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## The Bondage of the Free

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*Reponsible Enterprise Association*

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## The Bondage of the Free

By Royal D. Rood\*

We in the United States think of ourselves as free. But actually it can be proven that we, like every people who approve the evils of usury, suffer a bitter tyranny. Forcing an entire population into total dependence on those who operate an exploitive money system is never a pleasant process. It is one our school histories do not discuss. Neither do our school texts point out the significance of compound interest and the full meaning of the debt economy in which every dollar must first be borrowed at some rate of interest before it can circulate goods and services. So this process is little understood by our people, and even less do they comprehend any means of avoiding its evils.

An honest look at history shows that every head of government has been required to seek schemes to operate by deficit. Concealed behind them is a circle of influence which benefits from such policy. To win the approval of the populace who suffer from such policy, heads of government resort to charity and entertainment for them—a repetition of old Rome's "bread and circuses." The diverted public rarely knows about the privileges which governments continue to grant to a few select individuals.

By their extravagance, government heads are soon driven into borrowing from monopolists. This causes governments to increase and inflate the money in circulation which in turn raises the debt and the burden of interest on the people. In a letter recently, Wright Patman, Chairman of the Congressional Banking and Currency Committee, said:

"The American people will pay (on both their private and public debt) almost \$125,000,000,000 in interest during 1966. This is approximately \$10 billion more than the national budget.

"When the current high interest rates are fully reflected on government borrowing, the cost (alone) of servicing the national debt will be \$19,000,000,000 annually.

"Increased interest costs forced the Administration to add more than \$750,000,000 to this year's budget to pay new interest charges on the national debt."

The privileged men are guided by their enormous profits into international finance. Thus they are able to force their government heads into wars, to increase the borrowings from them, and to force regular payment of interest on all these borrowings. Their gains through interest on such loans are far greater than through regular profit-and-loss business with which merchants and smaller manufacturers must be content.

### Compound Interest

Interest charged by such giant finance is itself also loaned out immediately on being received, calling thus for interest upon interest, or compound interest. In time, a nation's curve of compound interest moves almost vertically upward, into steadily increasing debt. The heavier interest is periodically refunded at higher interest rates. Thus the debt is always doubled eventually.

The doubling of a single dollar's debt may not seem too significant. But by the 20th doubling that single dollar of debt has become a debt of more than a million dollars, a fact that does indeed conjure up the spirits of evil. Interest payments are sucking currency out of circulation more rapidly than it can be loaned back into circulation, because most of the assets in our nation are already mortgaged to the limit.

This is what persuades the government to approve the craziest schemes in an effort to preserve

in the pockets of the people temporarily a means of exchanging their products. But this deficit financing, this inflation of the currency volume, merely compounds the burden of debt and interest, and hastens the tragic day when finally the currency loses all its value. The end result is unemployment and starvation and the inability of the government to collect even the taxes. This is what took place under the vicious tyranny imposed on the Southern states by President Grant, following the Civil War.

### Result of Federal Reserve System

The most vicious monopoly of all is that granted to the Federal Reserve System. To note results in just one field, it gathers enormous pools of money to facilitate development of power machinery for agriculture. This persuades an increase in taxes on farms beyond the power of many to pay. Resulting farm foreclosures and farm mergers have forced great hordes of farm laborers, sharecroppers, farm tenants and small farm owners off the land. They go to the cities for employment, but there automation is ahead of them. So they are compelled to subsist on (and vote in continuing support of) numerous charity and governmental welfare programs. And the rest of us reap the horrible results.

Another result comes to light in the dilemma of the University of Chicago. Its trustees are considering total abandonment of their area because of the decline in neighborhood standards following its "re-development" by Federal money loaned for such "renewal." (Do University of Chicago economists teach the economic facts behind such financial arrangements?)

There seems little hope for an individual if such giants of prestige as University of Chicago cannot escape the penalties which financial forces impose on us. Let it be remembered that any hesitation by President Johnson can bring the same punishment suffered by President Kennedy.

### The Bondage of the Free

A book by this title, written by Kent H. Steffan, is \$1 paperback from Vanguard Press, Box 9111, Berkeley, Calif 94709. Here is a story of the race issue before and since the Civil War, including the grim story of Watts and other riots in our cities. This presents a frightening picture of our future—a drifting into civil war beyond anything in our history. This book does not delineate economic causes for racial strife, but permits the phrases "usury" and "usurious policies" to appear in the chapter, "Roots of the Problem."

