

GOVERNMENT SPENDING AND TAXES -THE BIG LIE!

The aspiring "PEERS" tout the explosion of government spending as injecting wealth into the economy. Unfortunately, even an omnipotent President and congressional majority (the 21ST CENTURY equivalent of Thomas Paine's KING and "PEERS") cannot violate the "FIRST LAW OF THERMODYNAMICS". As applied to economics, the "FIRST LAW OF THERMODYNAMICS" means that you can't get something for nothing and you cannot consume wealth before it is created.

Do I have to tell you how this applies to the government spending initiatives? Probably not, but I am going to tell you anyway. The government has four sources of wealth, though the "preponderance of propaganda" would lead you to believe that the government can create wealth at will. Those sources of wealth are:

1. Taxes (including inflating the currency)
2. Selling public property
3. Borrowing
4. Confiscation of wealth from foreign countries by force.

Public property is not being sold to pay for the spending initiatives. The principle of "BY RIGHT OF CONQUEST" was repudiated after WW II so stealing the wealth from foreign countries is not an option. This leaves taxes and borrowing as the only sources of wealth available to finance the spending initiatives. Borrowing is a temporary solution and must be repaid by taxation (inflation of the currency is simply a form of taxation). Borrowing reduces the capital available to private enterprise to expand production or develop new products.

The following chart shows how the value of the dollar changes in response to various stimuli.

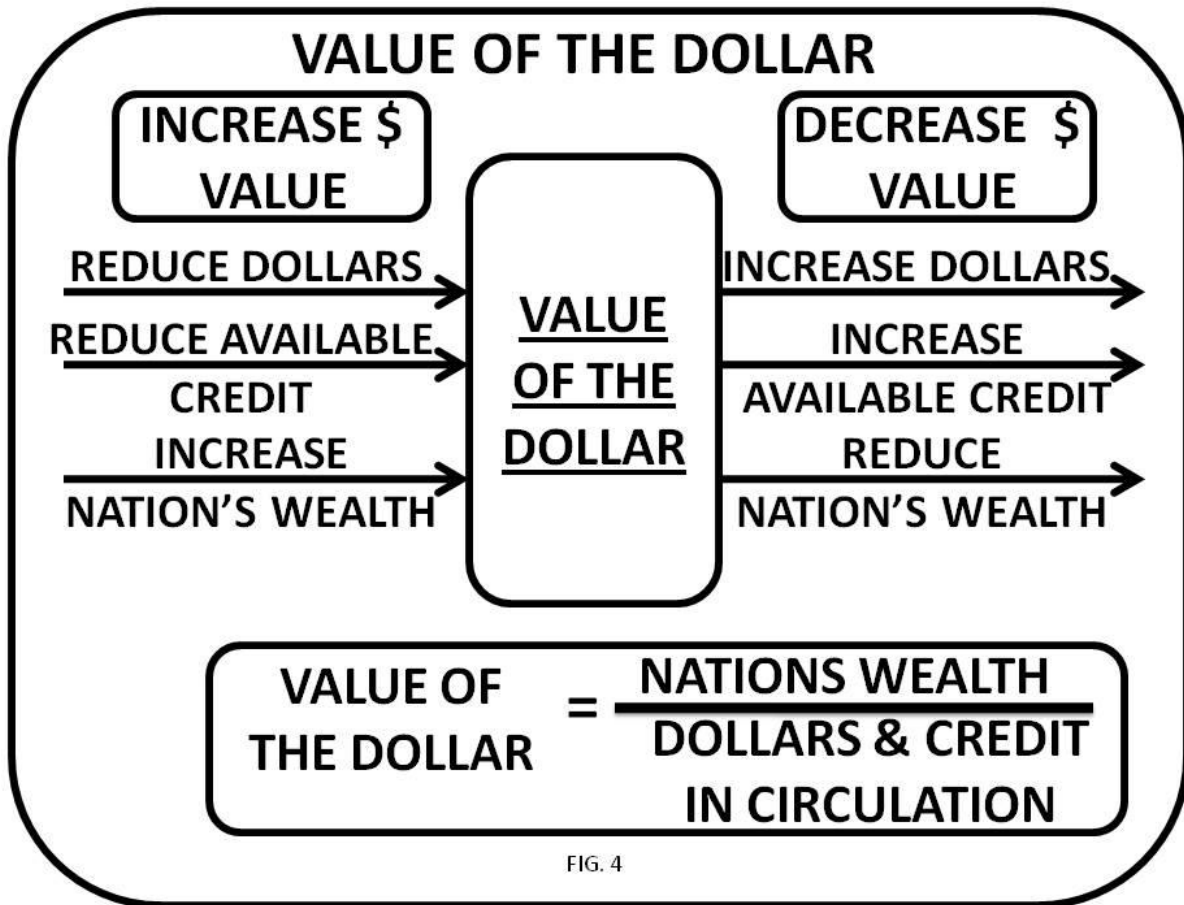


FIG. 4

If the news reports are correct, the Federal Reserve is creating almost one trillion dollars (inflating the currency). The dollars the "FED" is creating will be used give the government control of considerable wealth. The above chart shows that an increase in available credit or dollars, without an increase in the nation's wealth reduces the value of the dollar. The action is a tax on everyone who has money and that is why the government cannot spend money without increasing taxes.

The BIG LIE is that government can spend without imposing a tax to cover the spending.

In effect, inflation removes wealth from the creator of the wealth and gives the government control of that wealth. It does this by reducing the value of the money you have. Each dollar you have is worth less. The government then redistributes the wealth of the producer to those with the greatest political power. Since the law redistributing the wealth was passed without legislators even reading the law, it apparently makes no

difference how the wealth is redistributed as long as it is removed from the control of those who produced the wealth.

The current economic problem was caused by government forcing financial institutions to lend to borrowers who had no capability to repay the loans. These borrowers consumed the wealth and left the financial institutions bankrupt. Both the wealth and dollars which those institutions owned has been destroyed.

The solution to the problem is not to give political cronies control of more wealth to squander. The solution is to support the producers of wealth and replace the wealth destroyed by those political cronies.

Yet, the power mad "PEERS" are threatening us with yet another stimulus bill, along with various other regulations and rules, to control the economy and prevent the creation of wealth.

The "PEERS" assault on our prosperity is unparalleled in modern times.

THROW THE RASCALS OUT!!!!!!!!!!!!!!!!!!!!