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**DEFAULT BY  
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Restructuring  
A Whole New Approach

# The Solution

The only way we can save the future is to draw from  
the lessons of the past

# The Preface

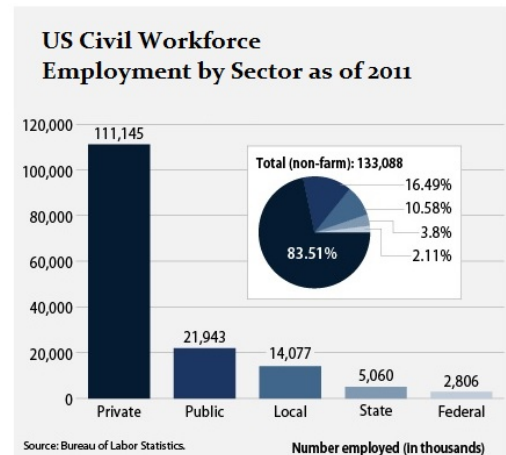


he solution to our most pressing crisis in the world economy can be achieved only if we open our minds and examine the true nature of what we face. We are trapped in a surreal world where government borrows year after year with zero intention of repaying anything clinging to an old theory that to borrow is somehow less inflationary than printing. Yet at times, the accumulative interest expenditures have been as much as 70% of the entire national debt benefiting bondholders, not the poor or even middle-class. Today, debt has become money that merely pays interest. If you want to trade the markets you post T-Bills as collateral. Once upon a time, it was less inflationary to borrow than print but only when debt could not be used as collateral for loans or trading.

Everything has changed right down to the old concepts of the Quantity Theory of Money. We have stood by and watched the central bank pour trillions of dollars into the economy with no inflationary impact. The old theories are giving way to new realities. Inflation did not engulf the world – deflation emerged instead. How is this possible? If you increase the supply should not the value of money decline? This new trend has led to a perplexing array of excuses with little understanding. Obviously, we have to dig deeper to comprehend what is really going on here.

Then there is no solution – no end game to this madness. Government just keeps raising taxes with no consideration for the future only surviving today counts. We have government merely engaging in instant fiscal management without anyone ever asking – has this been tried before? Did it work? Can we continue to borrow without end and just raise taxes eternally because those in government are incapable of running even a lemonade stand?

Government has grown tremendously. At the turn of the 20<sup>th</sup> century, government accounted for less than 5% of the civil work force. Today, discounting military, government is approaching 20%. Now we have a real crisis as government workers expect pensions. Today, 60 percent of the federal civil service is older than 45 years which is about twice that of the private sector



which comes in at 31%. The problem this presents is that we must pay them pensions and then replace them as well. This is causing the actual cost of government to rise exponentially far more rapidly than we see in the private sector.

We stand at the edge of new technology in every respect, yet we cling to old theories of



money and how government relates to the people. If we borrow perpetually year after year creating money which merely pays interest, do we really even need taxation anymore? We did in the old days when money was a commodity, but money today has transcended that limitation. Money has been exposed as not the gold reserves of a nation, but its total productive capacity of its people. So do we still even need taxes if money is no longer a

commodity?

Of course the socialists will immediately say the problem is the rich do not pay enough. The bulk of the income earned by that 1% is not wages, but investment income. The problem we end up with is the less the rich have to invest to create new industries and technologies, the higher the unemployment and the richer government becomes. Raising taxes on the rich never results in lowering the taxes on the middle-class or raising the living standards for the poor or anyone but those in government. Yet the solution to government is always just raise taxes. There is never any reform or fiscal management.

Meanwhile, a critical impact of taxation is never discussed. Politicians are really borrowing from the poor without paying them interest for they hand back refund checks after using their money for free all year. The politicians bash the rich for what they have made on investment yet they will not allow the funds they collect as social retirement taxes to be invested. Government actually prevents the middle class and poor from investing taking their money and investing it in government bonds.

