valuable - yes gold is obviously a commodity - but that is all that it is - nothing more than a more or less rare metal, gold is not in any way nearly as useful as any other metal - and not even close to being as useful as paper - gold cannot be eaten, worn as warm clothing, used to transport anyone or anything, cannot be used to warm or house anyone - so - when putting aside gold's emotional attraction - where is its actual value?? Gold, used as money, is actually no different than paper - like paper money the actual value in gold is in what the holder can get in exchange for it.

My purpose here, as I stated in my opening statement back on page one hereof, is to conduct an honest evaluation of where we are, economically, and what we can do to correct the mess we are in. A very important part of that mess is in how we fund our government. Why is it that all of the opposition I get to my solution, where I present a means of totally eliminating all taxation, no one - that is no one – including Mr. Vieira, is in any way interested in addressing the issue of government funding through armed robbery, euphemistically called "taxation"??

Every time I hear someone advocate the elimination of the Federal Reserve and a return to a Constitutional gold and silver money system I reply, "Great - I am 100% in favor of that - please tell me your plan for accomplishing this marvelous idea!!" I am still waiting for a coherent response - from anyone!! There is no response because it is totally impossible to devise a way to do this in 2007!!

Let's face it, in the year 2007 there is no realistic way the United States could possibly return to a gold based money system and even if we could we would not be any better off - we would actually be worse off and we would still have taxation (armed robbery) as the means by which we fund our government!

In the last portion of his second paragraph above, Mr. Vieira states:

"... Whereas paper is almost invariably a debt (or even a series of debts) that can function as "money" only when its conversion into commodities without market-induced losses is assured (which has never been the case)."

Mr. WhoRU's response:

Notwithstanding the fact that paper money enters circulation as evidence of debt (not necessarily a bad thing in and of itself, as the funding of many industries and the creation of millions of jobs has been because of the ability of the borrowers of paper money to monetize their future income), but addressing the latter portion of Mr. Vieira's statement, it is certainly true that the purchasing power of paper money can be debased - but by "market induced losses"?

What is it Mr. Vieira that constitutes "market induced losses"?

As I understand the word "induced" it means to cause something, so putting the word "market " in front must mean that **something** that is taking place in the market is in some way doing the inducing of losses of the value of paper money – gee – I agree – but this still calls for an examination as to "how"!!

As I understand Mr. Vieira's concerns with paper money – Mr. Vieira is concerned that in the event that the paper money would become recognized as worthless (due to rampant increases in commodity prices), that, as the paper is not redeemable for gold or silver coins, holders of paper money would suffer substantial losses – I fully agree – however that is akin to my agreeing that it is possible for Mr. Vieira to understand that it is impossible for the Fed to make a profit called interest. The likelihood of that happening is, unfortunately, fairly slim, but so are the odds of the paper money system failing when the true cause is understood and negated.

The cause of market induced losses is always the same – rampant government inflation of the circulating money supply enabled by Congressional control of and access to the central bank. When the government prints and spends money into circulation market induced losses are inevitable as the money that the government spends into circulation is not guaranteed by anything other than the government's purported ability to assess a tax upon the people, which the government cannot actually do as the government cannot extract more from the people than the people actually have.

The reason paper money becomes debauched is because the value of the paper money borrowed into circulation by private sector borrowers is diluted (debauched) by the free wheel spending of the government – it is not caused by the paper money – it is caused by the corruption of the humans operating the government, but no matter how the system is set up – there will always be a way corrupt humans in government can steal the value of the production of the common people. It is always either by stealing the money through armed robbery ("taxation") or by stealing the money through inflating the money supply, so no matter what we do we will have these problems to contend with.

What I propose will minimize our exposure to these classic means of corruption.

same time the general public will presume that the interest paid to the Federal Reserve lender by the borrower will, in and of itself, constitute a profit to the Federal Reserve lender - WRONG!!

[7] It is totally, absolutely, completely, 100% physically and mathematically impossible for the interest paid to the Federal Reserve lender by the borrower to in any way constitute a profit to the Federal Reserve lender!! It would not matter one iota, if the interest rate were 100% - the interest could still not be a profit to the Federal Reserve lender!! And, ultimately, it would make no difference if the money loaned were paper Federal Reserve Notes loaned by the privately owned Federal Reserve or were 100% pure gold coins, loaned into circulation by the private owners of gold!! Interest on loans is not the ultimate true actual source of the lender's profit!

[8] So why would the Fed loan money if the Fed was not going to take a profit (please take note of my use of the word "take" as opposed to "make" or "earn").

[9] Before I explain how the Fed actually takes its profits I am first going to explain why and how it is totally impossible for interest on loans to constitute a profit to the Fed. The reason is because of what I call the "Single Source Doctrine"; The single source of any item cannot receive back any more of the item than the single source creates and causes to enter circulation.

[10] For example: Everyone knows that the single source of all Chevrolet automobiles is from General Motors - neither Ford, Chrysler, BMW, Volvo or any other automobile manufacturer makes Chevrolets - the single source of all Chevrolets is General Motors. If General Motors were to do a general recall of all Chevrolets - how many Chevrolets could GM possibly receive back? There is no way to know the actual total possible number but it is clear that GM, being the single source of all Chevrolets, could not possibly receive back even one more Chevrolet than was manufactured in all of GM's Chevrolet plants - that is a fact and is totally irrefutable!

[11] Apply the exact same logic to any item that issues from a single source and the results will be the same - no single source of any item can receive back more of the item than the single source issued out in the first place.

[12] The Single Source Doctrine applies to the single source of any and every item that issues from a single source and the Federal Reserve is no exception!! Every single GE refrigerator comes from GE; every single Kenmore washer comes from Sears; every single RayOVac battery comes from RayOVac; Every single Federal Reserve Note in circulation entered circulation from the Federal Reserve itself or through one of the local branches of the Federal Reserve (every local bank in the United States is a branch of the Federal Reserve - no exception).

[13] The next very important point here in understanding the impossibility of the Fed taking a profit called interest is to understand that every single Federal Reserve Note in circulation entered into circulation as the principal created by the Fed to fund a loan applied for by some borrower.

[14] Now, how many Federal Reserve Notes do you suppose the Fed would create to fund a loan of \$1,000.00?? As the borrower only applied for a loan of \$1,000.00. Is it not most

logical to assume that the Fed would create only \$1,000.00?? Why would the Fed create more than \$1,000.00? The borrower of \$1,000.00 would expect to receive only \$1,000.00, right? If the Fed gave the borrower more than \$1,000.00 would the borrower be surprised?? Has this ever happened?? Can you imagine it ever happening??

[15] Now, when the borrower borrowed the \$1,000.00, the borrower agreed to pay back the \$1,000.00 plus interest - say of 10% - for a total obligation to pay \$1,100.00 to the Fed - but the Fed only created \$1,000.00 so how much could the borrower possibly pay to the Fed?? According to the Single Source Doctrine the maximum the borrower could repay would be the total issued out by the Fed - or \$1,000.00 - MAX!! So how could the Fed ever take a profit on this loan?? - NEVER!!

[16] Oh, but that is not the way it actually works - well that is exactly the way that it works but it is just not that obvious because there is not just one loan of \$1,000.00 - there are literally millions and millions of loans spread out all over the United States so what actually happens is as follows:

[17] Because the Federal Reserve did not become the single source of all money in the United States at any single point in history, but was imposed gradually over many years, the facts as to how the Fed actually operates and takes its profits have been obfuscated.

[18] With millions of loans in place many borrowers are able to make payments including both principal and interest and many borrowers do actually pay off their entire loan obligation including both principal and interest but in order for those borrowers to pay the interest portion of their loans they must pay back more than they borrowed; they must pay back more than was created by the Fed to fund their individual loans, so where do these borrowers get the additional Federal Reserve Notes they must have in order to pay back more than was created to fund their loans?

[19] As the only source of Federal Reserve Notes in circulation is from those created as loan principal to fund loans - there is only one source borrowers can draw upon in order to pay their total obligation - the borrowers must obtain possession of Federal Reserve Notes created as principal to fund other borrowers loans. This causes the total circulating supply of Federal Reserve Notes to shrink faster than the total obligation of all borrowers; this is known as "imbalance" of the circulating supply.

[20] Suppose there were 1,000 borrowers who wanted to finance their purchase of a new home and the prices of all the homes were \$100,000.00 each; that would mean the Fed would create \$100,000,000.00 (one hundred million). If the interest were 10% the borrowers total obligation would be \$110,000,000.00 (one hundred ten million), Most people would understand this to constitute a ten million dollar profit to the Federal Reserve but where does the extra ten million come from when the only source of FRNs in circulation is from the Fed, as principal to fund loans? In this example, one hundred millions - total.

[21] Most people would never ever think about this as an impossibility because all of the 1,000 borrowers will be able to make payments - for a while - actually, even for many years, because when the loans were all funded the Fed would have created one hundred million and the entire one hundred million would have entered circulation. If the mortgages were all for ten years at simple interest (instead of the common much higher compound interest), the monthly payments for each borrower would be \$916.67, so each month the

original one hundred million dollar circulating supply of money would shrink by 1,000 borrowers times \$916.67 each, for a total monthly amount of \$916,670.00, for a total yearly amount of \$11,000,040.00 (eleven million 40 dollars) shrinkage of the circulating money supply. After nine years the circulating supply of money would only be \$999,640.00, but the borrowers, as a group, would still have a total unpaid obligation to the Fed of \$10,999,640.00.

[22] So all of the 1,000 borrowers could make one more monthly payment each which would reduce the circulating supply of dollars to \$82,970.00, so the following month only 90 of the 1000 original borrowers could make their monthly payments so 910 borrowers would be foreclosed on and the following month the other 90 would also be foreclosed on and the Fed would become the owner of all of the 1,000 homes and that is how the Fed TAKES its profit!

[23] But that is NOT how it actually works in the real world because all borrowers do not take out their loans on the same day and many borrowers make more money each month than others so some borrowers are able to pay off their loans more quickly so these more fortunate borrowers are not foreclosed on - many borrowers do actually paying off their entire loan obligation but when they do they reduce the circulating supply of money which results in some borrowers being foreclosed upon much sooner than nine years (most home loans are 30 year contracts and the total interest amount obligated (due to compounding of interest), would be about \$300,000.00 on a \$100,000.00 home. This could all be resolved with public ownership -of the Federal Reserve that would make the Fed into an open-ended money system so that the boom-bust cycles and foreclosures caused by the closed end system would not occur.

[24] Also, when borrowers are foreclosed on those borrowers are no longer making payments so the money originally brought into circulation to fund these loans is still out there for other borrowers to use to make the interest portion of their loan payments.

[25] The Fed does adjust the interest rates to manipulate borrowing. The Fed will raise interest rate to discourage borrowing, especially when the number of qualified borrowers has been diminished because most of them took out loans - the purpose of this is to delay these remaining qualified borrowers from going into debt at a time when the economy is entering or is in the beginning of a down cycle, entering a recession, so that later, when there is a sufficient number of new qualified borrowers to pull the economy back up out of a recession, these qualified but unfunded borrowers who were discouraged from borrowing at the beginning of the previous down cycle by increased interest rates will still be there to help create the boom cycle. When this occurs, the Fed will lower the interest rate to encourage borrowing.

[26] During the bottom of the bust cycle is when the Fed TAKES its profits - by foreclosing on pledged assets - not in any way through the collection of interest! The purported collection of interest certainly does play a critically important part in creating the down cycle so the foreclosures will take place but there is no possible way that the interest itself can constitute any part of the Fed's actual profits whatsoever.

Mr. Vieira's critical commentary on Myth Four:

FALSE Myth # FOUR -

The Fed manipulates the circulating supply of money to cause recessions.

Mr. Vieira wrote:

4. [1] Given Mr. WhoRU's theory that the banks profit only from foreclosures, it would hardly be surprising if they followed a strategy of causing recessions---because with recessions come business and personal failures that result in foreclosures. Thus, recessions are profit making opportunities for the bankers; and, on a business basis, should be precisely what the bankers want to bring about whenever they desire to amass profits (which, one might presume, is constantly).

[2] Mr. WhoRU is correct that one strategy of the banks is to promote economic "booms" by increasing the supply of paper currency through expanded lending. But, contrary to his theory, this is because banks profit from the "interest" earned in "boom" conditions. If they profited exclusively from foreclosures (as Mr. WhoRU posits), they would be doing everything possible to prevent "booms", and to promote "busts", or at least to stage major "busts" after every "boom", in some sort of rational sequential fashion that would assure them a steady flow of profits. In that case, life would be a series of "boom" eras, such as the late 1920s, followed by horrendous depressions, such as the 1930s. I have no doubt that the bankers of the 1920s were responsible for both the "boom" of that decade and the "bust" of the next. And it may have been because they wanted first to intoxicate the sheep and then shear them. But if Mr. WhoRU accepts that explanation of the Roaring Twenties and the Great Depression, then he cannot deny (as he does) that "[t]he Fed manipulates the circulating money supply to cause recessions". It may not do it often on the scale of the 1920s and 1930s. But, to anyone who went through the 1930s (and to all Americans as a result of the political consequences of that era even today), Once was quite enough, thank you!

[3] On the other hand, if (as Mr.. WhoRU himself contends) "recessions are an inherent aspect of a closed end privately owned money system" and the bankers know this (for certainly they are as astute as Mr. WhoRU), then simply by operating such a system, with such "an inherent aspect", they are "manipulating the circulating supply of money * * * in order to cause recessions".

After all, a person intends the natural and unavoidable consequences of those of his actions of which he knows or should know.

[4] No point would be served by going seriatim through all the points Mr. WhoRU makes about there being supposedly not enough currency to pay off all loans, principal and interest, because Mr. WhoRU finally does admit that, due to the continuum of borrowing that actually takes place in a dynamic economy, together with foreclosures, enough currency does exist, after all.

[5] The amazing statement he makes, though, is that [t]his (problem) could be resolved with public ownership-of the Federal Reserve which would make the Fed into an open ended money system", How this resolution would occur, he does not explain---though, given the surety with which he states his various position, he ought to be able to do so. Will the gov-

ernment make more loans than the banks? Presumably, the banks now lend to every credit-worthy borrower.

[6] Will the government lend simply to anyone, the borrower's credit-worthiness be damned? Will the government not collect "interest"? Will the government never foreclose on anyone? (I presume that would be the case, if the government lent to just anyone, as then the defaulting borrowers could simply "roll over" their old loans into new ones, and never face foreclosure,) Also, will the government lend extensively to itself, just as the banks do now? If so, will it have to "repay" these "loans", or will they simply amount to direct emissions of Treasury currency?

In his commentary above, Mr. Vieira states in the first paragraph thereof, in relevant part:

"[1] Given Mr. WhoRU's theory that the banks profit only from foreclosures, it would hardly be surprising if they followed a strategy of causing recessions---because with recessions come business and personal failures that result in foreclosures. Thus, recessions are profit making opportunities for the bankers; and, on a business basis, should be precisely what the bankers want to bring about whenever they desire to amass profits (which, one might presume, is constantly)."

