

## **What Poor People Need to Know About Money**

This article is specifically for those who live in poverty and would like to understand how the money economy influences their situation. Let's now take a look at money as it may be revealing. Revealing to what you may ask? Well, money is central to survival and ever so much more so especially for those living in poverty within the urban areas. I mean being poor and living in a rural area you can grow your own food, build your own houses and barns. You wouldn't necessarily need such costly items as such as a car. Instead of buying your own car you and your neighbors might instead have a community car by which the expenses would be minimal for each family. By owning a horse you can hook up a wagon or cart for transportation and to carry heavy loads as well with as plow your field. Along with a garden and farm animals as well as from hunting you can provide your food and clothing. From the surrounding land you have a natural pharmacy and the ability to procure wood for heating. You can make your own furniture, utensils, cooking implements and hunting tools. With neighbors you can barter/exchange goods thus supplying your selves with what's missing. So I am suggesting that money is not essential for at least your basic need, if not for everything you need. However, not so in an urban environment in which you can't get anything without money.

So then what is money? A trap? A sinkhole? The more you need to greater the struggle. What was the promise that brought your people to give up their rural origins for jobs that were going to give them what? Certainly coming out of the South Black folks felt that you would be escaping racism and have greater opportunity for well paying work. Little did you know you were coming into a much more insidious form of racism which resides below the platitudes of the Promise of the North.

Well in a rural environment you use your labor to produce what you need. In an urban area you labor to give someone else what they need and much more and out of that much more, they give you some money to live on. Yes labor translates into money, but your share is less than what you need and from that money you struggle to get by and often the struggle saps your spiritual strength and debases you in the process.

Basically money is the handle that opens the door to a hustle by the wealthy who entice people to give up their freedom for an illusion that one day you too can take advantage of people with less ability. There is never enough for those in positions of power. They always seek ever more. They have so much money from the labor of others that it is surplus and from that surplus they have developed means to get even more of it.

The uneasy truth that the illusion of going into your own business it is never possible to compete with the advantages of the wealthy. They control the banks and when they seek a loan for business purposes they get their money at a lower interest rate and they can buy in volume all of which allows them to run their businesses at lower prices than those of small business people who have to spend more for the same product. It's completely unfair. That's why so many small business struggle to just get by.

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Money. So then what is money? A simple question? Well basically it's something you get in exchange for your labor. Of course you spend it on essential needs and then its gone until your next paycheck.

How about what form does money take? In certain aboriginal societies what we call money can take the form of shells, carved stones, furs, beaded pelts, etc. These can be exchanged for goods and services. In more technological societies it usually takes the form of coined valuable metals or printed-paper notes. In super advanced technological societies it can take the form of something called Bitcoins, an as yet unregulated series of digits recorded on some electronic server that set an arbitrary value and which also can be exchanged for goods and services by those few people who are willing to accept it. In all cases money in whatever form can be exchanged at some rate within the culture of its origin and at a varying value in international trade. But now you may want to know who sets the value of money.

There is this concept of Supply and Demand. Sellers set the prices and if the goods and services are purchased the seller wonders if they could have charged more. So basically it is about how much do items cost. Should the seller charge more, the purchasing power of money for that same item decreases. This means that the item will require a greater amount of money to make the purchase. This is an example of inflation. As the price for the same item continues to increase so too does the value of money decrease. However eventually there will be a point at which the price cannot be increased any further because there won't be enough people who can or are willing to pay the price. This is the moment in which the seller will have to decrease the price to attract more buyers for the product. With this decrease in price the value of money increases because it takes less money to buy the same product. This is termed deflation as a result of the depression of the value of the products. In another perspective where demand exceeds supply, prices tend to increase. When supply exceeds demand the prices tend to decrease.

Initially, it appears that the process of Supply and Demand determines the prices, but that is dependent upon the consumer's ability to pay asking prices. The most obvious factors are how much money do you have and how sure they are of your moneys continued supply. There are also initiating Supply factors that determine the producer's ability to bring goods and services to the market that the consumer is willing and able to buy. The most obvious factors are how much it costs the producer to bring their goods and services to market. Money flowing to the consumer in the form of wages and money then flows back to the producers through the sale of their products. Obviously the higher the wages the more the consumer can purchase.

To further grasp the concept of money it is important to understand where it comes from. The government manufactures it. How does it get into circulation and how does it circulate?

When gold was the standard of the worth of money the price of gold was set by the government. In November of 2016 an ounce of gold costs about \$1,200. A while ago it cost about \$1,600 and ounce. However for this example we will use a gold standard of value set at \$35 an ounce. We will view the process of someone going off into the hills and mined for gold. Having procured a certain number of nuggets the miner would bring the nuggets to the government assay office where the nuggets are weighed and ascertained for its purity. Depending upon these two factors the government agent would

keep the gold and issue money at a certain value. In our case \$35/oz. The miner having received money would then go to the local store and buy enough supplies for his next trip into the mountains to mine the gold and with the surplus may very well celebrate and go to a bar and have a good time. The money from the gold now is in the hands of the merchants and the bar owner and thus the money is now in circulation. This gold now in possession by the government would be held in a federal depository, like Fort Knox.

