34. WHAT CAUSES RECESSIONS AND DEPRESSIONS?

Decreasing the money supply causes recessions and depressions. There is no difference between a recession and a depression except for the amount of money in circulation. If the U.S. constitutional banking system our founding fathers created was followed, there would be no recessions nor depressions in America. Congress would be sure that there was an adequate supply of money and not allow one group to manipulate the money supply and profit from debauching it.

It is the bank's policy to create recessions in order to increase their profits. Federal Reserve Bank of Chicago publication *Modern Money Mechanics* (p. 6) gives the bankers instructions on how to create a bank-induced recession or depression.

Did the banks create the 1929 Great Depression? Congressman Louis McFadden, Chairman of the House Committee on Banking and Currency from 1920 to 1931, accused the Federal Bank for creating the crash. "It was not accidental. It was a carefully contrived occurrence.... The international bankers sought to bring about a condition of despair here so that they might emerge as rulers of us all" (see bibliography #8, p. 191).

Congressman Charles Lindbergh, the famous flyer's father, wrote this about the Federal Reserve Bank shortly after it was created: "depressions will be scientifically created" (see bibliography #2, p. 124).

Thomas Jefferson said, "If the American people ever allow private banks to control the issue of currency, first by inflation and then by deflation, the banks and corporations that grow up around them will deprive the people of all property until their children will wake up homeless on the continent their fathers conquered" (see bibliography #12, p. 247).

These three famous people knew how the banks create depressions using the European banking system. They warned the nation to use only the U.S. constitutional banking system, yet we did not listen. Today, our plan is to warn the whole nation so the banks cannot crash the economy, creating another depression and forcing us into a cashless society.

How did the banks create the Great Depression? From 1923 to 1929, through alleged loans, the banks increased the money supply by 62%. Easy money created a business boom. Banks created money and loaned it to borrowers wishing to buy stock. You could buy $1,000 in stock for $100 down and finance the other $900 with a 24-hour call loan from the bank. The stock prices went up and up, fueled by the money the banks created and loaned out to buy stock. The insiders sold their stock at a great profit and bought government bonds or held cash, waiting for the crash. In unison, the banks called the 24-hour broker call loans due. The nonbankers were forced to sell their stock to pay for the loans. Everyone sold and the crash began. Within a few weeks, $3 billion of wealth vanished. The wealth of one of the insiders, Joseph P. Kennedy, grew from $4 million in 1929 to $100 million by 1935. It is no secret. Sell your stock on the high side and buy on the low side. After the crash, cash was scarce. Those who were on the inside, those who sold their stock before the crash and held cash, now bought companies for 10¢ on the dollar. Great fortunes were made at the misery of others. Between 1929 to 1933, the Federal Reserve Bank reduced the money supply by 33%, thereby creating the Great Depression.

It is wicked enough that the bank never risks or invests one cent of legal tender or other depositors' money and loans you your own money at interest. It is even more sinister when the banks control the gambling odds and force you to lose at their whim, taking all your property for their added profit. The bank receives your promissory note and lien for free, receives your monthly loan payments for free, and then forecloses and receives the equity on your home or farm for free. The bank policy is to create recessions to force a percentage of people to default, putting you out on the street. All the European banking system does is shift the wealth from you to the bank. By buying foreclosed properties, judges, police, and lawmakers can make a fortune.

Today, the same situation exists as did just before the Great Depression. Will we learn our lesson and save the nation by exposing the bankers?

About the author

Tom Schauf has a diverse background. He graduated from Northern Illinois University with a Bachelor of Science with double majors in accounting and finance.

After graduation, he worked as a staff accountant for Motorola. He worked for a small certified public accounting firm, owned and operated his own business brokerage firm and certified public accounting practice.

Over a period of nearly ten years, he has testified in a number of cases as an expert witness in business valuation, and has taught the arts of business acquisition and negotiations to buyers, CPAs, and lawyers on a national level in colleges and major universities.

He has taught lawyers and thousands of CPAs the art of valuation and negotiations in his copyrighted course designed to meet continuing education requirements.

He has been a controller, and head of purchasing and personnel for a major manufacturing company. He was also a real estate broker and aircraft flight instructor (CFII).

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