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## **Chancellor's Update**

### **Banksters – How They Function**

We received many replies to our February issue. Many did NOT understand that “lust” does not always refer to the “flesh” but also to “money and power”. But in any case, those guilty of “lust” cannot correctly handle their personal lives and cannot properly function in directing governmental functions for the benefit of the people. Let’s take a few examples from recent world events. The following quotes are taken from Freedom and Prosperity Letter March 2014, vol. 1, No. 25 p2-3 by Charles Goyette.

It is worth taking a few minutes to unwind this latest wealth pass-through device.

To begin we must ask: Where does the insolvent U.S. gets the billions that Kerry tosses around in his shuttle diplomacy? Ukraine having already failed to make good on IMF bailouts in 2008 and 2010, what backs up energy loan guarantees the U.S. makes to Ukraine when that financially troubled country can’t pay?

Where does the money come from when the U.S. has to make good on the loan guarantees that it tosses around so cavalierly?

The only realistic answer — money being fungible — is that it gets the money from foreign lenders. After all, the United States has a visible debt of \$17.5 trillion. Not to mention more than \$100 trillion in unfunded liabilities — promises to pay for which no resources are provided. It is a country that cannot fund its spending without borrowing from foreign lenders.

Foreign lenders that, by the way, include Russia.

Yes, Russia is a major creditor of the U.S. Treasury.

So the U.S. borrows from places like China and Russia to loan to Ukraine, which is already deep in debt.

To whom is Ukraine indebted? To Russia.

Ukraine owes Gazprom, the state-controlled Russian gas giant, almost \$2 billion. Assistance we give Ukraine will go to Russia and to banks that loaned money to Ukraine.

At this point you are no doubt asking yourself how much sense any of this makes.

It makes quite a bit of sense in the logic of the banksters.

All this is very much like Greece, hopelessly indebted and extended hundreds of billions of bailout euros by the Eurozone countries and the IMF to make whole the private banks holding Greek debt. In other words, Greece was just a pass-through device to take money from the people across the continent who use euros to bail the banks out from their reckless investments in high-yield Greek debt.

It’s a sweet deal for the banks that chased high yields in Greek and other sovereign debt in Europe. If the loans paid off, the returns would be superior. If the loans were troubled, under normal conditions they might get nothing. But the taxpayers serve as milk cows so that the banks can be protected from

their recklessness by the multinational monetary institutions and the European Financial Stability Facility.

For all the “haircuts” that creditors were said to have to taken in loan restructuring, economist Nouriel Roubini summed it up this way:

*A myth is developing that private creditors have accepted significant losses in the restructuring of Greece's debt, while the official sector gets off scot-free...*

*The reality is that private creditors got a very sweet deal while most actual and future losses have been transferred to the official creditors, i.e. taxpayers...*

*The reality is that **most of the gains in good times... were privatized while most of the losses have been now socialized** (emphasis added). Taxpayers of Greece's official creditors, not private bondholders, will end up paying for most of the losses deriving from Greece's past, current and future insolvency.*

As the American taxpayers give money to Ukraine, Ukraine will be another pass-through device.

The money given to Ukraine, whether in direct aid, loan guarantees, or laundered through the IMF, in turn goes to banks and state-connected cronies, and is simply added to the debt burden of the little children of America.

Americans should have learned how all this works with the Bush bailouts.

But of course they didn't.

The General Motors (GM) situation: President Obama promises to bail out GM by giving taxpayers' money to GM to pay Union Workers who in return will give money (kickbacks) to him and vote for him as he denies to the bondholders their rightful money. In conclusion, the private debt of GM becomes the public debt of the taxpayers. The bondholders have their money stolen from them. The banks are repaid for their faulty and risky loans to GM by the taxpayers.

FREDDIE & FANNY MAC: This is another example of banks being bailed out (private debt) and the taxpayers picking up the debt (socializing the debt).

Now one may understand why President Thomas Jefferson said he was “more afraid of bankers than standing armies”, and President Andrew Jackson called them “a den of vipers”.

You see why one should not vote and elect any men or women who “lust” for money and power or any other inordinate thing regardless of their race, religion, creed, national origin, sex or party affiliation.

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