Mr. WhoRU's response:

In the first place, that which has been proven and which can be and has been readily demonstrated is no longer a "theory!! However, in regard to Mr. Vieira's totally ridiculous assessment immediately above, as I have already proven herein above that the Federal Reserve can only take its profits through foreclosures, so then why does the Fed not do as Mr. Riviera suggests? I could merely respond by stating that the reason is because the owners of the Fed and the Fed's Board of Governors are not as stupid as Mr. Vieira, because any person with as much knowledge of the Fed as Mr. Riviera has must already know the answer to his own stupid question, however I will respond in some depth; there are several reasons:

Reason 1. Before a profitable recession can take place (one where there will be valuable pledged assets to foreclose upon), there must first be a profitable boon cycle, such cycles can take many years because everything in the economy is not controlled by the Fed. It can take many years for new homes to be built, sold and populated. It takes many years for credit ratings to be established so that buyers can qualify for high dollar loans. It takes many years for students to go to college and grad-school. It takes many years for businesses to build up. Like any other business, the Fed must bide its time in order to maximize its long-term profitability.

Reason 2. Surprise, surprise, the United States of America is the most perfect example of Communism any where on the planet; Communism is most often defined as, "From each according to his ability, to each according to his need". This basic tenet of Communism is most effectively brought about and nurtured when those in charge convince the governed that the governed are totally free (while, in fact, they are totally enslaved), and that what the government requires the governed to give to the government is for the good of the governed. Along with the foregoing, those governing, using the most advanced psychological

Pavlovian techniques, regulate the rewards allowed to be retained by the governed against that which can be confiscated therefrom without upsetting the governed to the extent that the governed will quit - or revolt - similar to the old adage of dangling a carrot in front of a horse to get the horse to pull the wagon - every once in a while the master will allow the horse to actually get a bite off the carrot.

The Federal Reserve works the same way - too frequent and too deep recessions would so discourage the governed that the governed would either quit or take a closer look at how those in charge of the economy are screwing them - as is now sweeping the country by means of Aaron Russo's movie and my essay in support thereof, in which I set forth the solution to the problems so ably exposed by Mr. Russo's movie. The Federal Reserve has agents infiltrated among the patriot population to neutralize the exposure of the Fed's scam, such agents as Mr. Vieira!!

Reason 3. In actuality, because of the reason set forth in number 2, above, the Fed takes quite stringent actions to stop recessions that would otherwise occur due to the inherent natural market reactions to the reduction of circulating FRNs caused by the interest surcharge. This is probably the main reason the Fed has kept interest rates as low as it has for the past several years and is, undoubtedly, the reason the Fed and/or the International Monetary Fund, and/or the World Bank, have made so many ridiculous loans to un-credit worthy insolvent Third World countries, and then, shortly thereafter, after the loaned money has been spent into international circulation and the Third World countries have defaulted, the lender "forgives" the loan.

This strategy introduces billions and billions into international circulation, which then work their way back to the U.S. to replenish the circulating supply in "the Homeland".

Reason 4. The multi-billionaires who own the Fed want to enjoy their own lives; in order to do that the infrastructure must be maintained; in order for the infrastructure to be maintained it is necessary that the vacation paradises be populated year round, so that the vacation resorts will be there for the mega-rich. In order for the vacation resorts to be populated the conditions set forth in reason 1, hereof, must be nurtured.

In his commentary above, Mr. Vieira states in the second paragraph thereof, in relevant part:

"[2] Mr. WhoRU is correct that one strategy of the banks is to promote economic "booms" by increasing the supply of paper currency through expanded lending. But, contrary to his theory, this is because banks profit from the "interest" earned in "boom" conditions, "

Mr. WhoRU's response:

If it were not for his continual trumpeting of his ridiculous claims that loan interest constitutes actual bank profits, Mr. Vieira would have no argument whatsoever!! Let it be clear - I have never stated that borrowers do not pay interest nor that banks do not collect interest - my statements (which I have proven many times), are that the interest does not and can not in any way constitute a profit to the lending bank. It is true that banks do indeed purport to take profits because of interest charged on loans but that designation of receipts, as in-

terest does not in any way cause the interest to itself constitute a profit to the banks. The interest is similar to a loss leader at the super-market.

All of the FRNs in circulation arrived into circulation as loan principal; that is, every single FRN in circulation was borrowed into circulation by some borrower as loan principal. If all of the borrowed FRNs created as loan principal were paid back to the originating lending banks before any interest FRNs were paid – then there would be a total of ZERO loan principal FRNs left in circulation and not even one FRN would have been collected as interest and then where, Mr. Vieira, would the borrowers be able to get any FRNs to pay the unpaid interest on their borrowed FRNs?? There would be no such source and the banksters would not be able to take a profit called interest!!.

Why do you suppose the banksters insist on indicating on borrowers loan payment receipts that the interest is paid first?? As the total obligation of the borrower includes both principal and interest, how can it actually make any profit creating difference which is designated first??

Why do you suppose the banksters want to collect the interest on loans first?? The reason is so that when the circulating money runs low, the lender's account books will indicate that it is loan principal that remains unpaid – so that the borrowers will perceive that they have not paid back what they borrowed – it serves to make the borrowers look bad - it is known as "smoke and mirrors".

For example, on a loan of \$100.00 at 10% interest the borrower would owe \$110.00 and the lender would likewise have an account receivable of \$110.00. Until the lender has received back at least the \$100.00 lent, it will be and is totally impossible for the lender to have made a profit. As the word "interest" is not in any way a special magical word, the lenders calling the first \$10.00 received "interest" will not magically make that \$10.00 into profit, to postulate that it does is sheer lunacy, Mr. Vieira!! It will be impossible for the lender to properly and honestly claim to have made a profit until the lender has received back more than the lender lent to the borrower and it is absolutely mathematically and physically impossible for the single source of an item to receive back more than the single source issued out!! Show me where this is not so, Mr. Vieira!! Please.

Mr. Vieira's further comments in the second paragraph, in relevant part:

"...If they [the banksters] profited exclusively from foreclosures (as Mr., WhoRU posits), they would be doing everything possible to prevent "booms", and to promote "busts", or at least to stage major "busts" after every "boom", in some sort of rational sequential fashion that would assure them a steady flow of profits. In that case, life would be a series of "boom" eras, such as the late 1920s, followed by horrendous depressions, such as the 1930s."

Mr. WhoRU's response:

When borrowers use FRNs originating into circulation as loan principal to pay the interest portion of their monthly payments those interest payments reduce the circulating supply of principal money to a level below the total obligation owed by all of the borrowers, this using of principal money to pay interest lays the foundation for and is the cause of the subsequent bust cycle and the inevitable profit taking through foreclosures on pledged assets!!

As the reduction of the circulating supply of FRNs is an inherent aspect of a closed end money system, just as wetness is an inherent aspect of water, the Fed need not take any overt action to cause recessions. When the supply of qualified borrowers is "used up" (loaned out to their max), the economy will, of its own accord, without any overt manipulation of the Fed, slide into a recession, and profit taking foreclosures will "naturally" occur. The Fed does quite often adjust the interest rates to either encourage or discourage borrowing but it is not the amount of the interest that causes the bust cycles, the bust cycles are inevitable when interest of any percentage is charged on loans made in a closed end lending system.

Mr. Vieira's further comments in the second paragraph, in relevant part:

"I have no doubt that the bankers of the 1920s were responsible for both the "boom" of that decade and the "bust" of the next. And it may have been because they wanted first to intoxicate the sheep and then shear them. But if Mr. WhoRU accepts that explanation of the Roaring Twenties and the Great Depression, then he cannot deny (as he does) that "[t]he Fed manipulates the circulating supply of money to cause recessions". It may not do it often on the scale of the 1920s and 1930s. But, to anyone who went through the 1930s (and to all Americans as a result of the political consequences of that era even today), Once was quite enough, thank you! "

Mr. WhoRU's response:

What Mr. Vieira strives diligently to avoid acknowledging is that there must be a boom cycle before there can be a bust cycle; just as a farmer must plant and nurture his crops prior to harvesting, so too, must the banksters prime the economy with loans to qualified borrowers, in order to enable actual wealth creating boom cycles to occur as a result of the banksters infusion of FRNs into circulation, by extending loans to qualified borrowers, so that there will be something physically substantial for the banksters to foreclose upon during their profit taking bust cycles.

Additionally, as any honest student of the Great Depression is aware, the root cause thereof was in the farmers of the United States over extending themselves with farm equipment loans during WWI, during which the farmers of Europe were totally shut down, which was, of course, a totally manipulated war, as all are.

In his commentary above, Mr. Vieira states in the third paragraph thereof, in relevant part

"[3] On the other hand, if (as Mr.. WhoRU himself contends) "recessions are an inherent aspect of a closed end privately owned money system", and the bankers know this (for certainly they are as astute as Mr. WhoRU), then simply by operating such a system, with such "an inherent aspect", they are "manipulating the circulating supply of money * * * in order to cause recessions". After all, a person intends the natural and unavoidable consequences of those of his actions of which he knows or should know."

Mr. WhoRU's response:

The term, "manipulating the money supply" is commonly understood to mean a specific independent free standing overt act unrelated directly to any similar independent overt act, or possibly even a series thereof, and this term has never been commonly understood to be used to describe an inherent aspect of the operation of the Federal Reserve, at least not until Mr. Vieira's need to grasp at straws in his failed attempt to prove me wrong.

In his commentary above, Mr. Vieira states in the fourth paragraph thereof, in relevant part

"[4] No point would be served by going seriatim through all the points Mr. WhoRU makes about there being supposedly not enough currency to pay off all loans, principal and interest, because Mr. WhoRU finally does admit that, due to the continuum of borrowing that actually takes place in a dynamic economy, together with foreclosures, enough currency does exist, after all."

Mr. WhoRU's response:

Never once have I ever conceded that there was sufficient money in circulation for all interest and principal to be paid, there never has been and there never will be as such is a mathematical and physical impossibility, as even in the deepest depths of the worse bust, there will still be new loans made with an interest surcharge attached, where there will be insufficient FRNs in circulation to equal the total obligation of all the outstanding loans.

Moreover, even if I were to state such, that would not make it true because it is a mathematical and physical impossibility governed by the natural laws of mathematics and physics over which I have no control, so my acknowledgment would not make such to be true any more than would my assertion that Mr. Vieira is an honest man make that to be true!

However, rest assured, if Mr. Vieira could find anything further in my Fourth Myth on the Federal Reserve to castigate me for, Mr. Vieira would not miss the opportunity!!

In his above comment, Mr. Vieira states and contends: **"...due to the continuum of borrowing that actually takes place in a dynamic economy, together with foreclosures, [Mr. WhoRU admits that] enough currency does exist, after all."** "

Total poppycock!! Mr. Vieira's contention here is like claiming that as long as you keep a bucket with a hole in the bottom full by continuing to pour in more water that there is no hole or that the hole is of no effect, or that if you glue the needle of your car's fuel gage to the full position you will never run out of fuel, no matter how far you travel in the car.

Mr. Vieira states in the fifth paragraph of his commentary, in relevant part

"[5] The amazing statement he [Mr. WhoRU] makes, though, is that [t]his (problem) could be resolved with public ownership-of the Federal Reserve which would make the Fed into an open ended money system", How this resolution would occur, he does not explain---though, given the surety with which he states his various position, he ought to be able to do so. Will the government make more loans than the banks? Presumably, the banks now lend to

every credit-worthy borrower. Will the government lend simply to anyone, the borrower's credit-worthiness be damned? Will the government not collect "interest"? Will the government never foreclose on anyone? (I presume that would be the case, if the government lent to just anyone, as then the defaulting borrowers could simply "roll over" their old loans into new ones, and never face foreclosure). Also, will the government lend extensively to itself, just as the banks do now? If so, will it have to "repay" these "loans", or will they simply amount to direct emissions of Treasury currency?"

Mr. WhoRU's response:

If Mr. Vieira was not so intent on proving me wrong just for the sake of proving me wrong he would know that what he has set forth here is totally untrue as I have explained time and time again, in considerable detail, how the solution I offer would be implemented and operated, if it was not included in the rather short article that Mr. Vieira has taken such great pains to thoroughly and wrongly trash (albeit unsuccessfully), and if Mr. Vieira had made an honest effort to inquire, he would have found that I have indeed provided all of the details, many times.

This article of mine that Mr. Vieira has been attempting to trash was posted to my WhoRU Yahoo group, to my 626 members thereof, whom have previously had the opportunity to be informed of all that Mr. Vieira postulates about - this instant writing on the Myths of the Federal reserve was headed (preceded) with a request that my group members present it to Mt Aaron Russo, as a solution to the problems Mr. Russo exposes in his movie, "America: Freedom to Fascism".

In response to Mr. Vieira's silly postulations, under my plan the Federal Government would not have any direct control or exercise any authority whatsoever over the Board of Governors of the Fed. The Board of Governors would be selected and appointed by the Governors of the several state, or by the legislatures thereof. The Federal government will not be making any loans to itself or to anyone - all private sector loans will be applied for and approved in the same manner as they are currently. The Federal government would be prohibited from borrowing from the central bank. The Federal government would be funded from interest charged on loans made to private sector borrowers, and in this regard, all taxation would be terminated (phased out over a period of months up to a year or two).

Under ownership by the people, with all interest on loans credited to the governments' accounts, the money system would be open ended because all interest payment would be spent back into circulation to replenish the circulating supply, so that the bust cycles inherent in the current closed end system would cease as would the foreclosures caused thereunder.

FALSE Myth # FIVE -

Federal Reserve Notes are evidence of debt – being nothing but worthless IOUs

What Mr. WhoRU wrote that Mr. Vieira purports to comment on:

[1] What is it that actually constitutes "evidence of debt"?? If we were on a 100% gold coin money system and borrowers borrowed real gold coins and spent the coins in the economy no one could tell by looking at the coins that the only reason the coins were circulating in the economy was because some borrower had borrowed them - thus - such coins would be the fruit of debt no matter that such could not be determined from the appearance of the coin - would that in fact cause such coins to not be "evidence of debt"?? Would that fact make certain gold coins worth less than other gold coins??

[2] Please do not interpret the following question as an advocacy of debt, but just, exactly, what is wrong with properly managed debt? Is it not a fact that our entire economy operates on debt?? Would this fact in any way change if by some magical way all paper Federal Reserve Notes could immediately be replaced with actual gold coins - like "poof"? Would the borrowers not still be obligated to repay the loans? If all of the money circulating were gold coins and had been borrowed into circulation would debt then be OK?? What is actually wrong with properly managed debt?? Is it not true that debt problems only really occur when borrowers borrow beyond their ability to repay what they borrowed?

[3] Is it not true that when any borrower applies for a loan the lender only makes the loan when the borrower has a reasonably sound credit rating?? So then, why do so many borrowers later get into debt trouble?? Is it not because of the closed end money system, which causes boom, and bust cycles that I explained in the previous myth?? Is it not because of the interest charged on loans made by a privately owned closed end money system? Is it not true that all loans made by the Fed to borrowers in the private sector are "guaranteed" by the promise to repay made by private sector borrower?? Is it not true that virtually all private sector borrowers strive to their utmost to keep their promise to repay their loans?? Is it not true that these promises made by private sector borrowers constitute a substantial backing for the paper money that serves to facilitate their promises?