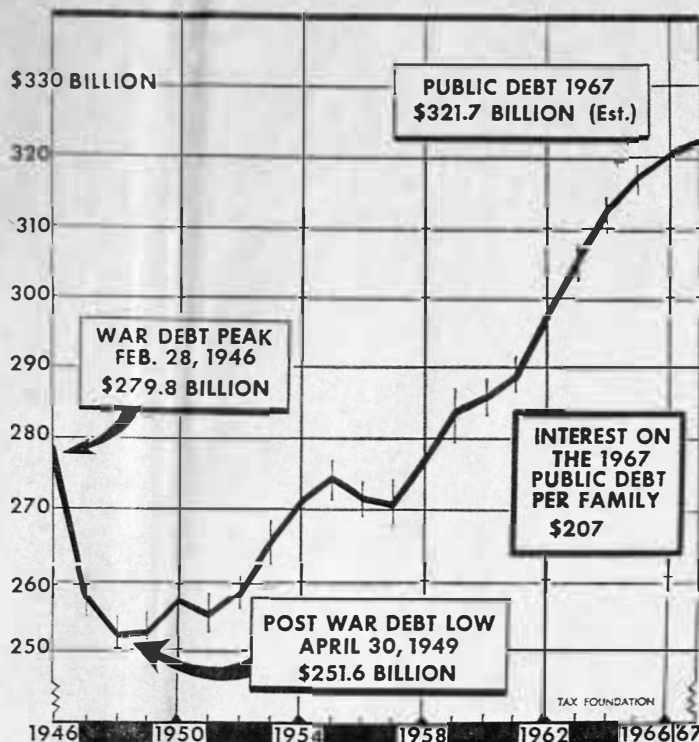
It is my belief that ruling financial forces are part of the background of the race problem. Those forces are destroying our constitutional system of government. They are financing well-paid agitators to stir up riots in our cities—where they will have violent response from victims of our "system"—to arouse a public demand for more controls and dictatorship. In similar ways these forces are establishing the soviet system throughout Asia, China, Cuba and elsewhere. They, in effect, bribe a desperate multitude by temporary charity from taxes. And an entire population determined to retire on charity means eventually an entire population unable to exchange its goods and services.

### A Way Out

There may be no such thing as group salvation. If there is, it is incumbent upon the civil rights movement, the peace movement, the movement for racial dignity, the churches, the student rebels, the green revolution—all forces working for the good of men, to come to grips with usury and the mistaken ways modern men organize their banking, credit and exchange systems. There may be hope, if it is not too little and too late, in Borsodi's Foundation for Independence.

I still believe that a part of the impending tragedy of financial

## Rise of the Federal Public Debt



Since touching its postwar low point in April, 1949, the Federal public debt has risen almost steadily. By June 30, 1967, end of fiscal 1967, it is currently estimated debt will reach \$321.7 billion, a new high. All chart points except those labeled are as of June 30.

## Letters, cont'd

can. — Edwin Flatto, Cotton Exchange Bldg., Brownsville, Tex.

### Thanks For Tools

To the Editor:

We'd like to contribute to the New School of Living Center the following items (which we took to the Mill in June): a digging bar, a bow saw, a spading fork, a wheelbarrow.—Richard Stanewick, 5323 Magnolia, Philadelphia, Pa.

### In the Midst of Ferment

To the Editor:

Thank you for your comment, which is very helpful to me. I am impressed and encouraged by the developments in the School of Living programs; and by the very wonderful plans for the Center. It sounds good, it is real, it is actually being done. There is much ferment in the air, much is being thought and discussed, and so many people are beginning to feel interest and concern that I do not find it difficult to be optimistic.

We know people deeply and urgently excited about ideas of community, human relating, etc., even though they express them differently from one another. They are trying to start schools, organize communities, develop new ways of life, publish books, newspapers, etc. They all agree in principle that human beings need to learn much about how to live in community, how to enjoy difference, to grow when not agreed with, how to spontaneously try to live such a life. But they are not meeting each other and practicing them in common. At any rate a few of us would like to bring the matter before the founders and leaders of various groups here in our area.—Frances, 600 Stanyan, San Francisco, Calif.