When money was on the gold standard there was as much money in circulation as there was gold in the forts. In our time money isn't based upon gold reserves and hasn't been for years. What is it based upon? Faith in the American economy. The better the economy the greater is the worth of the money. It's an arbitrary amount. Nothing backs the money except Faith. Should that faith be challenged then the value of the money will decline. The amount of money in circulation is set by the Federal Reserve Bank. The supply of money controls the economy. If prices are rising too quickly, then the Federal Reserve Board withdraws money from the public by demanding the banks, which loans it, to increase the interest rate making the cost of borrowing more. This means that they can't loan as much. The higher the interest rate the fewer the number of consumers who can qualify for the loan. By restricting the bank's ability to loan restricts the bank ability to satisfy the demand for money. With the increase of the interest rate the cost of borrowing money increases and the value of money will decrease and in doing so the effective costs goods and services will increase. Fewer people will be able to buy on credit, which slows the economy and this will force the producers to lower their prices to attract customers. This is how the government fights inflation. What does it mean to begin to understand money?

So we have money, its worth, and the power of this money as it circulates to create purchases far greater than its actual worth. The \$10 has a circulation worth, so far of \$30. Increasing its supply not only puts more money into circulation, it creates the power of moving goods and services at a far greater rate than its actual worth. How does the amount of money increase quantitatively? By the Federal Reserve Board lending money to the banking industry, which in turn then has it available to loan to individuals and businesses.

We have looked at money from the perspective of its creation, its use, and its circulation. Now let's explore money from the perspective of the influence of jobs. The quantity and the quality of jobs is the bottom line of the economy. When large numbers are unemployed the demand for production drops and the economy suffers. When large numbers are employed, then demand increases and the economy rebounds. The creation of jobs, the ability to earn and thus to spend is the bottom line of the value of money. The creation of jobs that pay well drives the economy. So to truly understand the value of money, one must understand what the mechanism of job creation is.

Government contracts are key to job creation and maintenance. Government contracts go to private companies. These contracts originating in the Federal, State, County, and City budgets are the foundation of wealth for who ever wins the bid. Each contract is put out to bid and any company that has the ability to perform can enter a bid for the contract. Where in the sale of valuable assets at an auction it is the highest offer that gets the asset. In bidding for a government contract it is the company that bids the least that is awarded the contract. This means that the company is obligated to produce the items of the contract for less than any other bidder. However, invariably there are cost

overrides, which means that the low bid wasn't sufficient to complete the project. So the company puts the government against the wall for to obtain the items of the bid the company asks and is invariably granted the right to receive additional money sufficient to complete the production. It's all a hustle because all of the bidders are owned by basically the same group of investors, so no matter which of their companies wins the contract, they will profit.

At this point it is important to remember that the governments budget for all purchases is based upon the government collecting tax dollars which it then distributes these dollars to industries through contracts. Even though the industries are non-governmental in nature, their ability to function is based upon tax dollars. This means that people are taught incorrectly that private enterprise is outside the assistance of the government. With this inaccuracy in place people are easily convinced that Big Government is the enemy. How ridiculous. Without Big Government there would be depression. An easy example is the Defense Budget. While the government maintains the military personnel it does not produce the airplanes, the flotilla of boats, the tanks, the vehicles of transportation, the tools to maintain them, the fuel to run them, the clothing that is worn, the food that is consumed, the elimination of waste products and of course the weapons that are used. All of this is contracted out to private companies.

So, then isn't the government's tremendous influence on the economy not a form of socialism? It certainly isn't what we think of as capitalism. It certainly is not the capitalism of private enterprise where the business operates in a competitive environment in the production of goods and services without government involvement.

If government provides jobs in industry through contracts to businesses, how is that different than jobs created by government through the hiring of bureaucrats who manage public welfare? People need to be employed so that money can circulate. Why is creating a jet, or a tank that mostly is never used for its designed purpose, more productive than hiring more teachers, or social workers, or police, or any other government employee? Why is it any different than it would be to hire those on welfare or are homeless to work for the government to provide services, after their training for positions, and be place in their own community? In reality, most of the money supply comes trickling down through the disbursement of government contract dollars. The lawyer, the accountant, the doctor all make their money off of people who get their income from the companies that gets it money from the government contracts. Take government contracts out of the economy and depression would not be a large enough word to describe the economic collapse that would result.