[4] What is wrong with an IOU made by an honorable person?? If the good and honorable reputation of the maker of the IOU is well known who would be harmed by accepting his IOU?

[5] On the other hand, if the reputation of the borrower were sorely tainted, then who would want to accept an IOU from such a maker? What if the disreputable IOU maker were able to make its IOUs appear identical to the IOUs of honorable makers of IOUs?? Would such a condition not taint the reputation and reliability of all IOUs?

[6] As I have established herein above that IOUs made by honorable private sector makers are quite worthy and as it is well known that the "honorable" financial reputation of the US government is quite dubious and is sorely tainted, and as the US government issues its worthless Federal Reserve Note IOUs in a format identical to the Federal Reserve Note IOUs placed into circulation by private sector borrowers, is it not self evident that the reason why the private sector Federal Reserve Note IOUs are of questionable value because the US government is the entity that is issuing counterfeit worthless IOUs and is it not true that the reason that Federal Reserve Note IOUs in general circulation are of dubious value is because of the debasing fiscal activities of the US government and not in any way because of any inherent lack of value in IOUs just because they are printed on paper? And, more to the point, is it not true that the actual genuine value of the Federal Reserve Note IOUs issued to fund private sector loans is the only reason that the IOUs issued by the US

government are accepted at all?? And is it not also true that it is the rampant and dishonest unrestrained spending by the US government that has destroyed the public's faith in the Federal Reserve Notes lent into circulation to borrowers in the private sector.

Mr. Vieira's critical commentary on Myth Five:

FALSE Myth # FIVE -

Federal Reserve Notes are evidence of debt - being nothing but worthless IOUs

Mr. Vieira wrote:

5. [1] There can be no question that a "note" is an "evidence of debt", by every economic, and legal definition. A Federal Reserve Note, therefore, is evidence of a debt of some Federal Reserve regional bank. See 12 U.S.C. ^{oo} 412 through 416, which make this pellucid. In particular, observe the "first and paramount lien on all the assets of such bank" that the United States Treasury can assert for payment of FRNS. Obviously, whether FRNs turn out to be "worthless" or not, in whole or in part, depends in the final analysis on the ratio of the bank notes to bank assets. The notes are not the banks' assets, but liabilities-, whereas silver and gold coin are always assets, never liabilities.

[2] FRNs are (says Mr. WhoRU) "backed" by various kinds of public and private debt. True enough. See 12 U.S.C. ^{oo} 411 and 412. So, in that sense, too, they are "evidence of debt" FRNs are, as it were, instruments and evidence of pyramidal debt.

[3] Silver or gold coins, no matter their source, are never "instruments or evidence of debt". If an individual has borrowed gold coins, and then spends them in otherwise honest transactions, the subsequent holders of those coins have no claim against the original lender, or the borrower. If an individual holds FRNs, and then spends them, the recipient of the notes has a claim against both the Federal Reserve regional bank to which the FRNs were originally issued, and the United States Treasury, to have the notes redeemed in "lawful money". And so does every subsequent holder. 12 U.S.C. ^o 411.

[4] Mr. WhoRU's rhetorical exercise in defense of debt simply begs the very question he asks-- viz., "What is wrong with properly managed debt? " Nothing; provided it is "properly managed". That, by hypothesis. But therein lies the real question, which Mr. WhoRU does not answer, What IS "proper management"? Many people, for good and sufficient reasons, would say that a system, such as the FRS, that create circulating currency by "monetizing" debt is not a 'properly managed" system, It is useless to say that it is, without explaining precisely why.

[5] Mr. WhoRU suggests that the root problem is "because of the interest charged on loans made by a privately owned closed end money system". Leaving aside his own admission that the FRS is not, in actuality, a truly "closed end money system", why would shifting control from bankers to politicians change anything for the better? Would a "public central bank" charge no interest on loans? If not, how would it pay its own operating costs? Only through foreclosures? How would there ever be foreclosures in such a system, in which either (i) the political bankers would make loans to everyone, or (ii) the political bankers, act-

ing strictly in the public interest, would make loans only to such sure and secure credit, risks that foreclosures would almost never occur?

[6] Mr. WhoRU attempts to differential between loans made by bankers to private individuals and loans made to the government, and conjures up a two-tier money supply with "good" FRNs deriving from loans to private parties and "bad" FRNs deriving from loans to the Treasury. Usually, however, people judge the value of loans on the basis of the security offered for them. And a borrower who can lawfully commandeer funds from the public at the points of bayonets (through taxes, for example) certainly provides far better security for a loan than a borrower who must depend on the vicissitudes of the free market and the civil judicial system for his income.

[7] Moreover, Mr. WhoRU excoriates the government for its "rampant and dishonest unrestrained spending * * * that has destroyed the public's faith in the Federal Reserve Notes lent into circulation to borrowers in the private sector". Besides the obvious fact that the public makes no such distinction (all FRNs being perfectly, fungible), the obvious self-contradiction in Mr. WhoRU's theory is that he wants to put the entire national monetary and banking system into the hands of the very politicians who, he quite rightly says, are engaged in "rampant and dishonest unrestrained spending". How much more "rampant and dishonest" will their monetary behavior be when these same politicians can generate for themselves as much currency as they want through their own pet "public central bank"! (As opposed to the present situation, in which the bankers are not required to loan to the government at fixed, low "interest" rates, and therefore can exercise some practical restraint on "rampant and dishonest unrestrained spending".)

In Mr. Vieira's first paragraph Mr. Vieira wrote:

[1] " There can be no question that a "note" is an "evidence of debt", by every economic, and legal definition. A Federal Reserve Note, therefore, is evidence of a debt of some Federal Reserve regional bank. See 12 U.S.C. ^{oo} 412 through 416, which make this pellucid. In particular, observe the "first and paramount lien on all the assets of such bank" that the U. S. Treasury can assert for payment of FRNS. Obviously, whether FRNs turn out to be "worthless" or not, in whole or in part, depends in the final analysis on the ratio of the bank notes to bank assets. The notes are not the banks' assets, but liabilities-, whereas silver and gold coin am always assets, never liabilities."

Mr. WhoRU's response:

So what else is new?? Mr. Vieira beats another dead horse!! However, as to Mr. Vieira's statement that FRNs evidence the debt of some Federal Reserve regional bank may very well have been true when the Fed was redeeming FRNs for gold coin but for Mr. Vieira to make this claim in 2006 is quite a stretch, as FRNs have served to evidence the debt of borrowers of FRNs rather than evidencing any debt obligation of the Federal Reserve itself, for quite some time. Additionally, Mr. Vieira's latter statement therein presupposes that the bank in question purports to provide some sort of bank assets (what ever might constitute such "assets") as backing for the notes the bank provides to be used as money. In the case

of FRNS everyone who cares enough to inquire knows very well that FRNs have absolutely ZERO bank assets as backing, and, therefore, the only value inherent in FRNs in 2006-7, is the promise of the private sector borrower to create goods and/or services equal to the value of the FRNs created at the time the borrower's loan was funded.

So, Mr. Vieira's statement that "...whether FRNs turn out to be "worthless" or not, in whole or in part, depends in the final analysis on the ratio of the bank notes to bank assets...." is obvious, is simply not supported by the facts. The worthlessness of FRNs in 2006, is determined more by how many FRNs the Federal government spends into circulation rather than on any other factor, and in any event, in 2006, bank assets have ZERO influence on the worthiness of FRNs.

In Mr. Vieira's second paragraph Mr. Vieira wrote:

"[2] FRNs are (says Mr. WhoRU) "backed" by various kinds of public and private debt. True enough. See 12 U.S.C. ^{oo} 411 and 412. So, in that sense, too, they are "evidence of debt" FRNs are, as it were, instruments and evidence of pyramidal debt. "

Mr. WhoRU's response:

Again, to be entirely correct, I "said" absolutely nothing in my article as it was offered entirely by means of the written word, a writing, if you please, Mr. Vieira, not an oral utterance, but be that as it may, I deny that I in any way conveyed or suggested in my instant writing (or any other writing), that FRNs are in any way backed by any kind of "public debt", to the contrary, I have continually and repeatedly stated that the government's rampant unrestrained spending draws value from the FRNs borrowed into circulation by borrowers in the private sector. All FRNs in circulation draw whatever value they have from the promises of private sector borrowers.

As Mr. Vieira here states his agreement that FRNs are backed by public and private debt, while in his previous paragraph Mr. Vieira insisted that "...FRNs evidence the debt of some Federal Reserve regional bank ..."; which is it, Mr. Vieira?? Mr. Vieira then concludes this short paragraph stating that, "... FRNs are ... instruments and evidence of pyramidal debt." What, pray tell, is "pyramidal debt"? And how do FRNs evidence that they are "... instruments and evidence of pyramidal debt"?

In Mr. Vieira's third paragraph Mr. Vieira wrote:

"[3] Silver or gold coins, no matter their source, are never "instruments or evidence of debt". If an individual has borrowed gold coins, and then spends them in otherwise honest transactions, the subsequent holders of those coins have no claim against the original lender, or the borrower. If an individual holds FRNs, and then spends them, the recipient of the notes has a claim against both the Federal Reserve regional bank to which the FRNs were originally issued, and the U. S. Treasury, to have the notes redeemed in "lawful money". And so does every subsequent holder, 12 U.S.C.° 411."

Mr. WhoRU's response:

If Mr. Vieira had written, "Silver or gold coins, no matter their source, can never be identi-

fied from their face, to be or to have originated as "instruments or evidence of debt," then I would agree, but that is NOT what Mr. Vieira wrote. Mr. Vieira clearly intended to imply that no matter that such silver or gold coins might very well have originated into circulation as the principal of a borrower's loan, such coins could not - would not ever be either instruments or evidence of debt; pure hogwash, Mr. Vieira, pure hogwash!

It is of course clearly obvious that no one could ever tell by looking at a silver or gold coin that such coin entered circulation as the principal of a borrower's loan - but that fact would not in any way change the fact (if such were the case), that the coin was indeed, the instrument of debt, if not then what would be such instrument? Moreover, all FRNs in circulation are NOT evidence of debt.

When FRNs are given over to a borrower, and then spent into circulation by the borrower, such FRNs are, without any doubt, clearly instruments and evidence of debt; however, how do those classifications remain attached to the FRNs after the same FRNs are paid back to the lender as a payment against the loan?? And the FRNs that comprise the interest portion of the loan payment - those FRNs are deemed by the lender to be the lender's profit (although in reality they are not the true source of the lender's profit - but in any event, such FRNs, are clearly no longer evidence of the borrower's debt), and then the lender thereupon owns those FRNs and the lender is then free to spend those FRNs in the economy, whereupon those FRNs will mingle with all the FRNs previously in circulation. However, when the borrower paid those (interest) FRNs over to the lender, those FRNs no longer constituted an evidence of debt even though such designation was still clearly printed on the face thereof.

But back to silver and gold coins; what if a lender of silver or gold coins had his coins imprinted with the same information that is imprinted on a FRN?? Would such coins then not clearly present evidence on their face as to their origin?? Would such an imprint on such coins make them any less desirable to various or multiple holders in due course? Obviously not! The silver or gold coin would still have the same commodity value no matter if they had any imprint thereon or not, the benefit of the standard government mint imprints are that they makes it easier and more convenient to identify the metal content in order to use the silver or gold as money.

No holder in due course would have the slightest concern as to who the original borrower was nor would such holder look to the original borrower nor the lender for value expected in return for such coins, in the same manner as holders in due course of FRNs care not one whit who borrowed the FRNs into circulation nor do such holders concern themselves that the Fed was the origin, other than in regard to a concern that the FRN did not originate in a counterfeiter's garage or off of com criminal's high-tech copy machine..

Additionally, Mr. Vieira states, " If an individual has borrowed gold coins, and then spends them in otherwise honest transactions, the subsequent holders of those coins have no claim against the original lender." The clear implication here is that if the borrower of gold coins spends the gold coins in dishonest transactions then the subsequent holders of those gold coins would have a claim against the original lender..." But how would anyone know any of the implied "facts" in this superfluous gobbledygook?

And on that same note, Mr. Vieira states, "If an individual holds FRNS, and then spends

them, the recipient of the notes has a claim against both the Federal Reserve regional bank to which the FRNs were originally issued, and the United States Treasury, to have the notes redeemed in "lawful money". And so does every subsequent holder. 12 U.S.C. § 411." This flies in the face of the fact that FRNs are no longer redeemable for lawful money and have not been redeemable for over 30 years and begs the question, Mr. Vieira, "When has any subsequent holder of FRNs ever had or exercised a claim against the original lender or the original borrower?" What could possibly be the basis for any such claim, Mr. Vieira?

It is certainly true that if a receiver in due course discovers that what purports on its face to be a genuine FRN is discovered to be a counterfeit FRN, then the receiver certainly does have recourse against whomever the counterfeit item was received from, but that has nothing at all to do with the Fed or the loan/borrowing system.

What is particularly aggravating to me is that Mr. Vieira used only 6 ½ lines to write his gibberish but it took me 50 lines to explain away all of Mr. Vieira's erroneous thinking.

In Mr. Vieira's fourth paragraph Mr. Vieira wrote:

"[4] Mr. WhoRU's rhetorical exercise in defense of debt simply begs the very question he asks-- viz., "What is wrong with properly managed debt? " Nothing provided it is "properly managed". That by hypothesis. But therein lies the real question, which Mr. WhoRU does not answer, What IS "proper management"? Many people, for good and sufficient reasons, would say that a system, such as the FRS, that create circulating currency by "monetizing" debt is not a 'properly managed" system, It is useless to say that it is, without explaining precisely why."

Mr. WhoRU's' response:

I contend that as the context in which I mentioned, "properly managed debt", was as a rhetorical question, I contend that the meaning was/is self evident and needed no further explanation. However, that being stated, I did indeed set forth several examples immediately after I posed that question, as to what would constitute properly managed debt, further addressed immediately below. Additionally, the fact that what ever it is that constitutes "well managed debt" is self evident is true because neither I nor anyone has any authority to determine or mandate what it is that constitutes properly managed debt for any one other than myself. Every person has the individual personal authority and responsibility to determine for his or her own self what it is that constitutes properly managed debt.

In addition, Mr. Vieira intentionally overlooks what I wrote immediately following my second posing of the same question, in the same paragraph in which I wrote it the first time, wherein I did, indeed, set forth thereafter, an examination as to what constituted "properly managed debt"; here below are my exact comments from that paragraph:

"What is actually wrong with properly managed debt? Is it not true that debt problems only really occur when borrowers borrow beyond their ability to repay what they borrowed?? Is it not true that when any borrower applies for a loan the lender only makes the loan when the borrower has a reasonably sound credit rating?? So then, why do so many borrowers later get into debt trouble?? Is it not because of the closed end money system, which causes boom, and bust cycles that I explained in the previous myth?? Is it not because of the inter-

est charged on loans made by a privately owned closed end money system???"