### Self-Discovery

To the Editor:

One of the nice things about being old is that the base comes to be in oneself. One day you suddenly feel it. No dependence on or reliance in another. No more wondering, or being hurt, or lonesome. You are the place, the purpose. You are at home. You are "home."

All the people of your past.

breakdown can in some degree be avoided by the individual and his family who are willing to live simply. Get on a homestead. No one can chew and swallow as food the gadgets produced by factory automation, even when parcelled out by "governments." A degree of salvation will be found in the good earth of a homestead. Homesteaders can comfortably survive on what they and their families can produce. The meek shall inherit the Earth and feed upon its fruits.

especially the ones you love best, are who and what and perhaps also, why, you are. It is good, finally and surprisingly to know yourself; no longer puzzled or lonesome or doubting. The time does come when life resolves itself into a meaning, a pattern, a certainty and a releasing.—June Burn, Florida.

### Owner-Built Homestead Coming Later

To the Editor:

Winter is my best time for writing, and I'll be submitting chapters on the **Owner-Built Homestead** in January or February. I am particularly busy now, pressed by many projects that were postponed by taking time out during the past summer for studying sculpturing, and the trip east to survey and counsel on the Heathcote development for School of Living. I have many good notes and ideas, but certain research and the writing must wait for later, when I can be more sure of time to do a good job. . . . I am particularly pleased with letters from people who have read **Go Ahead and Live!** and find my chapter on the Owner-Built Home of interest. We are breaking ground at the far end of our homestead for another type of building I've been wanting to try.—Ken Kern, Sierra Homestead, Oakhurst, Calif.

### To Would-Be Free Beings

To the Editor:

Listen for a few minutes, you guys and gals, you hell's angels, beatniks, beatles, you sex-weary, love-hungry, bewildered folks!

Become factual, honest and objective. Why court frustration, fatality and futility? Why waste your life-energy in cities? Why mortgage your health to kools, camels, cokes, cognac and contraceptives? Why deficiently survive on devitalized luxury foods from supermarkets?

Face facts now! Give your—  
(continued on page 5)

## City, cont'd

be enough to pay for this particular duplex.

All right, you're in business. The rule is that you buy only property presently rented. The income should pay for the bank mortgage, the interest on the debt, and insurance and maintenance. Your \$10 each, or \$250 a month, will pay for a renovation program. All of you can, if living near the duplex, get together and paint and improve and landscape and increase the value quickly. Each dollar thus spent on minimum value-increasing improvements ought to repay you two or more for one.

If you've rejected the "dogs" and bought wisely, you will soon have a house which could be sold at a nice profit. The whole community is better off. Two poor families are now decently sheltered. You, the group, have increased your equity. You've earned a profit on your investment. And this building will increase your equity for the life of the mortgage.

Or it can be sold when improved, and all profit, all regular pooling, all original investment used to buy a larger apartment house. A four-unit could be the next step, and it should earn a good deal more.

### Nickerson's Example

The process of pyramiding earned William Nickerson a million dollars in his spare time, starting with \$1,000 invested in a family home.

In 20 years, Nickerson's system can be pyramided to a million dollar value by plain, steady prudent investing in income property.

His book, **How I Turned \$1,000 into a Million in Real Estate—in My Spare Time**, is published by Simon & Schuster, New York City. The price when I bought my copy was \$4.95. You'd better query.

There are now other books in a similar vein, well documented. A visit to a larger library is suggested for the earnest student of this fascinating subject.

**Expert real estate operators** expect to make 20% to 30% on their properties. Homesteaders, if they examine Nickerson's methods, could hope to do as well.

One or a group can expect to buy with one-quarter down, the banks financing the rest. You use other cautious people's money to make money for yourself. The banks themselves do it all the time.

Why shouldn't homesteaders with the long view attain their own dream by giving deprived city people a little boost? Both parties are certain to come off better for the effort.

### A WAY OUT

Recent copies of **A Way Out** available include:

March 1965 — on Intentional Community.

May-June 1966—History, goals and opportunity of The School of Living.

July-August 1966—A Call For A Real Right and World Rehabilitation via Adult Education in Major Problems of Living.

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\*Royal Rood is educational director of the Responsible Enterprise Association, 4501 Cicotte St., Detroit 10, Mich.