

Tax, Debt, Wage and Fiat Slavery: How the Elites Extract Wealth from the People

I'm a Fiat Slave, And So Are You

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Fiat money is at base a form of indirect wealth transfer from those forced to hold the money to those issuing the money.

I describe the pernicious servitude created by debt as debt serfdom, as serfdom implies a neofeudal arrangement that requires serfs' acceptance of this financial yoke of servitude. In other words, debt is freely accepted as the line of least resistance in a system that incentivizes debt and places high barriers to debt-free independence from a Status Quo operated to benefit the owners and issuers of debt, not the debtors.

Correspondent Jeff W. has identified an even more insidious form of monetary servitude that he calls *fiat slavery*, as the servitude is enforced by fiat (unbacked government-issued) money.

In other words, being forced to use state-issued fiat currency is a form of servitude, as fiat money is at base a form of indirect wealth transfer from those forced to hold the money to those issuing the money.

Beyond this state-enforced wealth transfer from citizens to the state, there is a secondary wealth transfer going on in any fiat-money system: the neofeudal financial nobility who are closest to the money spigot get to buy whatever real-world assets and income streams offer the best return before the money trickles down to the debt-serfs paying interest and taxes.

For example, the financial nobility can borrow billions of dollars at near-zero interest from the Federal Reserve, and use this nearly-free fiat money to buy student loans that pay 7+% annually. They can also snap up houses for cash that the nobility then rents to debt-serfs who have been outbid by those with the extraordinary advantage of unlimited access to the Fed's nearly-free fiat money.

Here is Jeff's commentary and analysis:

In a world where every country prints fiat money, the entire human race today, except for its money masters, is subjected to fiat slavery.

Almost everyone understands what it means to be a tax slave. It means that people must work several months of the year for the benefit of the taxing authorities. Taxes in the U.S. today are several times higher than they were 100 years ago, and at present-day tax levels, today's Americans are rightly called tax slaves.

What it means to be a debt slave is also easy to understand.

It means that one must spend a large fraction of one's time to earn money to pay creditors. Millions of Americans today are mired deeply in debt, but today's America is also a country where if you personally stay out of debt, the government will go into debt for you.

Each American taxpayer is on the hook for his or her share of over \$17 trillion in debt that government admits to; the real debt total is much higher. Government leaders are eagerly plunging us ever deeper into debt each year.

Most Americans also have personal experience of being a wage slave.

It means that a person has no way to make a living except by selling his labor into a glutted market. Thomas Jefferson hoped that most Americans could own their own farms and thereby profit from capital improvements that they made through their own efforts. Such Americans could be their own bosses and escape wage slavery. But today we live in an age of huge factory farms, and it is more difficult than ever to establish or run any small business. Thus wage slavery is the norm for Americans today.

But few people understand what it means to be a fiat slave.

Being a fiat slave means that one lives in a country where the machinery of money printing is used to maximize wealth extraction from its citizens.

How do they maximize the wealth they can extract through money printing? First of all, it is done by increasing of the volume of transactions that take place in a given fiat currency. Each newly-printed unit of fiat is a drop in the bucket in terms of the inflation it creates, and more fiat can be printed without causing serious inflation if a country has a bigger bucket.

For example, Canada's GDP is about 11% the size of America's. At first glance this might be taken to mean that Americans can print nine times more dollars than Canadians. But we must also remember that U.S. dollars circulate throughout the world, and Eurodollars and petrodollars also add to the total of U.S. dollar transactions.

Because of extraterritorial dollar circulation, the U.S. might actually be able to print 20 times more than Canada without causing serious (in terms of causing political problems for the money printers) inflation. From this we see why money printers may want to fight wars to protect America's dollar circulation areas in the Middle East or in Afghanistan, where much of the opium trade is transacted in dollars.

But a country's fiat transaction volume is only part of the equation. A more important part of the equation is the inflation level. Imagine two countries: Country A with an annual fiat transaction volume of 100 trillion units per year and Country B with a volume of 50 trillion. Everything else being equal, Country B can only print half as much fiat each year to give to its government and its banking elite.

But suppose further that the inflation rate in Country A is 5% absent any money printing, and the inflation rate in Country B is negative 2% due to global wage arbitrage, regulatory suppression of small businesses, and high unemployment. Suppose further that a real inflation rate of 5% is the money printers' upper limit because it is the maximum asset erosion that wealthy bondholders will tolerate. Now we see that potential money printing in

Country A is reduced to zero, while potential money printing in Country B is 3.5 trillion units (50 trillion times seven percent).

American money printers thus have trillions of dollars in incentive to support deflationary policies, which may include global wage arbitrage (sending work to the country where labor is cheapest), suppression of job creation by small businesses, suppression of private-sector labor unions, support for open borders immigration, commodity price suppression through market interventions, support for genetically modified seeds so as to push agricultural prices down, support for owners taking a larger share of corporate revenues so as to reduce labor's share, and support for high levels of consumer debt so as to dampen inflationary pressure in a nation of demoralized debt slaves. All of these oppressive policies enrich the money printers at the citizens' expense.

Tax slavery, debt slavery, wage slavery, and fiat slavery are four methods that elites employ to extract wealth from the people.

To this list we should also add their encouragement of Ponzi gambling. Ponzi asset bubbles are constantly being created and citizens are encouraged to go into debt to "cash in" on bubble profits (or get wiped out in bubble crashes). Those five methods are the major wealth extraction methods they use.

Those who support the cause of human freedom must resist tax slavery by insisting on a government that keeps its spending down to the bare basics. Free people must also support a culture that discourages people from getting into debt and encourages them to get out of debt and stay out. They must demand that government debt be rolled back to zero.

Policies that favor capital accumulation in families and a supportive legal environment for small businesses are the antidotes to wage slavery, and free people must also demand that there be zero wealth extraction from the citizens through money printing. That can best be done by requiring 100% gold backing for currency and eliminating fractional reserve banking. Eliminating the inflation that comes from money printing will also go a long way toward eliminating asset bubbles and Ponzi gambling on asset bubbles.

Older Americans have watched as a once-free people have been reduced to slave-like conditions. Not only has wealth been ruthlessly extracted from the people, but today's surveillance state is more intrusive than ever, and the police are increasingly insolent and imperious.

What are we going to do? A necessary first step is to take the blinders off and to see clearly how elites are victimizing you. A second step is to figure out what practical steps you can take as an American to secure the blessings of liberty for yourself and your posterity. Freedom is not free, as the saying goes, and the price of freedom is not only eternal vigilance, but also intelligent action. We should begin this work today.

Awareness of the sources of wealth transfer and monetary servitude is the first step forward.

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