I did indeed, explain in some considerable detail exactly what Mr. Vieira contends I did not do. Mr. Vieira here is just a mite beyond mildly disingenuous!!

Additionally, in the above paragraph Mr. Vieira clearly implies that any monetizing of debt is evidence of an improper management of debt. This is true because it cannot be denied that each and every time any borrower takes out a loan (in any form of money) from any lender (whether it be a pawn shop, credit union, lender of gold coins or the Fed's paper, or the borrower's next door neighbor or from the borrower's own mother), such a transaction constitutes a monetization of debt.

But the phrase, "monetization of debt", a seeming favorite of Mr., Vieira, is in fact a misnomer and is unfairly misleading. The very words "debt" and "debtor" carry with them implications of immoral conduct on the part of the borrower, and when borrowers intentionally and knowingly borrow beyond their ability to repay, such borrowing is, indeed, immoral - flat dishonest - and ultimately hurts everyone to some extent - similar to a traffic accident where a large load of watermelons are destroyed - such an accident will cause everyone to pay more for watermelons in the super market. A fairer and more accurate phraseology would be, and is, "A monetization of the future income of the borrower."

And, whenever a loan is taken out, the funding of the loan, no matter who it is that funds the loan, and no matter what kind of money is loaned, the loan/borrowing transaction causes money to enter active circulation. The only aspect of Mr. Vieira's statement that I omitted was Mr. Vieira's reference to the fact that when it is the Fed that funds the loan the lent money is created, which is an important point but the reason I omitted that point is because the primary point of my mention of "proper management of debt" was in reference to the propriety of borrowing, as a principle, I was not at that time addressing the source of the borrowed funds. However, as Mr. Vieira has raised that issue, I have no choice but to waste more of my time by addressing it.

Mr. Vieira wrote:

"...Many people, for good and sufficient reasons, would say that a system, such as the FRS, that create circulating currency by "monetizing" debt is not a 'properly managed" system... "

Mr. WhoRU's response:

As I have already explained the borrowers' role in these transactions, all that remains to be addressed is the problems inherent in the closed end aspect of the FRS, that is, why is it that our economy suffers when the FRS creates money by "monetizing debt", or as I prefer to more fairly state it, "when the FRS creates money by "monetizing the future income of the borrowers."

The problems we experience in our economy are not caused by (1) the creation of the money by the FRS nor (2) in the fact that the money is created to monetize the future income of the borrowers, nor (3) in the fact that interest is charged on the created money. (I will state here, as an aside, that the FRS has no just or proper business or investment claim to any profit on the money it creates as the FRS has no investment of its own in the

loan process, therefore no risk and no proper entitlement to any profit. The FRS is, in effect, loaning the borrower the borrower's own money and charging the borrower interest on the borrower's own money - and that is not entirely a bad. Situation, when properly understood).

The problems in our economy are not caused by any of those three things I mentioned in the previous paragraph - the problems in our economy are caused entirely by the fact that, as a privately owned money system, the FRS is a closed end system ("closed end" means the collecting entity keeps all of the interest collected), and it is that closed end aspect that causes all of the problems inherent in our present money system!!

Why?

Because the portion of the borrowers' monthly payments designated to be interest, is distributed to the private owners and is thereby removed from circulation. This causes the circulating supply of FRNs to shrink faster than the reduction of the total obligation of all borrowers. It is as simple as that. Our economic problems can be fixed by simply crediting the interest portion of the loan payments to the Treasury so the treasury can spend the interest portion of the monthly payments back into circulation. The private owners of the Fed do indeed, spend a small portion of their profits back into circulation, but they rake in billions and billions so it is impossible for them to spend any significant portion back into circulation. The real fix would be to credit the Federal Treasury with the portion of the monthly payments designated as interest, so that the government could use these billions of interest money to pay for the regular expenses of the government, instead of using armed robbery, sanctified by euphemistically referring to armed robbery as "taxation".

In Mr. Vieira's fifth paragraph Mr. Vieira wrote:

"[5] Mr. WhoRU suggests that the root problem is "because of the interest charged on loans made by a privately owned closed end money system". Leaving aside his own admission that the FRS is not, in actuality, a truly "closed end money system", why would shifting control from bankers to politicians change anything for the better? Would a "public central bank" charge no interest on loans? If not, how would it pay its own operating costs, only through foreclosures? How would there ever be foreclosures in such a system, in which either (i) the political bankers would make loans to everyone, or (ii) the political bankers, acting strictly in the public interest, would make loans only to such sure and secure credit, risks that foreclosures would almost never occur? "

Mr. WhoRU's response:

Contrary to Mr. Vieira's continued misstatements of what I wrote - no where have I ever in the slightest way ever stated or acknowledged that the FRS is anything other than a totally closed end lending system. Mr. Vieira continually imagines all manner of ridiculous scenarios and then proceeds to ridicule me for his own inane concoctions

In the first place, in my opening sentence above, I did not state that there was anything wrong with the charging of interest, what I stated was that the root problem was in that it was a privately owned system that was charging the interest, it is the private ownership that is the problem as it is the private ownership that causes it to be a closed end lending sys-

tem. In answer to Mr. Vieira's question, " why would shifting control from bankers to politicians change anything for the better?" - in the first place both bankers and politicians are men - I agree that this is the basic underlying problem - that men are involved - maybe we should turn it all over to chimpanzees - but here in the real world we have no choice - it will be men who administer the monetary system, however the reason it would be better under ownership of the people is because then the money system can be made into an open ended system where the interest charged on loans made to private sector borrowers will be credited to the Treasury (and to all levels of government), allowing the total elimination of all taxation. The government's spending of the interest charged on loans will recycle the interest portion of the borrowers payments back into circulation thus eliminating the circulating imbalance inherent in a privately owned closed end lending system, (whether or not it is paper or gold that is used as money). The manner of the selection of the Board of Governors of the Central Bank that I suggest be adopted, is set forth in my rebuttal of Mr. Vieira's adolescent castigations, set forth in Mr. Vieira's seventh paragraph herein below.

In response to Mr. Vieira's further inane comments, As I stated in response to Mr. Vieira's similar idiocy previously herein above, under public ownership the system we currently have would operate pretty much as it currently does in regard to lending and charging of interest on loans to private sector borrowers, therefore the proposed monetary system would have virtually the same source of income for its operating expenses as it currently does. The elimination of the closed end flaw in the current privately owned system by the recirculation of the interest portion of borrowers' loans into circulation by government spending would immediately eliminate the imbalance in the circulating money supply which would likewise eliminate the boom and bust cycles caused by the imbalance, thereby eliminating the foreclosures also caused by the imbalance inherent in the closed ended private ownership. Lending to private sector borrowers would continue on the same basis as currently, with appropriate credit checks as currently (lending to the government, i.e., government borrowing at interest or otherwise, would be totally eliminated under this plan. Emergency funding of the Federal Government would require the approval of 75% of the legislatures of the Several Member States of the Federation - in an amount to be likewise approved, which would then be credited (not loaned at interest) to the Federal Treasury).

Mr. Vieira's asinine scenario only serves to cast considerable doubt as to his true intend, which seems to clearly be to cast as much doubt as he possibly can on this wonderful Solution in order to insure that the solution set forth here is never adopted - which brings some doubt as to where Mr. Vieira's true loyalties lay!

In Mr. Vieira's sixth paragraph Mr. Vieira wrote:

"[6] Mr. WhoRU attempts to differentiate between loans made by bankers to private individuals and loans made to the government, and conjures up a two-tier money supply with "good" FRNs deriving from loans to private parties and "bad" FRNs deriving from loans to the Treasury. Usually, however, people judge the value of loans on the basis of the security offered for them. And a borrower who can lawfully commandeer funds from the public at the points of bayonets (through taxes, for example) certainly provides far better security for a loan than a borrower who must depend on the vicissitudes of the free market and the civil judicial system for his income."

Mr. WhoRU's response:

Mr. Vieira's veracity is truly in question!! My explanation of the two separate parallel money systems we have operating in our economy has absolutely nothing whatsoever to do with how anyone judges the value of loans nor the security of loans and Mr. Vieira cannot be so inept that he does not know better.

My explanation has nothing whatsoever to do with the loans per se, nor how or whether or not loans will be repaid; my explanation has to do with the purchasing power of FRNs in circulation and why the inflation of the money supply by government spending causes prices to rise. Generally, attacks on the Fed consist of statements that all FRNs created by the Fed are unbacked by gold, and therefore totally worthless. No writer (other than myself), seems to have taken the time to analyze our economy to recognize and acknowledge that, as our society as a whole, has built a rather substantial infrastructure from the Atlantic to the Pacific and from Canada to Mexico, such has to a great extent been enabled and funded by Federal Reserve Notes, to take note that with all that we have done with them, they just can't be all bad!!

So why is it that paper money does not work long term?? Why do prices continue to rise - where does all this "worthless" money come from? Think about it! We hear about this \$4.5 trillion fund that belongs to the people of the United States that "should be distributed to the people of the United States" - without addressing the pros or cons of whether or not this 4.5 trillion actually exists or who it belongs to - just think about this: there are about 300 million people in the US; if we consider an average of 4 people per family, 300 million people would equal 75 million families. If the 4.5 trillion were to be distributed equally to these families each family would receive \$60,000.00. Can you imagine the economic turmoil that would occur if every family in the US were to receive \$60,000.00 in the mail tomorrow?? Why am I the only one to consider this would NOT be a good thing!! What would this do to prices in the market?? Do I have to draw pictures??

This is an example of bad money. The \$60K would virtually be coming from nowhere - easy come - easy go - just like money spent into circulation by the government. Why does the money we use every day have any perceived value?? Is it not because it is in reasonably short supply. We have to go to work every day and produce goods and services to get paid.

The money we get on payday represents the work we did during the week - working to produce goods and services equal to our pay check - it is our work that imbues the paper money we use with value - it is the borrower working to keep his promise to produce goods and services equal to the FRNs borrowed that imbues the FRNs with value - if we were all to receive \$60K with no production of goods or services to back the \$60K - where would the \$60K get its value?? The only possible source would be from the FRNs that we already had in circulation - that we were working for every day - producing goods and services in exchange for - so - if all of a sudden every family had an easy \$60K to spend such spending would constitute a serious sudden inflation of the circulating supply and market prices would sky-rocket. The bad money from the \$60K would dilute the value of the good money that the hard working productive borrowers in the community had borrowed into circulation - based on their promise to work hard to produce value equal to the FRNs they borrowed into circulation.

In my example that Mr. Vieira is castigating me for I stated the money spent into circulation by the government, with no promise to repay, was bad money and the money that was cre-

ated to fund loans of credit worthy private sector borrowers was good money, and I further stated that the only reason the bad money was accepted was because it was the same color as the good money and Mr. Vieira faults me for my comparison - he is again a fraud - whose side is he really on??

In Mr. Vieira's seventh paragraph Mr. Vieira wrote:

" [7] Moreover, Mr. WhoRU excoriates the government for its "rampant and dishonest unrestrained spending * * * that has destroyed the public's faith in the Federal Reserve Notes lent into circulation to borrowers in the private sector". Besides the obvious fact that the public makes no such distinction (all FRNs being perfectly, fungible), the obvious self-contradiction in Mr. WhoRU's theory is that he wants to put the entire national monetary and banking system into the hands of the very politicians who, he quite rightly says, are engaged in "rampant and dishonest unrestrained spending". How much more "rampant and dishonest" will their monetary behavior be when these same politicians can generate for themselves as much currency as they want through their own pet "public central bank"! (As opposed to the present situation, in which the bankers are not required to loan to the government at fixed, low "interest" rates, and therefore can exercise some practical restraint on "rampant and dishonest unrestrained spending".) "

Mr. WhoRU's response:

Mr. Vieira once more invents and concocts more straw men in his efforts to make me look silly.

It is unfortunately true, as Mr. Vieira points out, that the public makes no distinction between the value of FRNs (1) entering circulation as principle funding private sector loans or (2) entering circulation through inflationary unbridled government spending. However it is interesting to note that Mr. Vieira does not deny the validity of my analysis - he only states that the public makes no distinction - perhaps the reason for this lack of public concern is (1) because all of the money is exactly the same size, color and denomination and (2) because those of us who take it upon ourselves to be the "watch-dogs" over government have not previously brought out this distinction - we have been remiss - I am attempting to correct that oversight, while Mr. Vieira seems to be intent upon sweeping it back under the rug - I wonder why?

It is of course obvious that no matter how a money system is organized it will be, unfortunately but unavoidably, administered by men. I have already addressed this issue in some depth in my response to paragraph 5, herein above, but there is an additional point or two to bring out.

As it is clear that men can never be entirely trusted, it is therefore necessary to make as much of the money system as transparent and public as possible, and to have those men managing the money system as distant as possible from those men who are charged with the responsibility of paying the government's financial obligations; likewise it is necessary to do everything possible to make the selection of the men to serve on the Board of Governors of the Central Bank to be as politically distant from those charged with the responsibility of paying the government's financial obligations as possible.

different. I suggest that Mr. WhoRU study the Supreme Court's decision in *Craig v. Missouri*, and apply its principles *mutatis mutandis* to FRNs and the FRS.

In his commentary above, Mr. Vieira states in the first paragraph thereof, in relevant part:

" [1] Again, gold "borrowed into circulation" is not itself an instrument or evidence of debt, whereas all FRN currency is, by statutory definition. So, under the common-law rule that a debt could be "paid" only with "money", but not with another "debt", the supposed "myth" Mr. WhoRU debunks turns out to be not a "myth" at all. The reason it no longer matters in practice is that FRNs have been declared by law to be "legal tender," 31 U.S.C. § 5103. This designation sets aside and renders irrelevant the common-law rule."

Mr. WhoRU's response:

In my previous writings herein above, I have totally addressed and destroyed Mr. Vieira's self serving concocted assertions that gold borrowed into circulation is not an instrument of debt, as it certainly and obviously and self evidently is, when loaned/borrowed into circulation, an instrument of debt!! How could it reasonably be otherwise?

Then Mr. Vieira congers up what he characterizes as "the common-law rule that a debt could be "paid" only with "money", but not with another "debt" - I'm sorry, Mr. Vieira, there never ever was and there is no such common law rule as you conger up!! You are once more, Sir, sadly mistaken!! The patriot myth that a debt cannot be paid with another debt arose about 20 years ago when interest rates were over 20% and credit card debtors were paying one credit card by charging the payment on one card to another card - the courts ruled in those cases (and properly so) that one debt could not be used to pay another debt. These rulings had absolutely no application to paying debts with FRNs!