Then there are the elderly. Government borrows so much, they lower interest rates to reduce their deficits at the expense of pension funds and the retirees. Government acts only in its self-interest first. The insanity of our madness is illogical, yet nobody bothers to investigate

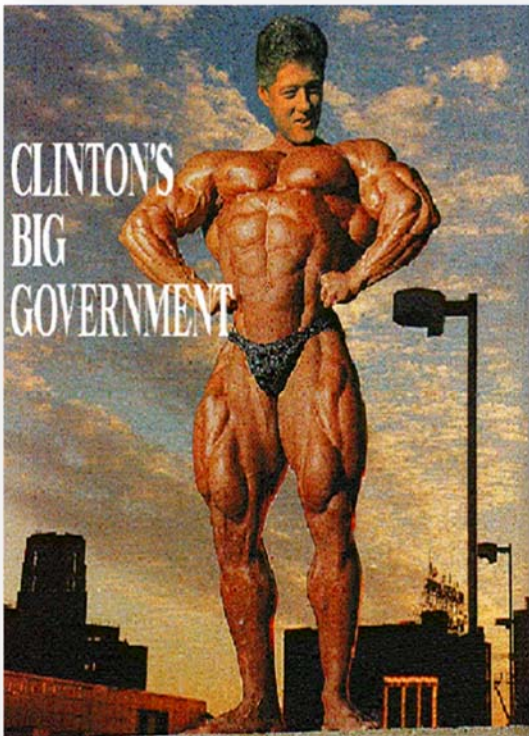
just what is going on here. Who has actually designed this system or has it just grown like fungus in a petri dish?

For any Solution to work at rescuing us from our own delusional folly, it must not be a proposal which benefits only one side or just amounts to the flipside of class warfare. There can be no conservative right wing idea that benefits the bankers and only the 1% no less just government. We must consider the economy and the people as a whole for they are what constitutes a nation, not politicians. If any idea of a proposed solution does not benefit everyone, then it will simply not fly.

We must also take into account that government wrongly sees itself as the embodiment of the people or sovereign – today’s collective king. That perspective means that “**treason**” is defined such as Edward Snowden exposing to the people that the government is acting illegally. To call Snowden a “**traitor**” means it is not “**We the People**” nor is this a government by the people. Snowden can only be a traitor in the context that he exposed government’s abuse of power against the people – that is not treason against the nation. This spirit was captured in this famous cartoon. As Thrasymachus argued against Socrates, all governments are the same. Justice they define as their own self-interest. Consequently, we must realize that trying to sell an idea to government in any nation that amounts to a death sentence for politicians will simply never get their consent and it stands zero chance of ever being enacted without a revolution where blood flows freely down the streets.



So any solution must be entirely palatable and practical for government will not go quietly into the light. A **terrorist** today is anyone who honestly disagrees with those in power. For this reason, hair-brain ideas that have a singular focus will never see the floor of any Congress, Parliament, or a Diet. We must be practical and look at this from the class warfare perspective of both sides as well as government, for the elite powers in government view the people as the great unwashed fools who like the Romans are satisfied with free food and sports.



To get any idea or proposed solution even discussed, government truly could care less about the people. This is first and foremost all about government's omnipotent power in their mind for they see themselves as the sovereign, not the people. Any solution must be palatable to government or it will be dead on arrival along with its messenger. So forget the idealized utopian world ideas. Likewise, nor should there be some lofty idea that will never make it past the first step into the Congress. Our choice is **REFORM** and **RESTRUCTURE** or **REVOLUTION**. There will be no middle ground.

So don't jump to conclusions. This Solution is something to start the debates and **END** class warfare in a realistic and practical manner which is all about Marxist philosophy. This is all about thinking out the box. We must also understand that there is never going to be a 100% reform and a perfection solution for as soon as any solution is implemented, the game will begin to circumvent it.

We must begin where nobody else dares to look. A fundamental principle that is just not even considered because the majority assume this is the way we operate and the elite in government assume this is just the way to run government. Accordingly, what needs to be challenged are our most fundamental basic ideas of how to run a government. The proposal set out here is revolutionary indeed. But if implemented, it will also have the benefit of restoring our liberty without firing a single shot.

So read before you assume anything, keep an open mind, and then add to the debate. Trying to criticize something you have not even read or to try to cling to old theories and the status quo is condemning us to the total collapse of the entire system for it will not survive another downturn as is.