‘the Chair’

1993

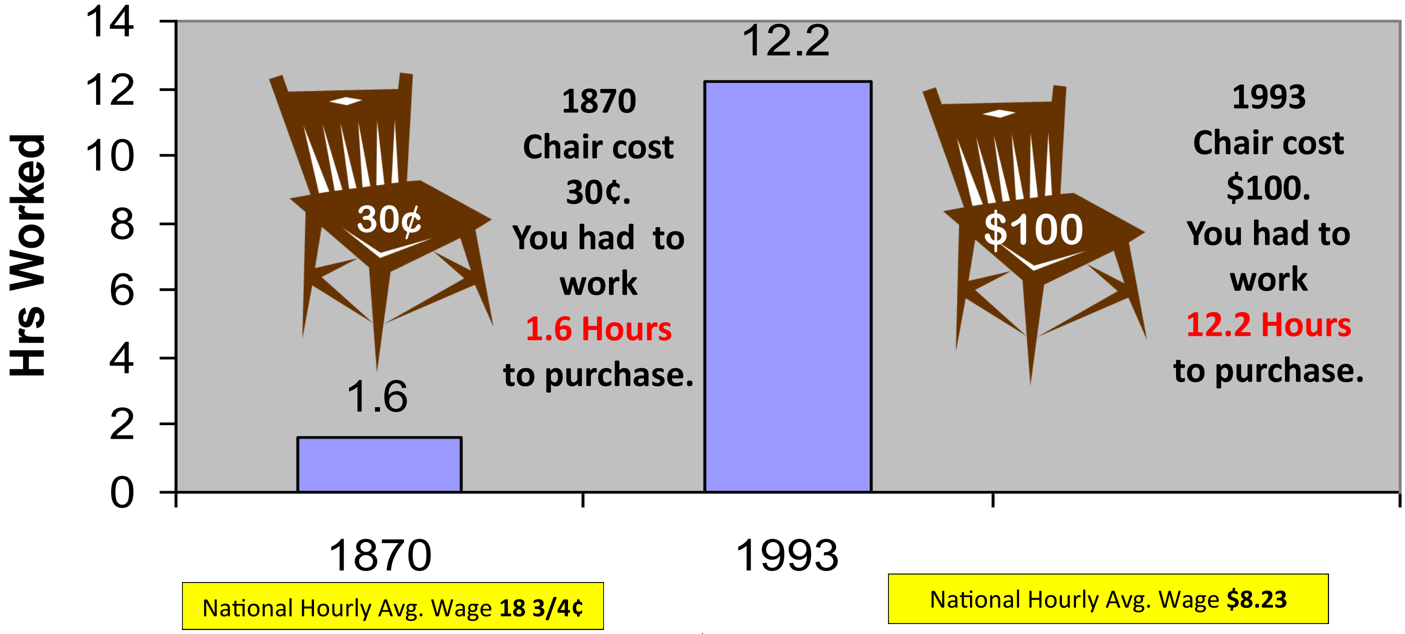
Most often price **INFLATION** is defined as: a general rise in prices or, **TOO MUCH MONEY CHASING TOO FEW GOODS.** If that were true, why would people raise prices to get more of the thing they already had too much of? Yet, money does not chase goods and services. Goods and services chase the money. We’ve never had true price inflation—a rise in all prices. Actually, that wouldn’t be a problem. If prices and wages went up the same amount there would be no inflation. We have problems because this does not happen. What does happen is a constantly growing **SPREAD** between the prices of raw products and the prices of finished products. This is caused by adding the unpayable cost of money to the costs of living. This happened when they changed **our money system** to a **DEBTonomy.**

In 1870, according to the original store ledger, MARTZ Furniture in Leroy, Minnesota sold a new wooden kitchen chair for 30¢. ***“WOW!”*** I exclaimed. ***“Look at what a new wooden kitchen chair costs today!”*** The store manager responded typically, ***“Yes, but we ‘make’ a lot more money now than they did back then.”***

There was a time when I would have responded the same way. The logic seems to make sense. They made less, so things cost less. We make more, so things should cost more. **WRONG!** A consumer’s first concern is always: How long (many hours) will I need to work to pay for this purchase?

Between **1860-70,** a common laborer earned $1.50* daily or **18 3/4¢ per hour.** No Income Taxes nor Social Security was taken out.

It took **1 hour** and **36 minutes** of labor to purchase a new wooden kitchen chair in 1870. Today, the same chair costs $100.



This 'Chair' demonstrates the ever increasing **SPREAD** between the price of raw products and the price of finished products created by the constantly growing **'unpayable'** cost of money (interest) created as loans. Although the average hourly wage between 1870 and 1993 increased **44** times, the price of the chair increased **333** times!