Any simpleton ought to be able to reason that when parties to a contract comply with the terms of the contract that there can be no legitimate complaint on either side - what would there be to complain about. On the other hand, no owner of property, of whatever nature whatsoever, can be required to give over or sell his property to another person just because the wannabe purchaser offers that which has been legislated to be legal tender for all debts public and private. This is certainly undeniably true in instances where the owner has not yet released his property to some wannabe purchaser. Historically, in instances where the owner has already released the property to the wannabe owner, and where gold had been the contractual agreed upon form of payment, and in the meantime gold coin was legislated "out" and paper money was legislated "in", courts have (quite improperly - but not surprisingly) ruled that the seller must accept paper money as payment no matter that the written contract clearly specified payment was to be in gold coin. The courts, employing the same defective imagination as Mr. Vieira, opined that the contract's mention of gold coin was just euphemistic and did not really mean gold - yea - right.

In Mr. Vieira's second paragraph Mr. Vieira wrote:

"[2] Given the special statutory legal privileges that FRNs enjoy, it is not surprising that there are no court cases (at least to my immediate knowledge) in

which a willing recipient of FRNs has denied that his receipt of those notes constituted "payment" of a debt owed to him, and some court has agreed. "

Mr. WhoRU's response:

It has nothing to do with any special statutory legal privilege accorded FRNs - it simply has to do with reason - something of which Mr. Vieira seems to be totally devoid of applying. Mr. Vieira's reasoning (or lack thereof), would establish that the only reason truck driver's stop at stop signs is because the "law" requires it.

I posit, that if the stop sign law was repealed that thereafter most drivers (and all sane drivers) would continue to respect the stop signs and those that did not would, sooner or later, live to regret it, or at least their survivors would.

It is axiomatic (or at least it used to be), that if party "A" to a written contract had to point out (read) the terms of the contract to party "B", that party "A" had most probably entered into a contract with the wrong person.

In Mr. Vieira's third paragraph Mr. Vieira wrote:

"[3] However, in a legal system that followed the Constitution, the result would be radically different. I suggest that Mr. WhoRU study the Supreme Court's decision in *Craig v. Missouri*, and apply its principles *mutatis mutandis* to FRNs and the FRS. "

Mr. WhoRU's response:

In his third paragraph above, Mr. Vieira acknowledges that the Constitution is not being adhered to so what would be the purpose?? Moreover, attorneys litigating on opposite sides can always find many cases to support their opposing positions, then we have the Supremes ruling 5-4 so many times it has become the norm, when, if the Supremes were honest, their rulings would consistently and almost invariably be 9-0, so much for court cases.

My purpose in writing about the Myths regarding the Federal Reserve was merely my feeble attempt to point out that the Fed is not all bad, that, when properly and fairly examined, it is a quite marvelous invention, and if paper money and a central bank were to be properly understood and properly utilized, such can allow the total elimination of all armed robbery (euphemistically called "taxation") as the means of funding the government of a people intent on deluding themselves into believing that they are free, while at the same time the government that they created to protect their freedom funds itself by pointing its guns at them; but it seems quite clear that Mr. Vieira has quite a different agenda!!

Yes, it is true, the implementation of this Solution will require some Constitutional Amendments and statutory adjustments – so what?? This is precisely what the Constitutional Amendment process is for!! The current state of the "law" is irrelevant as it is, being man made, always temporary!!

FALSE Myth # SEVEN -

The inflation inherent in the use of Federal Reserve Notes is a hidden

tax.

What Mr. WhoRU wrote that Mr. Vieira purports to comment on:

[1] Taxation is a euphemism for armed robbery - the collection of taxes is ultimately enforced at the point of the government's gun; no borrower is ever forced to borrow from any lender so this myth is technically untrue, however the damage caused by this myth is that it takes the focus away from where the focus needs to be placed - on the government's uncontrolled spending as it is the government's uncontrolled spending that constitutes the inflation of the money supply and the resulting increase in commodity prices. It is misleading and unfair to place the blame for increased prices on paper money or the Federal Reserve.

[2] Inflation is not in any way an inherent aspect of the use of Federal Reserve Notes - inflation is the increase of the circulating supply of money caused when the government spends money into circulation that the government did not collect through normally approved funding channels. Taxation, although widely used to fund government, is not an appropriate means of funding a government of a people who purport themselves to be free.

Mr. Vieira's critical commentary on Myth Seven:

FALSE Myth # Seven -

The inflation inherent in the use of Federal Reserve Notes is a hidden tax

Mr. Vieira wrote:

7. [1] The emission of FRNs is often likened to a "hidden tax" because the emission of any such currency results in redistribution of wealth from society as a whole to the emitter and the immediate beneficiaries of the emission. On this phenomenon, see the sections on money in Ludwig von Mises, Human Action, and Murray Rothbard, Man, Economy, and State. In the private sector, this redistribution is called "forced savings". In the public sector, it is called "the inflation tax", Neither term, though, is particularly descriptive of what is actually going on.

[2] Mr. WhoRU' argument that "no borrower is ever forced to borrow from any lender so this myth "the hidden tax" is technically untrue" misses the point. "The hidden tax" is not imposed on the emitter of the currency, or on the initial borrower, but on other parties down the economic line, as the new currency percolates throughout society, changing the structure of prices of all goods and services it affects. Many (probably most) of these parties believe themselves to be required to accept FRNs perforce of the legal-tender law. 31U.S.C. Section 5103. So, to the extent of their ignorance on that score, they are "forced" into a system that cheats them of real wealth.

[3] Even if the government were not engaged in "uncontrolled spending", the natural effect of "monetization" of private debt through the banking system would be redistribution of wealth-which, by the way, would occur whether or not there were a general increase in

prices resulting from the emission of new currency. That is, "inflation" (as the public and apparent Mr. WhoRU understand that term to denote a general increase in prices) need not occur as the inevitable result of increases in the money supply. But redistributions of wealth always occur.

[4] I shall not attempt to unravel Mr. WhoRU' comments on taxation in his final paragraph on Myth No. 7. If what he means is that a government should finance itself entirely by voluntary contributions from the citizens, I suppose that is a philosophical position which is at least arguable. What it has to do with the present system in the- United States--or any system likely to be put into effect in any lifetime--escapes me.

Mr. WhoRU's rebuttal to Mr. Vieira's continuing out of context Strawman commentary.

In his commentary above, Mr. Vieira states in the first paragraph thereof:

" [1] The emission of FRNs is often likened to a "hidden tax" because the emission of any such currency results in redistribution of wealth from society as a whole to the emitter and the immediate beneficiaries of the emission. On this phenomenon, see the sections on money in Ludwig von Mises, Human Action, and Murray Rothbard, Man, Economy, and State. In the private sector, this redistribution is called "forced savings". In the public sector, it is called "the inflation tax", Neither term, though, is particularly descriptive of what is actually going on."

Mr. WhoRU's response:

Of all the misstated musings that Mr. Vieira has emitted thus far, those set forth in the preceding paragraph are by far, the most totally convoluted!!

In the first instance, how are FRNs "emitted" and who or what is the "emitter"? I suppose Mr. Vieira wants us to infer and presume that the unspecified emitter is the FRS and therefore, by inferential deduction, we are to somehow conclude that the FRS "emits" FRNs - but we are left without any explanation or suggestion or implication by Mr. Vieira, as to what it is that constitutes the act of emission. The word "emissions" is commonly understood to be reference to some sort of undesirable pollution?? (Also, please note here, that the words "tax" or "taxation" are always used and are limited to references to some means of funding the government - and the word "tax" is never used in reference to profits of private business - including the profits of the privately owned Federal Reserve).

I have been studying the FRS since 1964 and in all those years I have never ever before encountered a statement likening the emissions of FRNs to a "hidden tax" - NEVER EVER!!

On the other hand, what I have continually encountered are statements that rising prices, caused by the inflation of the money supply, through unbridled government spending, constitute a hidden tax on the population. Using an oversimplification which is generally but not

technically accurate: The way this "hidden tax" is "collected" is (1) the government prints up billions of dollars and just spends or grants it into circulation (red money) through various give away programs. (2) These billions of printing press government dollars enter circulation and dilute the value of the dollars borrowed into circulation by private sector borrowers (green money). This infusion of printing press red dollars into circulation causes food, fuel, rent and all market prices to rise so the general public has to pay more dollars for everything than they would if the government had not printed up and spent the billions of red dollars into circulation - this is the way the government is funded by this "hidden tax. The "introduction" (by lending) of FRNs into circulation in and of itself has nothing whatsoever to do with (1) the distribution of the profits of the Federal Reserve nor (2) the redistribution of wealth that are both indeed inherent negative aspects of the FRS under its private closed end system.

Both (1) and (2) herein are related to each other but neither necessarily an inherent aspect of the lending of FRNs that could not be corrected under public ownership of the Fed.

Then Mr. Vieira states that the "hidden tax" he congers up is caused, "... because the emission of any such currency [FRNs] results in redistribution of wealth from society as a whole to the emitter and the immediate beneficiaries of the emission...."

What is notably absent from Mr. Vieira's MEMORANDUM is any explanation as to how this redistribution of wealth is caused by the infusion of paper money (because the redistribution is NOT caused by the infusion – read more below!!). Additionally, it is noteworthy that Mr. Vieira characterizes the infusion of paper money as a "hidden tax" – money deemed to be tax revenues are invariably credited to some government treasury but in this instance Mr. Vieira states that what he characterizes to be "hidden taxation" results in the redistribution of wealth from the society as a whole to the emitter of the FRNs rather than to any government treasury – so how can this redistribution possibly be properly characterized as any kind of "taxation", hidden or otherwise??. It is my clear understanding that the "emitter" of FRNs is the Federal Reserve, but all of this, although seemingly logical – is none the less – laced with error!!

Although it is indeed true that FRNs are furnished (made available) by the Fed – the Fed is powerless to get FRNs into circulation all by itself – borrowers are required!! Private sector borrowers all work diligently to produce wealth (goods and services) equal to the quantity of FRNs created by the Fed to fund their loans so there is no way that the infusion of FRNs into circulation to fund loans to private sector borrowers can be the actual cause of the redistribution of wealth from themselves to the emitter of the FRNs. Likewise, the same privately owned Federal Reserve also emits FRNs to fund loans to the government, while the government does nothing to create goods and services equal to the "emission", and while the government does nothing to create anything equal to the quantity of FRNs created to fund loans to the government, there is still no way that the infusion of FRNs into circulation to fund loans to the government can be the actual cause of the redistribution of wealth from "society as a whole" to the emitter of the FRNs.

So then, how does the redistribution of wealth occur – what is the cause??

The redistribution of wealth has nothing directly to do with any of the foregoing, but is a by product of the "emission" of FRNs to fund all loans made to both government and private

sector borrowers. It is not in any way the emission of FRNs that cause the redistribution but, rather, because of the interest surcharge attached to the "emissions".

This goes back once more to the Single Source Doctrine; the "emitter" of FRNs cannot possibly receive back any more FRNs than were originally "emitted" to fund all of the loans. Once again, the designation of a portion of the loan payments as interest, allows the "emitters, the self same banksters, to apply only a portion of the loan payments to the reduction of the borrowers outstanding balance. This causes the circulating supply of FRNs to be reduced more rapidly than is the reduction of the outstanding loan obligation of the borrowers, whether the borrower is the government or borrowers from the private sector.

The imbalance in the circulating money supply causes a recession (depression), bust cycle, with the inherent foreclosures and confiscation of mortgaged homes and other assets pledged by private sector borrowers. The "redistribution of wealth" actually occurs when the Fed sells the assets acquired through the foreclosures which resulted from the shrinking of the circulating money supply caused by interest charged on loans.

The inflation of the circulating money supply occurring when FRNs "emitted" to fund loans made to the government merge with and dilute the FRNs "emitted" to fund loans made to private sector borrowers. (This is known as "inflation"; inflation causes prices to rise).

The FRNs "emitted" to fund the loans made to private sector borrowers are backed by the promised future production of the private sector borrowers while the FRNs "emitted" to fund the loans made to the government are backed only by the ability of the government to engage in the armed robbery of the populous!!

The salient point here is that the workers of the society are capable of producing only so much goods and services – when that limit is reached there is no ability to create any more – there are only 24 hours in a day – and no more!!

Consider how each individual private sector borrower's credit rating is established; an individual's credit rating is based on the individual borrower's perceived and proven ability to create goods and services desired by the community. Each individual person's ability to produce goods and services is determined by each person's individual naturally acquired (God given) talents, and no more.

If private sector borrowers have borrowed money to the maximum of their individual capability to repay their individual personal loans, then how could it be possible for such maxed out borrowers to produce an additional amount to provide funds to repay FRNs "emitted" to fund loans made to the government??

Does it take a rocket scientist to answer that question?? Or an accountant?? Or an economics professional?? Or, Heaven forbid, an attorney such as Mr. Vieira??

Would the long term answer to the foregoing question be for the wives and mothers to get a job?? Thus neglecting their children?? The actual answer is to reassess the manner in which the government is funded and the manner in which money is "emitted" into the economy.

Mr. Vieira also correctly states that "...the emission of any currency [in this case FRNs] results in redistribution of wealth from society as a whole to the emitter...", however, what Mr.

Vieira misses is that this very same phenomenon will still invariably manifest itself whether the money lent is silver or gold coin or paper Federal Reserve Notes.

In his commentary above, Mr. Vieira states in the second paragraph thereof:

" [2] Mr. WhoRU' argument that "no borrower is ever forced to borrow from any lender so this myth ["the hidden tax"] is technically untrue" misses the point. "The hidden tax" is not imposed on the emitter of the currency, or on the initial borrower, but on other parties down the economic line, as the new currency percolates throughout society, changing the structure of prices of all goods and services it affects. Many (probably most) of these parties believe themselves to be required to accept FRNs perforce of the legal-tender law. 31U.S.C. Section 5103. So, to the extent of their ignorance on that score, they are "forced" into a system that cheats them of real wealth."

Mr. WhoRU response:

Why am I not surprised that in order to make his point Mr. Vieira had to omit the qualifying statement that I had inserted immediately prior to the snip Mr. Vieira quoted.

Mr. Vieira wrote:

"Mr. WhoRU' argument that "no borrower is ever forced to borrow from any lender so this myth ["the hidden tax"] is technically untrue" misses the point..."

However what I actually wrote, that Mr. Vieira conveniently omitted was the following:

"Taxation is a euphemism for armed robbery - the collection of taxes is ultimately enforced at the point of the government's gun; no borrower is ever forced to borrow from any lender so this myth [that inflation is a hidden tax] is technically untrue,..."

My statement stands as entirely true and un-refuted by Mr. Vieira because what my statement clearly and correctly asserts is that borrowers are not forced to take out loans at gun-point, so the inflation and rising prices resulting from loans made to the government is not properly deemed to be a tax.

Moreover, Mr. Vieira's contention that I missed the point is 180 degrees out of line as it is Mr. Vieira who again errs as Mr. Vieira could not have possibly inadvertently missed my point in addressing this Myth, as I had very clearly presented my point, which was to point out in my original writing, that taxation constitutes nothing but armed robbery and that taxation is not an acceptable means of funding a government of a people who purport to be free. How could Mr. Vieira possibly have inadvertently missed this point?? Mr. Vieira has once more brought his credibility as an unbiased critic into serious question!!

