

COMPOUND INTEREST



Often we are told of the wonderful power of compound interest (*earning interest on both principal and previous interest*). We are told how compound interest can make a modest investment “grow” into a great amount.

For example: If you invested \$10,000 at 7% compound interest for 30 years; you’d expect your investment to “grow” to \$76,122.52.

Sounds Great!

Compound Interest must truly make money grow!



For a moment, let's step out of the dream world hype of banking, financial planning and Wall Street. Just **HOW DOES MONEY GROW?** Where does the interest money come from when you put money into an interest-bearing account? Does it turn into something like rabbits that mate and quickly reproduce? What happens? The increase of money in your account had to come from someplace.

We must learn and always remember what we now use for money, how ALL new money is created and put into circulation. Always remember:

“..the actual creation of money always involves the extension of credit by private commercial banks” —US Treasury

If the private sector doesn't borrow it, the government must or the money cannot exist.

“Money is created when loans are issued and debts incurred. Money is extinguished when loans are repaid.”

—John B. Henderson, Sr. Specialist Prices Economics, CRS.

If you invest \$10,000 and 30 years later get \$76,122.56; **somewhere, someone in the private sector or the government had to borrow \$66,122.56 before it could get into your account!** Now, you have the money; they have the debt which can never be paid, only transferred because *there is no way to create the interest money when money is created through the lending process.*

“Money for paying interest on borrowed money comes from the same source as other money comes from.”

—Russell L. Munk, U.S. Treasury.

Therefore, the debt must constantly grow. Constantly growing public and private debt is the cause of ever increasing money shortages, taxes, costs of living, social contention, inequality etc.

Many claim that money for interest comes from increased production (worker productivity). But, when was the last time your personal production (goods and services) turned into money?

Did you ever wave a magic wand over a shoe, shirt, bushel of corn, a new car or an hour of labor etc. and see it turn into money?

There are only 2 ways to get money from what we produce.

1 We can use what we produce as collateral for a bank loan which creates the new money.

2 We can sell our production in exchange for money that was created as a loan.

Production **NEVER** turns into money.

Forcing people into debt to obtain money is Economic Servitude.

Creating money as interest-bearing loans

ONLY CREATES THE PRINCIPLE, NEVER THE INTEREST!

The interest must be borrowed too!

“Money that one borrower uses to pay interest on a loan has been created somewhere else in the economy by another loan.”

— John M. Yetter, Attorney-Advisor, U. S. Treasury.

Like getting a loan at a bank, use of a credit card creates new money. You sign the forms sent to you by the credit card company promising to pay the credit (*money/numbers*) back in the future with interest. The bank turns that promise to pay into collateral to create the money as a loan the minute you use your credit card to buy something. The only difference is that credit card loans do not require meeting face to face with a loan officer.



The Shoe Factory



Imagine that we have \$10,000 total money in circulation. We invest all of it in a compound interest-bearing account. Let's say that the money is invested in a shoe factory. The factory spends the \$10,000 for raw resources and labor to produce shoes. It sells the shoes, gathers back the total money supply and returns it to the investor.

Remember, if the total money supply is only \$10,000, that is all the shoe factory could return to the investor.

If the factory is going to return the original \$10,000 investment PLUS 7% compound interest, the money supply would have to be increased by at least \$66,122.52; even more if the shoe factory is going to have a profit. To increase the money supply, under the present system, money must be borrowed by someone from a bank. By borrowing the \$66,122.52 needed to pay the investor 7% compound interest, the total debt drawing interest at some bank would be \$76,122.52.

This is why the statement, “*We cannot borrow our savings*” is true, except for a very few. Since special interests lobbied to switch our money from an evidence of debt-free wealth to an evidence of unpayable interest-bearing debt, all money is loaned into circulation or borrowed by someone. We all cannot borrow it and save it.

It’s easy to understand how, in America alone, we have near \$72 Trillion of debt drawing interest in 2019 and a total M2 money supply of near \$14 Trillion, all an evidence of what we owe.

These facts are not clearly seen because there are vast numbers of loans being made and extinguished daily. Banks spend a large part of interest payments back into circulation. However, “interest-spending” does not increase the money supply. It simply keeps loan principal in circulation. In addition, the total amount of interest and debts that are not repaid are repudiated through business losses, repossessions and bankruptcies.

Now, all production, except money, is traded into circulation. All newly produced money should also be traded into circulation. The **American Transportation Act** combines **3 Congressional powers** to: *provide for the general Welfare, coin Money and established post Roads* into one act by monetizing the value of building, upgrading and maintaining our public roads and bridges! Our Treasury creates the numbers, prints currency or mints coins. Then, it spends them into circulation debt-free in lieu of taxation or bonding as a payment for wages earned by the people who provide the labor and materials that produce a benefit to the general public. Your life, the life of every American would begin to improve immediately. **America! Free Again! Great Again!**



*“Neither Slavery
nor
Involuntary
Servitude...shall
exist....”*



*“There is a
Better Life
After Debt!”*