Cost of capital (interest) increases the costs of doing business. This cost must be added to the costs of goods and services. This 'markup' doesn't create a like amount of money in the economy to pay the interest debt created at the time of the loan. Interest is a debt expected to be paid in money but <u>INTEREST IS NEVER CREATED</u> as money. This is why we have constant **<u>WAGE</u> struggles**. Wages, a business cost, must be kept down to keep prices down. Interest, (profit to the lender) **must be paid.** More borrowing is required to pay the interest. Our debts compound. Prices keep going up!

Eventually, we are unable to work enough **HOURS** to buy our needs. We run out of **HOURS** regardless of our desire to work them.

Once, you could work, save and buy a **<u>HOME</u>**. Today, due to our ill-adopted debt-credit money system, the growing **SPREAD** between the money supply and the debt is seen in ever rising prices. The **SPREAD** has increased the selling price of homes far beyond the ability of most citizens to work, save and buy a home without borrowing.

<u>CARS</u> are the same way. To buy a car, most are forced to go to a bank, borrow the money the bank creates as a loan and go into debt.

The compounding 'unpayable' debt is growing so fast that most cannot work and save fast enough to pay for the average-priced $13,000 car before it costs $20,000 o $30,000! Homes and cars, very much necessities, take up so much of the American paycheck that little remains to purchase 'volumes' of other goods. When our 'volume' purchasing drops, so does 'production' demand. Producers take actions to reduce the cost-of-doing business. Once all other cost-cutting measures have been taken, layoffs, downsizing, mergers and closings result. More jobs at lower wages won't solve this problem and **jobs do not create money.**

Affordable **<u>HEALTHCARE,</u>** also a necessity, is another good example of the seriousness of rising prices caused by the constantly growing **SPREAD** between the money supply and the debt. Healthcare has become the

third major household cost. Most Americans recognize it as the single threat that could break them financially—totally!

Forcing people into debt is involuntary economic servitude a violation of our 13th Amendment protection against such. It destroys the American foundation of Freedom. In a debt-credit money system, money exists only while it is owed. When money is created as a loan, it is money and it is a debt. However, the additional cost (**interest**) which must also be repaid **IS NOT MONEY. It is ONLY A DEBT expected to be paid in money.** This debt grows with time. If not paid, it constantly accrues more interest debt due.

In a debt-credit money system, interest cannot be paid without putting another borrower deeper into debt. The resulting shortfall must be added to the price of finished products. When a seller manages to capture his total principal plus interest debt as a profit in the market place and repays a bank loan, the principal is destroyed. The interest debt, paid with another borrower's loan principal continues to exist as it is transferred to someone else and continues to compound. Eventually, as the **SPREAD** increases far enough beyond the total money supply, you will not be able to work enough **hours** to buy anything. You won't be able to borrow the money because the amount of **hours** you could work (**24** daily) won't produce enough 'value' to collateralize a loan big enough to meet the item's selling price. This is **happening worldwide!**

More and more, people ask:

1) Why is everything getting so expensive?
2) How can we afford it?

It used to take just one worker to support the family. Families were larger! Today, one worker's hours are not enough. 'Two-paycheck' households are the norm. Even they are having more difficulty making ends meet.

A **DEBTonomy** makes the ability to pay more and more difficult. To more and more Americans, the future promises a lower standard of living.

The **SOLUTION. Transition to a debt free** money system. Return to using the **PRINCIPLES** of 'monetizing' production as assets to the producer. Slowly stop the creation of ALL NEW MONEY as interest-bearing debts loaned into circulation while bringing ALL NEW MONEY into circulation **debt-free** as an earned payment for **building** and **maintaining public ROADS & BRIDGES,** wealth produced that **we all need and use** that **benefits ALL citizens mutually.** The money supply only increases with the increase in production and represents that production.

Just like your paycheck; people do the work and get paid. They get paid with **new money** representing the **new wealth.** The infrastructure is held in trust by we the people for we the people to use free of any taxes or fees.

This money would exist with no debt to you, me, our government or anyone! It **would not** have to be **repaid** to the creator because it was spent into circulation as a debt-free earned payment**.**

Debt-free money provides the means to eliminate burdensome interest debt from our economy, lower prices, taxes and the costs of living. You would once again experience real savings, true prosperity, economic Freedom.

—Gregory K. Soderberg

SOURCES:

*Dept. Commerce Hist. Data, U.S. Colonial times to present.

** Mn. Dept. Economics. 1995

"Neither slavery nor involuntary servitude…..... shall exist within the United States or any place subject to their jurisdiction"

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