In his commentary above, Mr. Vieira states in the third paragraph thereof:

" [3] Even if the government were not engaged in "uncontrolled spending", the

natural effect. of "monetization" of private debt through the banking system would be redistribution of wealth-which, by the way, would occur whether or not there were a general increase in prices resulting from the emission of new currency. That is, "inflation" (as the public and apparent Mr. WhoRU understand that term to denote a general increase in prices) need not occur as the inevitable result of increases in the money supply. But redistributions of wealth always occur."

Mr. WhoRU's response:

Except for Mr. Vieira's non- related multiple errors in the foregoing, everything that I wrote in exposing this Myth is in total accord with what Mr. Vieira wrote in his third paragraph, however that did not stop Mr. Vieira from misstating what I had written; it is not reasonable that Mr. Vieira was innocently mistaken about what I wrote. In this paragraph Mr. Vieira states, "...That is, "inflation" (as the public and apparently Mr. WhoRU understand that term, to denote a general increase in prices) need not occur..."

My original writing in refuting this Myth is only two short paragraphs long. Twice in those two paragraphs I wrote the opposite of what Mr. Vieira contends is my ignorance in understanding the proper meaning and application of "inflation", as opposed to "rising prices"; here are my exact words, in relevant part:

"... As it is the government's uncontrolled spending that constitutes the inflation of the money supply and the resulting increase in commodity prices. It is misleading and unfair to place the blame for increased prices on paper money or the Federal Reserve.

Inflation is not in any way an inherent aspect of the use of Federal Reserve Notes - **inflation is the increase of the circulating supply of money caused when the government spends money into circulation that the government did not collect through normally approved funding channels.** Taxation, although widely used to fund government, is not an appropriate means of funding a government of a people who purport themselves to be free."

Mr. Vieira is once more proven to be fast and loose with the truth!!

But in regard to Mr. Vieira's unrelated miss-statements, Mr. Vieira wrote, in relevant part:

" [3] "... (1) The natural effect of "monetization" of private debt through the banking system would be redistribution of wealth-which, (2) But redistributions of wealth always occur."

Mr. WhoRU's response:

Twice in his third paragraph (as numerated above), Mr. Vieira wrote statements that are only true when the central bank is a privately owned closed end money system, as is currently the case. If the ownership of the central bank were taken over by the People of the United States (while keeping Congress and the President totally out of the Central Bank's

monetary loop as provided for in the Solution I have devised), both of these current serious problems would cease and all taxation (armed robbery), in the entire country could be phased out.

One point I find to be more than somewhat disconcerting and noteworthy, is that twice in these two short paragraphs I made statements regarding the impropriety of taxation (armed robbery) as being the appropriate means of funding our government, yet Mr. Vieira ignored both of these two points, which were/are the basic purpose of my entire writing. Mr. Vieira uses this once more to conger up an excuse to ridicule and belittle me in Mr. Vieira's fourth paragraph!

Here, for your immediate ready reference, are my original words on this point:

"Taxation is a euphemism for armed robbery - the collection of taxes is ultimately enforced at the point of the government's gun...

"Taxation, although widely used to fund government, is not an appropriate means of funding a government of a people who purport themselves to be free."

In his commentary above, Mr. Vieira states in the fourth paragraph thereof:

" [4] I shall not attempt to unravel Mr. WhoRU' comments on taxation in his final paragraph on Myth No. 7. If what he means is that a government should finance itself entirely by voluntary contributions from the citizens, I suppose that is a philosophical position, which is at least arguable. What it has to do with the present system in the- United States--or any system likely to be put into effect in any lifetime--escapes me. "

Mr. WhoRU's response:

No place in my writings have I ever suggested that government should be funded by passing the hat, as Mr. Vieira clearly implies that I did, however Mr. Vieira's claimed inability to grasp any connection of my castigations of the present private ownership of the closed end central bank with a means of funding government through the interest charged on loans to private sector borrowers if the central bank were owned by the People, in place of armed robbery, in a paper in which Mr. Vieira himself continually addresses and comments on the sever detrimental monetary effects caused by the manner in which the interest profits of the privately owned FRS redistribute wealth, is just a little hard to accept as genuine, this is especially true as I set forth the exact explanation Mr. Vieira claims I did not present, just three paragraphs down in my expose of Myth 8, wherein I wrote:

"The boom and bust cycles could/would be totally eliminated if the Fed ownership was assumed by the people of the United States and then, under the new ownership, all interest collected on loans would be credited to the Federal Treasury and to all state, county and municipal treasuries, thus allowing the entire elimination of all taxation in the entire Federation."

Mr. Vieira has once more proven himself to be an unmitigated prevaricator!!

FALSE Myth # EIGHT -

The Fed just prints money and pumps it into circulation.

What Mr. WhoRU wrote that Mr. Vieira purports to comment on:

[1] I have fairly well addressed this myth above but I hear this claim quite often and I challenge anyone who makes this claim to set forth a detailed explanation of the means whereby the Fed has any ability to cause Federal Reserve Notes to enter circulation in any other way other than as the principal to fund borrowers' loans. The flip side of this myth is that the Fed also pulls money out of circulation to cause recessions. Both of these myths are FALSE!

[2] The Fed facilitates the addition of FRNs by lending to qualified borrowers during a boom cycle; FRNs are removed from circulation as borrowers make payments on their loans, this causes the recessions or bust cycles. These are normal occurrences under a privately owned closed end money system and although the Fed does adjust interest rates to speed up or retard the economic surges, the Fed has no ability to directly add or remove money from circulation.

[3] The boom and bust cycles could/would be totally eliminated if the Fed ownership was assumed by the people of the United States and then, under the new ownership, all interest collected on loans would be credited to the Federal Treasury and to all state, county and municipal treasuries, thus allowing the entire elimination of all taxation in the entire Federation.

[4] The Federal Reserve should not be totally eliminated but should be kept in operation pretty much as it is now, with just the simple changes I have delineated in the previous paragraphs!

[5] Opponents of a Central Bank point out that the Federal Reserve is the fourth or fifth central bank that the United States has been cursed with - this may very well be true so why does the United States continue this cycle of implementing and rejecting a central bank?? Isn't it about time that we recognized that as long as there are greedy humans around and our Federation is functioning on a gold coin money system that there will always be those pushing and manipulating things to impose another privately owned paper money closed ended central bank - if we were to impose a publicly owned open ended central bank then that would make it impossible for the greedy would be banksters to impose their own privately owned closed end bank.

[6] When are we going to come to a realization that it is not paper money that is the problem and it is not the creation of money to fund loans that is the problem but rather, it is the charging of interest on loans made in a privately owned closed end system that is the cause of all of our economic ills?

[7] When are we going to come to a realization that if we were to somehow go to a 100% gold coin money system in 2006 or 2007 or 2008 or whenever, it would be inevitable that the money changers who currently own vast hoards of gold, would still be in a position to

implement their dirty little boom and bust cycles? How could we expect otherwise?? Would not the moneychangers then lend their privately owned gold into circulation?? Would the lenders not charge interest on their gold lent to borrowers? And just exactly where would the borrowers get the additional gold coins to pay the interest? I suggest that you go up above and reread the paragraphs in Myth FOUR, where I describe in considerable detail the evil way that interest on loans made in a closed end lending system causes boom and bust cycles and inevitable foreclosures no matter whether the money be paper or gold.

[8] When I present this plan I am always besieged with arguments that gold to pay the interest on borrowed gold is available from other sources, that there is still more gold "out there" in nature, just waiting for borrowers of gold to go pick up off the ground to use to pay the interest on the gold they have borrowed at interest - and yes, I suppose a lot of that gold "out there" is already coined up just laying on the ground waiting and ready to just be picked up and presented to the gold lenders - yes, I am sure - at least in the wild dreams of those who fail to think!

[9] But, yes, there is some considerable quantity of gold coin in thousands of smaller private caches which the owners thereof will be able to spend into circulation without borrowing at interest, so those who do borrow gold at interest will be able to use this from these smaller private caches as a source of gold to make the gold coin interest payments on their gold loans - yes, that is certainly true - and how long will that gold last?? How long will it be before the gold lending Banksters become the owners of all those smaller caches of gold? And then we will be right back where we are now - except even worse, because with a 100% gold system there will be a natural limitation on how much gold there is to be lent to qualified borrowers so that many otherwise qualified borrowers will not be able to obtain the funding necessary to finance their entrepreneurial endeavors, thus effectively stifling economic growth! And what do you suppose that would do to the interest rates charged on the lent gold?

Mr. Vieira's critical commentary on Myth Eight:

FALSE Myth # EIGHT -

The Fed just prints money and pumps it into circulation.

Mr. Vieira wrote:

8 [1] This is largely a rehash of Myth No. 1. Mr. WhoRU appears to add a new point that "it is not the creation of money to fund loans that is the problem but rather, it is the charging of interest on loans made in a privately owned closed end system that is the cause of our economic ills"

[2] Unfortunately, Mr. WhoRU does not describe how his "public central bank" would correct the situation (other than being public, rather than private). Presumably, it would still engage in "the creation of money to fund loans". Would it not charge any interest? Or is "interest" bad only when private parties charge it, but permissible for politicians and the special-interest groups that pull their strings? Presumably, too, Mr. WhoRU' "public central bank" would not be a "closed end system", But he concedes that the present private system is not really a "closed end system". So wherein will the difference lie? Will the "public

central bank" make loans to anyone and everyone, in whatever amounts they desire? Will the "public central bank" loan the currency necessary to repay not only the principal but also the "interest" on these loans? Will the "public central bank" collect its operating revenues by foreclosures? (It will, after all, have numerous expenditures, and should not---at least according to Mr. WhoRU---be subsidized by taxation.) But why should there ever be foreclosures, when the "public central bank" can lend more currency to defaulting debtors, and perhaps even without charging any interest? And, without foreclosures that result in the transfer of property from borrowers to the "public central bank", where will the "public central bank" derive the ostensible "profits" to plow into operating capital?

[3] Mr. WhoRU contends that, even under "100% gold coin money system *** it would be inevitable that the money changers who currently own vast hoards of gold, would still be in a position to implement their dirty little boom and bust cycle". To support this assertion, however, Mr. WhoRU will first have to study the Austrian theory of the business cycle, and then demonstrate that, absent "monetization" of debt and bank credit-expansion, such cycles can reasonably be predicted to occur. He might also consider why it was, throughout modern financial history, that "the money changers" have worked assiduously alongside politicians to eliminate the 100% silver and gold coin standard in favor of "monetization" of debt and central bank credit-expansion. Have they perhaps known something of which Mr. WhoRU is ignorant?

Mr. WhoRU's rebuttal to Mr. Vieira's Continuing String of Concocted Strawmen and Out-right Lying Commentary:

In his commentary above, Mr. Vieira states in the first paragraph thereof:

"8 [1] This is largely a rehash of Myth No. 1. Mr. WhoRU appears to add a new point that "it is not the creation of money to fund loans that is the problem but rather, it is the charging of interest on loans made in a privately owned closed end system that is the cause of our economic ills"

Mr. WhoRU's response:

In his first paragraph Mr. Vieira states that what I present in Myth 8 is a rehash of Myth 1, in which I addressed the creation of money out of thin air and only that issue - Myth 8 addresses the claim that the Fed has some ability to pump money into and remove money out of the economy. These are two entirely separate issues, however Mr. Vieira, in his fruitless pursuit of error in my writing, must create error or confusion where none exists.

As to my "adding a new point", being, according to Mr. Vieira, " the charging of interest on loans made in a privately owned closed end system" - this is certainly not a new point in this writing as it has been a major point throughout the writing, as the lying Mr. Vieira very well knows; but I do want to place emphasis on the fact that it is the "closed end" aspect of the current system that causes the interest to be a major problem! It is not the interest, in and of itself, that is the problem with our current system, but rather, the fact that in a privately owned closed end money system there is no source of money in circulation for borrowers to use to pay the interest on their loans other than money that originated into circulation as the principal of some borrower's loan!

When the money that originated into circulation as principal money to fund borrower "A's" loan is used by borrower "B" for the purpose of paying the interest on borrower "B's" loan - then that reduces the circulating supply of principal money below the total owed by both borrowers (all borrowers), which causes the imbalance complained of by the Austrian economists, which then brings on the bust cycle and the profit taking foreclosures!

In his commentary above, Mr. Vieira states in the second paragraph thereof:

" [2] Unfortunately, Mr. WhoRU does not describe how his "public central bank" would correct the situation (other than being public, rather than private). Presumably, it would still engage in "the creation of money to fund loans". Would it not charge any interest? Or is "interest" bad only when private parties charge it, but permissible for politicians and the special-interest groups that pull their strings? Presumably, too, Mr. WhoRU' "public central bank" would not be a "closed end system", But he concedes that the present private system is not really a "closed end system". So wherein will the difference lie? Will the "public central bank" make loans to anyone and everyone, in whatever amounts they desire? Will the "public central bank" loan the currency necessary to repay not only the principal but also the "interest" on these loans? Will the "public central bank" collect its operating revenues by foreclosures? (It will, after all, have numerous expenditures, and should not---at least according to Mr. WhoRU---be subsidized by taxation.) But why should there ever be foreclosures, when the "public central bank" can lend more currency to defaulting debtors, and perhaps even without charging any interest? And, without foreclosures that result in the transfer of property from borrowers to the "public central bank", where will the "public central bank" derive the ostensible "profits" to plow into operating capital? "

Mr. WhoRU's response:

I have quite thoroughly addressed there issues herein above but Mr. Vieira seems to ascribe to the theory that a lie, told often enough, will be finally accepted as truth, and the bigger the lie and the more often it is told then quite often will it be even easier to sell, especially to those people who are not well versed in the subject matter - unfortunately for Mr. Vieira, I happen to be the foremost expert on these issues, on the entire planet - now let Mr. Vieira have a hay day with that claim!!

In his first paragraph Mr. Vieira first erroneously states:

"Unfortunately, Mr. WhoRU does not describe how his "public central bank" would correct the situation (other than being public, rather than private). "

Mr. WhoRU responds:

Mr. Vieira claims I have not explained how a "public central bank" would correct the situation, the situation being the "ills" caused, "...by the charging of interest on loans made in a privately owned closed end system ...". In my explanation of Myth #4 I wrote that under a publicly owned central bank the interest collected on loans made to private sector borrowers would be credited to the Federal Treasury and that such crediting would put an end to the boom and bust cycles. I did not therein explain what the government would do with that money because I expect that anyone with enough interest to read my paper would already know what the government would do with that money - the government would do that which it has proven itself to be most proficient at - the government would spend it, Mr. Vieira, what do you think the government would do with the money?

So how would that help the situation - cure the "ills", because, as I also explained in paragraph three of Myth Eight, and it would put an end to the closed end lending system by opening up a source from where private sector borrowers could obtain a re-circulated source of money to pay the interest on their loans without using other borrowers circulating principal money. This recirculation of the interest money (by government spending of the interest charged on loans to the private sector borrowers back into circulation), would put an end to the imbalance in the circulating money supply inherent in every closed end privately owned lending system no matter what is used as money, whether the money be paper or gold coins, the imbalance caused because of the closed end aspect of a privately owned money lending system!! The imbalance (being the lack of a circulating supply of money sufficient to balance the total loan obligations of all borrowers), is as much an inherent aspect of a privately owned closed ended money system as is wetness an inherent aspect of water!

