

INTRODUCTION

A NEW DAWN FOR ECONOMIC PROSPERITY

IMAGINE WAKING UP in a world where taxes don't consume half your income, where the cost of living isn't spiraling out of control, and where the national debt—today over \$36 trillion—has been fully paid off. Imagine a financial system that works for us, not against us.

This is not a utopian fantasy. It's a reality entirely within our reach.

This book presents bold, nonpartisan solutions to some of our nation's most pressing economic challenges—crippling deficits, a declining middle class, and the growing sense on the part of many that no matter how hard they work, they are falling behind. These solutions are embedded in a single, transformative solution: The Financial Freedom Plan (FFP)—a nonpartisan bill for Congress—a revolutionary upgrade to our outdated financial system that would free us from the unnecessary economic burdens we suffer from today and unleash a new era of prosperity for all.

The Hidden Roadblock to Progress

For decades, we've been trapped in a mindset that the economy is a zero-sum game—a belief that for one person to gain, another must lose. But human progress has never been this way. We enjoy our modern comforts today because of the synergy of working together and technology, not because someone else had to take a step back.

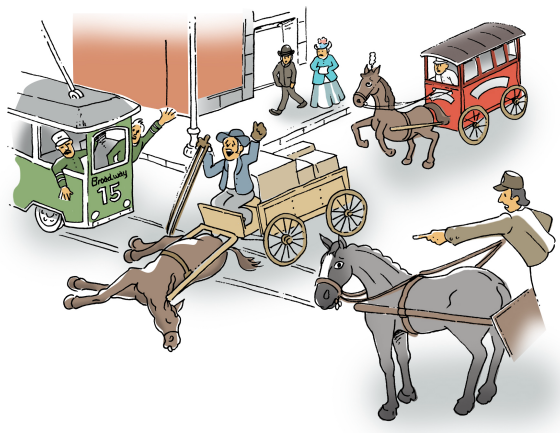
“We're all working together; that's the secret.”

—Sam Walton

When someone builds a new house, not only do they benefit, but those who worked on it benefit, too. This principle applies to all of man's progress. The better we all do, the better each of us does. There has never been any other truth. Yet, today's financial operating system fails to capitalize on this principle, and we impose unnecessary costs on ourselves that we imagine to be necessary. The Financial Freedom Plan reverses this, freeing us to enjoy a new era of prosperity.

A century ago, New York City faced a crisis that no one thought could be solved. The city's streets were buried under four million pounds of horse manure, accumulating faster each year than it could be hauled away. In addition, 15,000 horses dropped dead of exhaustion each year, snarling traffic and creating a stench that could be smelled throughout the city.

In desperation, the city's leaders convened a panel of world-renowned experts to find a solution, but the meeting ended in dismay with the experts declaring there was no answer. No one saw the automobile as the answer, even though cars already existed. It wasn't until the shift happened on its own that the "unsolvable" problem simply disappeared, quickly fading to become a distant memory.



Today, our financial system is in a similarly dire state. We are drowning in economic problems, and yet, just like those experts, we fail to see that the solution is already within our grasp.

The Two Economies: Why We're Stuck

To understand our financial predicament, we must first recognize that our economy is really comprised of two economies:

- The Material Economy – the production and consumption of goods and services, the basis of our standard of living.
- The Monetary Economy – the creation and trade of financial assets, which should ideally reflect the material economy, but has become wildly disconnected from it.

The problem? While our Material Economy—measured by the GDP—is about \$23.5 trillion per year,¹ our Monetary Economy—the flow of money—has skyrocketed to a staggering \$6,125 trillion annually. This means the monetary economy is some 260 times bigger than the material economy, a distortion that fuels today's economic issues. Think a one-pound dog trying to run with a 260-pound tail. That's our reality today.

To illustrate the magnitude of this disconnect, during the recent pandemic millions of people lost their jobs and many small businesses collapsed, and yet the stock market boomed; the world's ten richest men doubled their net worth, and a new billionaire was minted every 26 hours.² This is not an unfortunate side effect of capitalism—it's a systemic flaw in how our financial operating system works today.

¹ <https://fred.stlouisfed.org/series/GDPC1>

² "Ten richest men double their fortunes in pandemic while incomes of 99 percent of humanity fall," Oxfam International, January 17, 2022, <https://www.oxfam.org/en/press-releases/>.

A Powerful Solution

The Financial Freedom Plan imposes a radical but simple shift: The plan eliminates all existing taxes—income taxes, sales taxes, property taxes, capital gains taxes, gasoline taxes, and more—and it replaces them with a tiny 0.5% fee on the flow of money.

This would shift the tax burden away from the supply chain and our hard-earned wages and instead tap the \$6 quadrillion flow of money, of which 99% is within the monetary economy. Under this system, instead of paying \$40,000 in taxes for every \$100,000 you earn, you would pay just \$500. Imagine the impact that would have on your personal financial freedom! And, in fact, it would have a cascading effect, freeing the material economy, too.

Not only would this approach enable us to pay off the national debt, but it could also provide every adult citizen with:

- A universal basic income (UBI) of \$24,000 per year,
- Free healthcare and college for all,
- Plus, we'd eliminate our chronic deficit and replace it with a multi-trillion-dollar surplus.

And that's just the beginning.