The economy is based obviously upon the disbursement of tax dollars. It is the values of a country that determine where this money is dispersed. The value of an industry directs money into education that supports that industry. So, the value of defense directs money into that industry. The value of social concern directs money into social programs. The value of crime, and it is a strong American value, allows the flow of money into its prevention and punishment, and thus into that industry. Values direct the stream of money. If a society truly values health care a great deal of tax dollars would be directed in the training and the hiring of enough professionals so that all citizens would have access to that benefit. Certainly, as income earners they spend their money. In the end the money is spent. Does it really matter how the money is spent as long it is spent

and thus can circulate? Of course there is competition for all of this government money. But is it a fair competition.

In my experience competition for government contracts are strongly influenced by industry lobbyists who influence the election of politicians. These politicians who being indebted to the industries that put up the money for their campaign, in payback, direct contracts to these companies once they are elected. If my profession is that of crime buster, our industry has hired lobbyists to influence society so that crime increases so that I and those in my industry can remain employed and make a great deal of money. My interest would naturally be to assure that our jobs is secure. Like any business group I would support the values that ultimately secured my job. Having a steady flow of crime would be imperative to my welfare. It would be easy to understand how such a person would vote. Politicians that promised an increase in crime prevention would be the party of the crime buster's choice. It is all so simple to see that the politician that campaigned for crime prevention would vote to end social programs that are designed to lower the rate of gang participation and drug addicts who when poor get into crime to supply their habit. They have so little resources to pay for their drugs that crime is their only option. Contrary to this are people with money who have no need to worry about the money for their drugs. It is obvious that this then is the reason in the last twenty years most of the government money for youth centers, after school programs and such have been cut back in not eliminated. Without these programs in place, the children have no supervision and are easily brought into groups that break the law. That is good for the business of the crime buster: the police, the judge, the court personnel, the prison personnel, and the contractors that supply the buildings, goods, and services to this industry.

**Values create the priority and that is where the tax dollars flow. That is how jobs are created. Job creation is another form of monetary value.** Industry creation is yet another form of monetary value. The computer industry. Today it is a leading generator of money. It's relevant to understand that the Information Technology industry did not self-generate. It was created. Its development was initiated through the U.S. Department of Defense paid for by tax dollars. Those who are benefiting from it today, benefit from the initial tax dollars that went into the creation of computers and the programs that run them. The value of computer-generated information was created by the government, politicians, and business people who are today profiting from their ownership of the computer industry. Another example is Education an industry that did not exist before a few hundred years ago. Today it is a multi-billion dollar industry. Today the prison industry is a multi-billion dollar industry. Each of these industries was created and is underwritten and maintained through tax dollars. Then why are the jobs not equally distributed among the people of all communities? It is one thing to offer education, but what if jobs are withheld from certain communities. It undermines the value of education for those people who live in communities where employment is scarce and increases the value of education for those people who live in communities where employment is both plentiful and pays well.

It is part of human nature for people to rationalize their good fortune in the form of employment by some mental mechanism that blocks from their awareness that their economic prosperity is at the price of poverty for others. They believe that they are employed because they "worked" for their job and people who are unemployed failed to make sufficient effort to gain this benefit. It's interesting to not that the U.S. Bureau of

Labor and Statistics views full employment when the percentage reaches 95%. That means that 5% are condemned to the position of the unemployed. There is this belief that there has to be a sufficient number of unemployed to keep a ready supply of cheap labor should there be such a need. These people are sacrificed at the profit of others. Providing full employment, at earnings that are sufficient to raise a family, for some, might sound like that would be un-American, if not communism. I wonder. Are there well paying jobs for everyone who has an education? No. Why not? Is it because the economy isn't doing well enough, what with the stock market climbing above 19,000? At the bottom of the recession it was at 7,000. Where did this explosion of value come from when if one includes the people who are no longer looking for work in the unemployment numbers then unemployment is closer to 16%?

So the allocation and location of jobs is the essential core of our communities' welfare. In all of this the amount of money in any community is an outcome of decisions made by the creators of jobs, which we have seen comes directly from government whether governments hire workers or the people who obtain government contracts do the hiring. It all comes from taxes and money is the driving force. In a democratic society, certainly a vision of our Forefathers and Mothers, it takes the value of fairness to arrive at its realization. People are on welfare because of this lack of fairness. They have been ripped off of any tax money that they have paid in the purchases of goods and services. Millions of such people work at minimum wages overwhelmed with the cost of living. This is all a result of the inequitable distribution of government contracts and the communities within which they are located. This is not the fault of government, but the fault of people who through their lobbyist's influence on politicians have redirected this flow of money and jobs to their personal benefit and to the benefit of their chosen community.

It's like a form of overeating. Some communities gorge on these contracts. This leads to hunger in communities that have consciously been excluded because they have insufficient funds to compete for the contracts from government. There is no inner-city or rural community that has to live in poverty with an equitable distribution of these contracts. So, then what is money and what is its value? That depends 100% on the values of the people who vote and all too often who vote unwittingly against their own economic interests because they have been brainwashed to do so. The perfect example of this are the people on Obamacare who voted for Donald Trump who has promised to dismantle Obamacare. What does this mean? Something that all people would benefit from contemplating.