In his first paragraph Mr. Vieira further correctly presumes but superciliously asks:

"Presumably, it would still engage in "the creation of money to fund loans". Would it not charge any interest? Or is "interest" bad only when private parties charge it, but permissible for politicians and the special-interest groups that pull their strings? "

Mr. WhoRU responds:

Yes, Mr. Vieira, the publicly owned central bank would still create money to fund loans, but only to borrowers in the private sector - the government would be prohibited from borrowing money from the central bank, and of course, as I have already mentioned several times, the central bank would charge interest on such loans, and, as I have repeatedly stated, this interest would be credited to government treasuries to fund government thereby allowing the phasing out of all taxation (armed robbery).

Mr. Vieira's silly suppositions and inane presumptions only serve to illustrate and illuminate Mr. Vieira's viciousness. Under the operating system I have devised there would be as little possibility of special interest group access to or influence over the distribution of the public's money as can be devised with humans involved, but there is no doubt that there will always be unscrupulous individuals who will engage the services of dishonest men, to attempt to worm their way into access to the public's money.

In his first paragraph Mr. Vieira further erroneously presumes and asks:

" Presumably, too, Mr. WhoRU's "public central bank" would not be a "closed end

system", But he concedes that the present private system is not really a "closed end system". So wherein will the difference lie? "

Mr. WhoRU responds:

Yes, the publicly owned central bank would most certainly be open ended, "open ended" means the interest charged on loans to private sector borrowers would be quickly spent back into circulation, restoring the circulating supply, eliminating the imbalance caused under the current privately owned closed end system. Here again, Mr. Vieira trots out his often repeated self generated misrepresentation, wherein Mr. Vieira wrongly contends that I have somewhere conceded that the current privately owned closed end system is not closed ended; once more, I have never ever suggested any such thing, I have always steadfastly maintained that under private ownership, a money system will always be closed ended, just as water will always be wet, and as lawyers will, inevitably, play fast and loose with the truth!!

So, Mr. Vieira, that is where the difference will be, in that, under public ownership, the interest collected on private sector loans will be re-circulated into the system, thus maintaining a balance in the circulating money supply, between the amount of money in circulation and the total obligation of all borrowers; putting an end to the shrinkage of the circulating supply which is the cause of the "bust" cycles and sets the stage for the profit taking foreclosures - all of this evil will cease, under this solution, and, all armed robbery ("taxation") could be phased out!

In his first paragraph Mr. Vieira once more superciliously asks:

"Will the "public central bank" make loans to anyone and everyone, in whatever amounts they desire? "

Mr. WhoRU's response:

No, Mr. Vieira, the central bank will not make loans to anyone or everyone, all prospective borrowers will be required to demonstrate a high level of moral character and financial responsibility. All lending will be screened as is currently done. The general public will not even be aware of the change, other than they will no longer be required to submit to armed robbery to fund the government.

In his first paragraph Mr. Vieira further superciliously asks:

" Will the "public central bank" loan the currency necessary to repay not only the principal but also the "interest" on these loans? "

Mr. WhoRU's response:

Yes, Mr. Vieira, just as soon as lawyers begin to tell the truth and right along with the dispensing of dry water - such asinine suppositions hardly call for any response but due to the fact that you, Mr. Vieira, are counting on the alphabet soup appended to the end of your name to mesmerize readers into the acceptance of your idiocy, while I, with only an eight grade pubic fool system indoctrination, must respond to your gibberish, silly point by idiotic lying silly point!

As you well know, Mr. Vieira, there is no possible reasonably honest mechanism whereby a lender can loan currency into circulation for the purpose of borrowers to use to pay the interest on the loans they take out, and, moreover, as you also are very much aware, the reason lenders lend money is so that they can collect interest - and this does not constitute any acknowledgment on my part that such interest, in and of itself, constitutes a profit to the lender in a privately owned closed ended money system!

In his first paragraph Mr. Vieira further superciliously asks and purports:

" Will the "public central bank" collect its operating revenues by foreclosures? (It will, after all, have numerous expenditures, and should not---at least according to Mr. WhoRU---be subsidized by taxation.)"

Mr. WhoRU's response:

No, Mr. Vieira, there will be virtually no foreclosures under this publicly owned central bank because the imbalance in the circulating money supply which is the cause of the foreclosures under the current privately owned closed end central bank will be overcome when the government spends the collected interest back into the circulating supply. But to address your first silly question, the operating expenses of the central bank and all of its local branches, will be derived from the interest collected on loans made to private sector borrowers.

In his first paragraph Mr. Vieira further superciliously asks and purports:

"But why should there ever be foreclosures, when the "public central bank" can lend more currency to defaulting debtors, and perhaps even without charging any interest? "

Mr. WhoRU's response:

As I have already stated herein above, there will be virtually no foreclosures under this reorganization of the central bank, but I must make a comment of the repeated asininity of your supposition that the publicly owned central bank would lend more money to borrowers merely for the purpose of providing such borrowers with the ability to pay their loan payments, and/or, that the central bank would loan money without charging interest. All you really accomplish with such inane hogwash Mr. Vieira, is to magnify the exposure of your determination to manufacture defects in this Solution where there are none.

In his first paragraph Mr. Vieira further superciliously asks:

" And, without foreclosures that result in the transfer of property from borrowers to the "public central bank", where will the "public central bank" derive the ostensible "profits" to plow into operating capital?"

Mr. WhoRU's response:

As I contend you well know Me. Vieira, it is because of the closed end aspect of the pri-

vately owned central bank that establishes the only means by which the privately owned central bank must take its profits - being through foreclosures. As the publicly owned central bank is open ended, foreclosures and boom and bust cycles will be a thing of the past. Under an open ended central bank, the interest charged on loans to private sector borrowers will truly be a profit to the publicly owned central bank. Operating capital for the operation of the central bank will consume just a small portion of the interest profits that will accrue under the open-ended public ownership of the central bank. The vast majority of the interest profits will be distributed to all levels of government for the purpose of providing the funding of all government programs, enabling the gradual (but total) elimination of all taxation in the entire Federation!

In his commentary above, Mr. Vieira states in the third paragraph thereof, in relevant part:

[3] Mr. WhoRU contends that, even under "100% gold coin money system * it would be inevitable that the money changers who currently own vast hoards of gold, would still be in a position to implement their dirty little boom and bust cycle". To support this assertion, however, Mr. WhoRU will first have to study the Austrian theory of the business cycle, and then demonstrate that, absent "monetization" of debt and bank credit-expansion, such cycles can reasonably be predicted to occur.**

Mr. WhoRU's response:

Mr. Vieira is correct in that I contend that under a 100% gold coin money system that the banksters would still be in a position of collecting profits through foreclosures on their loans to borrowers, no matter that the loans were funded by 100% gold coins. In my explanation of this, in my comments on Myth Eight, I wrote (in relevant part): "**... that if we were to somehow go to a 100% gold coin money system ..., it would be inevitable that the money changers ... , would still be in a position to implement their dirty little boom and bust cycles !! ... Would not the moneychangers then lend their privately owned gold into circulation?? Would the lenders not charge interest on their gold lent to borrowers?? And just exactly where would the borrowers get the additional gold coins to pay the interest?? I suggest that you go up above [Mr. Vieira,] and reread the paragraphs in Myth FOUR, where I describe in considerable detail the evil way that interest on loans made in a closed end lending system causes boom and bust cycles and inevitable foreclosures."**

Please take note that Mr. Vieira invokes **the Austrian theory of the business cycle**, as though it were some mystical scriptural writing that only the Austrians could figure out and only Mr. Vieira can understand - however, please note that Mr. Vieira does not himself set forth this mystical Austrian Scripture, contenting himself to merely imply its magical properties, while thoroughly castigating me for my failure to address the venerable Austrians theory - let all readers be hereby advised, I have addressed all of the aspects set forth by the Austrian's and then some, but I have addressed all of them in simple everyday laymen's terms rather than in indecipherable legalese.

All of the Austrian analysis are based on a privately owned central bank and fail to consider a publicly owned central bank where the interest would be re-cycled back into circulation through government spending, thereby eliminating the need for using armed robbery to

fund the government. The Austrian's were not only closed ended, they were, like Mr. Vieira, also closed-minded! And the Austrians also failed to properly examine how the lending of gold constitutes the "monetization of debt" and accomplishes the very same insidiousness as does "central-bank credit-expansion".

Under a privately owned gold lending system you have the exact same situation, it just appears different because of the great physical difference between gold coins and paper money.

Then Mr. Vieira sets up another imagined hurdle for me to jump - Mr. Vieira conjures up and loads me with a money system where monetization of debt, according to Mr. Vieira, is purportedly absent - As Mr. Vieira well knows, monetization of debt is unavoidably an inherent aspect of lending - what can a loan of money possibly be if not a monetization of debt? It makes no difference whatsoever, whether the monetization of the debt be by paper or by gold coins. This likewise extends to Mr. Vieira's idiotic conjuring up of the "expansion of credit," which is nothing but a different way of expressing the monetization of debt!

Expansion of credit constitutes and is nothing more than additional monetization of debt. No matter if the medium be paper or gold - in a privately owned closed ended system, the borrowers are always, inevitably trapped, without a means of paying the additional interest, with the slight temporary exception in a gold coin system during the initial invocation thereof during which the gold lenders will be the recipient of any privately held gold coins spend into circulation by the general population, then received by the gold lenders as a portion of the interest the lenders receive as loan payments.

It is true that when the money medium is unbacked paper that it is easier for the lenders to expand credit but the boom and bust cycles are an inherent aspect of lending money at interest in a closed end money system, no matter whether the medium be paper or gold.

Mr. Vieira additionally states in the third paragraph, in relevant part:

"He [Mr. WhoRU] might also consider why it was, throughout modern financial history, that "the money changers" have worked assiduously alongside politicians to eliminate the 100 % silver and gold coin standard in favor of "monetization" of debt and central-bank credit-expansion."

Mr. WhoRU's response:

Modern financial history does indeed *seem to reveal, as Mr. Vieira posits, " that "the money changers" have worked assiduously alongside politicians to eliminate the 100 % silver and gold coin standard in favor of "monetization" of debt and central-bank credit-expansion.*" but everything is not always as it seem, Mr. Vieira! How is it that when we have historical patterns involving money lending bankers manipulating our monetary system to replace gold coins and instill their paper money that we just accept surface appearances and continually fail to examine beneath the surface?? Why do we just presume that the bankers hate gold and silver coins and love paper money?? This seems more than somewhat strange in view of the fact that when the dust settles, it is always the bankers who are operating the lending aspect of our monetary system, whether the system be the bankers' paper or our "wonderful" Constitutional gold coin.

With just a little examination and thought we will find a pattern that reveals that whenever lending is done by private lenders (being inherently, a closed ended money system), whether the money lent be paper or Constitutional gold coins, it is inevitable that whatever medium is in place, it will (because of the closed end aspect inherent in the private ownership of the lending of the money), whatever is used as money will fall into disrepute and/or, the government created debt will become so totally unserviceable that a change of the medium will seem to be the only appropriate solution, at which time, if the medium be paper money then in use, the people will scream for a return to a Constitutional gold and silver money system, on the other hand if gold coin then happens to be the money system, then the banksters will then, indeed, be working assiduously alongside politicians to eliminate the 100 % silver and gold coin standard . No matter what is used as money the lenders thereof are always the same private banksters - no matter what - they win - we loose!!

Could it possibly be that the reason we have so continually missed this fact be because the banksters have planned it that way, Mr. Vieira?? Is it that we have been intentionally indoctrinated to believe that the only true money is gold and/or silver coins?? So that "we" will clamber, one again, on cue, for the inevitable switch back to gold coin, while the banksters covertly hide their smiles??

Mr. Vieira concludes in his third paragraph, in relevant part:

"Have they [the banksters] perhaps known something of which Mr. WhoRU is ignorant? "

Mr. WhoRU's response:

No, Mr. Vieira, the banksters do not know something of which I am ignorant but it is indeed true that both the banksters and I do know something of which you, Mr. Vieira, are blatantly, ignorant!! Or at least you are pretending to be in order to posture yourself so you can ridicule the truth, in order for you to do everything you possibly can to make the truth I offer to appear silly by your incessant twisting of everything I wrote around to make me appear as though I am uneducated, uninformed and unintelligent - I have news for you on all three fronts, Mr. Vieira!!.

While it is true that the banksters are able to profit to a much greater extent under a paper money system, due to the ability to engage in lending unrestrained by any physical limitation of the paper money medium, the banksters must move back and forth, from the one to the other, because both have the same built in defect when lent to borrowers under private ownership of the lent medium - under private ownership the lending of either paper or gold by private lenders constitutes a closed ended lending system which will result in a circulating imbalance with boom and bust cycles resulting in rampant foreclosures, and ultimately; a cry from the people for a return to a Constitutional gold coin money system.

The appearance that the banksters are only in favor of a paper money system is because in order to get their paper money system adopted the banksters must work assiduously alongside politicians to eliminate the 100 % silver and gold coin standard in favor of paper money, but that does not mean that the banksters do not profit greatly during the time that gold coins are used as money. The banksters do not have to work to bring about

ally works!! Those ills not caused by the US government are explained in considerable detail herein above, and are caused entirely by the fact that the Fed is a privately owned closed end money system. All of these ills can be cured by the assumption of the ownership of the Fed by the people of the United States (while keeping the control and operation of the People's Central Bank away from Congress and the president!), and at the same time all taxation in the entire Federation can be phased out!

Mr. Vieira's critical commentary Myth Nine:

FALSE Myth # NINE -

Federal Reserve Notes are nothing but FIAT money

Mr. Vieira wrote:

9. [1] Mr. WhoRU employs a rather idiosyncratic definition of "fiat money". Traditionally, fiat money is simply any currency that is not redeemable as a matter of law in silver or gold at a fixed rate of exchange. More recently, it has come to mean any currency that is not redeemable in any fixed amount of any commodity as a matter of law. That being so, FRNs are not a true fiat currency because a statute does require them to be redeemed "in lawful money," presumably "dollar for dollar". 12 U.S.C. § 411. Unfortunately, pursuant to 31 U.S.C. § 5118(b and c), the Treasury is not required to redeem FRNs in silver or gold. Instead FRNs are redeemed only in "clad" coinage consisting of base metals.

[2] In any event, Mr. WhoRU's notion that FRNs that arise from "monetization" of public debts have value only because of the "backing" of other FRNs that are emitted on the collateral of private debts is rather fanciful. My supposition is that, if there were actually two varieties of FRNs based on their sources---red notes from "monetization" of private debts and green notes from a "monetization" of public debts---most citizens would prefer the green ones on the grounds that those notes would more likely be paid in the event of an economic meltdown, because the government could commandeer the necessary real value from the market, whereas no private borrowers could do so. In any event, under the present system, if the FRS fails to redeem its notes, whatever their "backing", the Treasury is required to. And then the Treasury can enforce its lien on whatever assets the banks have. So, in the final analysis, whatever the original source of collateral for "monetization", the ultimate liability for redemption of FRNs lies on the Treasury, See 12-U.S.C. §§ 411 and 416. Therefore, anyone actually reading the statutes would conclude that his bottom-line reliance is on the government (whatever that may be worth).