Fixing the Cost of Money

Our banking system, like our tax system, is also a relic of the past. Established in 1903, it is an outdated system that imposes unnecessary costs on our material economy and our personal lives. The Financial Freedom Plan introduces Banking 2.0, transforming the Federal Reserve into a true central bank owned by the people and for the people.

Here's what that means for you:

- Mortgages and car loans would be interest free, costing you much less than they do today,
- Your bank could lend you money to start your own business,
- Your deposit in a bank would truly be secure, as bank failures would no longer be possible.

The Roots of Inflation

Buy a new home under our current system and you will pay more in interest to the bank than you paid the seller of the home. The same is true of all the infrastructure in the supply chain. Mines, factories, trucks, and stores are all financed, often with the cost of interest exceeding the cost of the infrastructure over time.

- Interest cumulatively increases the cost of goods at each level of the supply chain,
- Layered on top of the cost of interest are the taxes at each level of the supply chain,
- These two costs combine with the undue expansion of our money supply in the monetary economy to create inflation.

Figure 1 compares the rising price of a loaf of bread to the cost of 1/60th of a bushel of wheat over four decades (one bushel of wheat produces sixty loaves).

THE PRICE OF BREAD VERSUS WHEAT

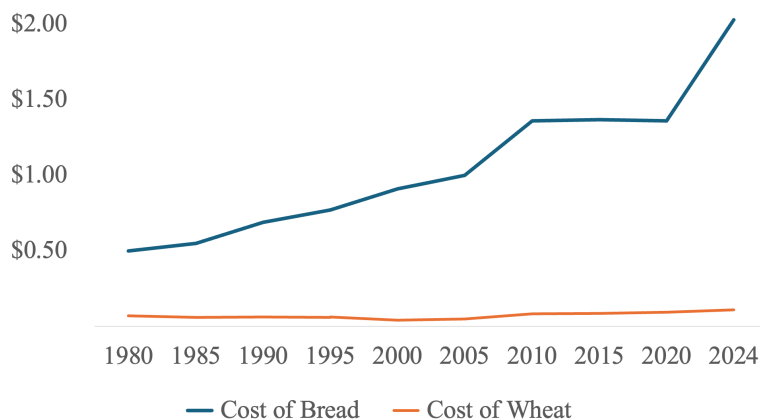


FIG. 1

While the price of wheat has risen modestly (farmers are also subject to taxes and interest), the price of bread has skyrocketed,³ illustrating how the cost of interest and taxes combine with the effects of an expanding money supply at each layer of the supply chain to accumulate and drive up the price of consumer goods. We'll dive into the details of how this works in Chapter One.

Our financial operating system is thus responsible for most of the cost of all that you buy. In other words, while technology has been making the material economy more efficient, our financial operating system has been eroding the fruits of our labor.

The Financial Freedom Plan ends these unnecessary burdens by eliminating the many taxes we pay today and taxing the expansion of our money supply instead, and by eliminating the cost of interest through the implementation of Banking 2.0.

³ <https://fred.stlouisfed.org/series/APU0000702212>, <https://fred.stlouisfed.org/series/WPU0121>

Think of the Financial Freedom Plan as an upgrade to our financial operating system. A new computer would not run well on an old operating system. Neither does a modern economy run well on an old financial operating system.

A Future Worth Fighting For

Just as the automobile solved New York's horse manure crisis, the Financial Freedom Plan would solve today's financial manure crisis, despite our economic challenges seeming insurmountable today.

Imagine a world where:

- Your paycheck isn't gutted by excessive taxes,
- You receive UBI *plus* basic healthcare,
- Your mortgage and car payments have been slashed.

This isn't just a theory—it's a tangible path forward. And it's time to make it a reality.

“The marvel of all of history is the patience with
which men and women submit to burdens
unnecessarily laid on them by
their governments.”

—George Washington

SUMMARY

THE FINANCIAL FREEDOM PLAN

THE FINANCIAL FREEDOM PLAN (FFP) is a proposed bill for Congress that would positively impact all citizens of the United States by upgrading our nation's financial operating system. The FFP would replace all current taxes with a small fee on the flow of money and upgrade our banking system by turning the Fed into a true central bank that would provide interest-free mortgages to U.S. citizens.

By transitioning the federal government's revenue away from a tax of up to 39% on the \$25 trillion we citizens earn each year to a small fee of just 0.5% on the \$6,125 trillion that flows through the monetary economy each year, we can:

- Eliminate the many onerous personal and corporate taxes we pay today,
- Provide all citizens with universal basic income, free healthcare, and free higher education, and
- Eliminate the government's deficit, replace it with a surplus, and pay off the national debt in eight years.

By upgrading our banking system so the Federal Reserve serves as a true central bank, owned by the people and for the people, the Fed can be the source of capital for our lending needs and more effectively manage the money supply. The Fed's member banks would thus become financial service providers as intermediaries to the Fed. By doing so, we can:

- Provide interest-free loans and mortgages to citizens and businesses,
- Eliminate the problem of fractional reserve lending and its impact on the money supply,
- Develop a better alignment between the material and monetary economies, and
- Enable a system for real time money supply management that will better control inflation.

The Financial Freedom Plan would provide a strong and robust economic foundation for the future of the United States, improving our overall standard of living, and leveling up the quality of life for the 80%-plus American citizens whose quality of life has stagnated from decades of inflation.