Mr. WhoRU's rebuttal to Mr. Vieira's continuing out of context lying commentary:

In his commentary above, Mr. Vieira states in the first paragraph thereof:

9. [1] "**Mr. WhoRU employs a rather idiosyncratic definition of "fiat money".**"

Mr. WhoRU's response:

Mr. Vieira characterizes me as being "idiosyncratic" in my explanation of what it is that actually constitutes fiat money while he then proceeds to explain how the meaning of the use of the term "fiat money" has evolved - it is apparently meet, right and salutary for the ven-

erable Dr. Vieira to mess with the meaning of fiat money but when Eric WhoRU does so Eric WhoRU is immediately "idiosyncratic". Here is Mr. Vieira's idiosyncratic musing:

"Traditionally, fiat money is simply any currency that is not redeemable as a matter of law in silver or gold at a fixed rate of exchange. More recently, it has come to mean any currency that is not redeemable in any fixed amount of any commodity as a matter of law."

Mr. WhoRU's response:

Tradition certainly dose have its place but when "tradition" establishes and promotes significant misunderstanding then it is clearly time to start a new tradition - one based on reason and truth, both apparently strangers to Mr. Vieira!! Mr. Vieira also purports to solidify his position by his employment of the ever magic word "law". This has nothing to do with "law" Mr. Vieira as "law" is, traditionally perfect, never changing, always right, never wrong - that is the traditional meaning of the word "law"!! "Law" is made by Nature - not man - never man made!! All puny man can do is enact statutes, so what you are referring to Mr. Vieira, is not in any way "law", nothing but man made statutes, and as they are merely man made, then they can and should be changed, to reflect the truth.

However, my purpose is not to examine tradition or law or statute, my purpose is to conduct an abstract examination of the term "fiat money," in order to demonstrate that the traditional understanding of the term is misleading as applied specifically to our money system, and that the traditional understanding should not be applied because it wrongly represents how paper money functions in the private sector under our current monetary system compared to how the same paper money malfunctions in the government sector

However, although what you mention here Mr. Vieira, may very well be what it is that constitutes backing for FRNs brought into circulation to fund government loans - be that as it may, what you present has nothing whatsoever to do with the issue I addressed, which is that FRNs that enter circulation, created to fund loans made to private sector borrowers, are backed, not by statutory lying political empty promises, but by honest promises of private sector borrowers, to create goods and services beneficial to the community in which the FRNs were created. My point was/is that all paper money is not necessarily in and of itself automatically fiat money.

It may well be true that all FRNs are created by government authorization, however government authorization does not, in and of itself, bring even one FRN into circulation in the private sector - it takes the promises of a private sector borrowers to enable such creation and those private sector promises are not empty government fiat promises based on future armed robbery!! These promises are, for the most part, valid promises, promises that are fulfilled by those in the private sector who take out the loans.

Mr. Vieira goes on to write:

" That being so, FRNs are not a true fiat currency, because a statute does require them to be redeemed "in lawful money", presumably "dollar for dollar". 12 U.S.C. § 411. Unfortunately, pursuant to 31 U.S.C. § 5118(b and c), the Treasury is not required to redeem FRNs in silver or gold. Instead FRNs are redeemed only in "clad" coinage consisting of base metals. "

Mr. WhoRU's response:

In as much as Mr. Vieira has agreed with my basic premise that FRNs are not actually FIAT money, then what are they? Well sometimes FRNs are FIAT money and sometimes not. As tradition teaches, anytime a government merely prints and spends money, where there is no true value behind the money - then such money is, indeed worthless FIAT money. And just because a government may have the power to coerce those subject to its authority to do what ever the government demands - when the government purports to demand that the citizens do that which is physically impossible, such will never be done no matter how coercive the government's power may be. When there is no wealth left in the citizenry the government is powerless to extract it!! And a truly devious criminal government will find other means, as it has done in the United States.

So when is paper money issued under authority of the government not properly designated as worthless FIAT money?? This occurs when the paper money is not created by the mere order of the government but, rather, is created when a private sector borrower applies for a loan and in doing so, the private sector borrower pledges physical collateral, and the borrower has an established credit history of repayment or, in the event of a non-collateralized loan, the borrower has demonstrated a history of moral character and financial responsibility justifying the borrower be extended a loan based on nothing other than his mere promise to repay.

In his commentary above, Mr. Vieira states in the second paragraph thereof:

[2] In any event, Mr. WhoRU' notion that FRNs that arise from "monetization" of public debts have value only because of the "backing" of other FRNs that are emitted on the collateral of private debts is rather fanciful. My supposition is that, if there were actually two varieties of FRNs based on their sources---red notes from "monetization" of private debts and green notes from-a "monetization" of public debts---most citizens would prefer the green ones, on the ground that those notes would more likely be paid in the event of an economic meltdown, because the government could commandeer the necessary real value from the market, whereas no private borrowers could do so. In any event, under the present system, if the FRS fails to redeem its notes, whatever their "backing", the Treasury is required to. And then the Treasury can enforce its lien on whatever assets the banks have. So, in the final analysis, whatever the original source of collateral for "monetization", the ultimate liability for redemption of FRNs lies on the Treasury, See 12-U.S.C. ⁰⁰ 411 and 416. Therefore, anyone actually reading the statutes would conclude that his bottom-line reliance is on the government (whatever that may be worth).

Mr. WhoRU's further response:

Paper money created to fund such private sector loans are backed by the sincere previously demonstrated integrity of the borrower, wherein the borrower keeps his promises to create goods and services equal, not only to the principal created and advanced to fund the loan, but in addition, to create goods and services equal to the additional interest surcharge.

It is more than interesting to note that in my original writing addressing this Myth, I characterized the FRNs created to fund private sector loans as **green** and FRNs created to fund government loans as **red**. Mr. Vieira, in his unrelenting insistent attack on my work has found it necessary here, in his castigation, to change the colors to the opposite of that which I had assigned - how sad!! Additionally, in my writings, I never refer to government debt as public debt because, by my phraseology, I want it clear where the responsibility for creating the debt originated - the responsibility originated with the perps running the government - not with the public; but Mr. Vieira has to rephrase my characterization by referring to the government's debt as the public debt, again - how very sad!

And then, in order to demonstrate his (erroneous), point of the fallibility of private sector borrowing constituting a valid backing for FRNs created to fund private sector loans, Mr. Vieira has to invoke a condition of economic failure; which begs the question, (1) "What has been the historical cause of economic failures??" and/or (2) "When has borrowing by private sector borrowers ever been the root cause of an economic catastrophe??"

How about (1) Rampant government spending and (2) NEVER - NOT EVEN ONCE!!

There are generally two causes of general monetary failure (1) private lenders have created and lent more paper than the private lenders had gold to back up the paper and (2) governments have printed and spent enormous quantities of money into circulation, where there was a significant insufficient quantity of specie and/or goods and/or services to underwrite the government's FIAT issue, to the point where the worthlessness of the government's issue became abundantly self evident.

In what is at least perceived by the general populous to be a stable economy, gold works no differently as money than does paper.

How can that be when gold has an intrinsic value of its own - yes that is true gold certainly does have an intrinsic value of its own but here I am addressing and considering the actual purpose of the medium of exchange and how the medium is perceived in a stable economy - the obvious purpose of money (whatever the medium) is to enable the bearer to exchange the medium for those items, goods and/or services that the bearer actually wants and needs in order to live. No one in his right mind would want to acquire money merely for the sake of having more and more money - the reason for acquiring more money is only for one reason - so the bearer can exchange the money for something the bearer actually needs to sustain or improve his life.

My basic point here, in addressing this Myth, is to point out that it is always the productivity of the private sector that imbues money with value and this applies equally to gold money as well as paper; And it is NEVER EVER government that actually imbues money with value - this is true because government is ALWAYS a parasite and NEVER a source of productivity!!

If a couple, a husband and wife, were to be marooned by themselves on a remote uninhabited island, similar to Hawaii, which would they be better supplied with, all of the gold coins on the planet or one bushel basket filled with miscellaneous food seeds??

The only time the "redeamability" of central bank issued paper money has come into question is when the central government or a privately owned central bank has been allowed to

Governors are appointed by the President and confirmed by the Senate. Why are they not acting in the public interest already, then!) Or will the politicians appoint "dishonest" people just like themselves, for the purpose of feathering their own nests and the nests of their pet special-interest groups through misuse of the "public central bank"?

[2] Really, the idea that the nature and responsibilities of the agency will somehow temper or eliminate the vices of the people controlling it is childish. The more potential for looting society that a "public central bank" has---and it will have a tremendous potential---the more admittedly "dishonest" politicians will attempt personally to profit from that potential. On this, Mr. WhoRU should study the works of James Buchanan and Gordon Tullock on "the theory of public choice".

[3] In sum, I am sorry to say that, were I grading Mr. WhoRU's paper as an undergraduate essay, I should have to give him a low mark. He has a vivid imagination. But the monetary and banking systems are too important to be analyzed on the basis of fictions.

Your servant,

Edwin Vieira, Jr

Mr. WhoRU's rebuttal to Mr. Vieira's continuing out of context commentary:

In his commentary above, Mr. Vieira states in the first paragraph thereof:

Mr. Vieira wrote:

[1] 10, Mr. WhoRU is correct that all the banks in the FRS are private entities. His conclusion that a "public central bank" will avoid what he sees as the pitfalls of "private central bank" is naive, though. Does he really believe that, if "dishonest humans seem to congregate together and run for public office", such individuals will suddenly become honest, public-spirited office holders when they appoint the members of Mr. WhoRU's new "public" Federal Reserve Board of Governors?

Mr. WhoRU's response:

It is quite apparent that Mr. Vieira, having purportedly read my entire writing on the Ten Myths of the Fed, wherein I several times mentioned that the pitfalls of the Fed were in the private ownership thereof, Mr. Vieira still insists on making up something that I did not write just so he can write something that will indicate how silly I am.

I am sorry Mr. Vieira, but I did not in any way ever suggest that what you describe as the "pitfalls" of the Fed are in its Board of Governors. As a matter of fact, although I did state that the Publicly Owned Central Bank (as I envision it), would have a Board of Governors, and I did also state that as the current Board was doing a good job so why not keep them (until they indicate otherwise or until the transition to the new Board selection process is in place), I am quite certain that I did not mention the Board of Governors as a problem, in and of itself.

In case you have not noticed, Mr. Vieira, in every instance where humans are congregated sufficiently, there are always some humans in charge - as of this date God has not sent any angels here to run things - so we just have to bumble along with some humans in charge -

we wouldn't be all that bad off either, if we were just smart enough to keep all attorneys out, like OUT and OFF the planet!!

My Ten Myth essay, Mr. Vieira was, self evidently on its face, obviously not intended to be a detailed blueprint of the publicly owned central bank that I have in mind. You cannot possibly be so totally stupid that you could not comprehend that my presentment was for the purpose of addressing the specific topics titles, not to address every point that I might have mentioned in addressing the substantive issues.

Mr. Vieira continues:

(By the way, the present members of the Board of Governors are appointed by the President and confirmed by the Senate. Why are they not acting in the public interest already, then!) Or will the politicians appoint "dishonest" people just like themselves, for the purpose of feathering their own nests and the nests of their pet special-interest groups through misuse of the "public central bank"?

Mr. WhoRU responds:

As I wrote above, we are cursed with the necessity of human leaders, but to minimize the possibility of corruption, the means of selecting members of the Board of Governors will be taken away from the President and the Senate - there will be a public (TV) Bingo game number cage with 50 numbers, one for each state. When the first ball (state) is selected the governor of that state will have two weeks to select one candidate - if that governor does not have a candidate within two weeks, another ball will be selected and another governor will have an opportunity to select a candidate.

After a candidate is selected then another Bingo ball will be selected in like manner, this ball will determine the state legislature that is to approve or not (ratify or not), the candidate nominated by the governor. The states who's numbers were selected for the nominating by their governors will not be eligible to have the legislature thereof participate in the ratification process.

In the event, during the day to day operation of the Board of Governors there shall be a suspicion of corruption, a vote of 25% of the state legislatures (currently 13 states) would be sufficient to recall (fire) any Board member or the entire board.

The Federal Government will never be allowed to borrow money from the Central Bank. The local city, county and several state legislatures shall set their local interest surcharge on loans made to private sector borrowers. The Congress shall determine the interest surcharge for the federal government, which must then be approved by 75% of the legislatures of the several states.

The power to declare war will be taken from the Congress and the President. In the event the Federation is attacked militarily, it will take a vote of 75% of the state legislatures to approve a declaration of war, the same state legislatures shall have the duty and responsibility to determine the amount of money the Central Bank is to advance to Congress to fund the war; whereupon the Central bank will credit the US treasury with this amount - this will not be a loan to be repaid by the Federal Government.

When it appears to 25% of the state legislatures that the war emergency is ended the war will be declared ended. At that time the Board of Governors will begin a gradual withdrawal of the money that was advanced to fund the war. Market price indicators (as is currently the practice) will be used to monitor the circulating money supply to adjust the flow of collected interest to the Federal Government.

In his commentary above, Mr. Vieira states in the second paragraph thereof:

[2] Really, the idea that the nature and responsibilities of the agency will somehow temper or eliminate the vices of the people controlling it is childish. The more potential for looting society that a "public central bank" has---and it will have a tremendous potential---the more admittedly "dishonest" politicians will attempt personally to profit from that potential. On this, Mr. WhoRU should study the works of James Buchanan and Gordon Tullock on "the theory of public choice".

Mr. WhoRU responds:

It is unbelievably shameful that Mr. Vieira continues to resorts to castigation of me for statements that Mr. Vieira creates, which I never in any way suggested, and then Mr. Vieira characterizes me as "childish" for stating something, which I never stated nor proposed.

The Board of Governors function will be limited to regulation of the flow of interest profits to the Federal Government. The Board will have authority to decrease the interest floe but shall not have any ability or power to increase the flow (create money) without the approval of 75% of the state legislatures, and then only based on market price indicators to adjust for money loaned into circulation and thereafter lost or destroyed by fire or otherwise.

Every thirty days the Board will publish a full accounting; the several state legislatures will audit the Board of Governors on a rotating Bingo ball selection system.

In his commentary above, Mr. Vieira states in the third paragraph thereof:

[3] In sum, I am sorry to say that, were I grading Mr. WhoRU's paper as an undergraduate essay, I should have to give him a low mark. He has a vivid imagination. But the monetary and banking systems are too important to be analyzed on the basis of fictions.

Mr. WhoRU's response:

This writing does not constitute a full presentation of all the thousands of details, such as, how many rolls of toilet paper shall be allowed or how many flowers shall be provided for the funeral of an attorney.

It is this writers understanding that most people who attend funerals of attorneys is not for the purpose of grieving but just to make sure that they are finally dead