The Legal Privilege That Destroyed the Middle Class

Ending Three Centuries of Monetary Grand Theft

For more than three centuries, a small number of institutions have held a legal privilege that no individual citizen possesses: the right to create money. Not to earn it, not to produce something of value in exchange for it, but to create it — and to have that created money accepted by law as equivalent to money already in existence. This privilege is the root cause of the disappearance of the independent middle class, and until it is removed, no political reform will reverse what has been done.

The mechanism is not complicated, though it has been deliberately obscured. When a central bank or a chartered commercial bank creates new money — whether by printing notes, expanding credit, or purchasing government debt — that money enters the economy at the top. Governments spend it first. Large banks lend it first. The prices of assets — land, housing, stocks, financial instruments — rise before wages do, if wages rise at all in real terms. By the time the new money reaches the worker or the small saver, its purchasing power has already been diluted. This is not an accident or a side effect. It is the predictable and consistent result of how the system is designed.

The justification offered, in every generation and in every country where this has occurred, is that a growing economy requires a growing supply of money, and that falling prices — even when caused by genuine increases in productivity — are dangerous. This claim deserves to be examined directly.

When goods become cheaper to produce because of better tools, better organization, or better knowledge, the natural result is that prices fall and the purchasing power of money rises. Workers and savers gain. Their money goes further. There is no harm in this. The harm comes when the same increase in productivity is met instead with an expansion of money claims, so that prices stay flat or rise, and the gains of productivity flow to those who issued the new claims rather than to those who did the productive work.

The argument against falling prices has always rested on one real problem and one manufactured fear.

The Cabrini • Suite 603
909 Boren Avenue
First Hill • Seattle • Washington
United States of America (USA) 98104

Mobile: +1 (206) 291-8468
admin@nudge.online

A REAL PROBLEM THAT HAS LONG SINCE PAST

The real problem, documented clearly in monetary history, was the chronic shortage of small-denomination coins for everyday transactions. Silver and gold were difficult and expensive to divide into units small enough for wages, bread, and daily commerce. That technical problem was genuine. It called for a practical solution: smaller-denomination paper claims directly representing existing silver, issued by public clearing institutions with no power to multiply the underlying base. Instead, what emerged — first through private banks issuing more paper than they held in silver, and later through central banks granted statutory power to create currency by law — was a system that solved the small-change problem while simultaneously granting its operators an unlimited source of profit and political power.

A MANUFACTURED FEAR THAT IS EVER PRESENT

The manufactured fear is deflation. In a system where almost all significant debts are written in fixed nominal terms, any general fall in prices increases the real burden of debt. Debtors — who have historically included governments, large landowners, and leveraged businesses — face greater difficulty. This pain is immediate, visible, and politically potent. The benefit of rising purchasing power for workers and savers is slower, more diffuse, and harder to organize around. The coalition that consistently won this argument — governments needing revenue without taxation, banks needing profit from credit expansion, and debtors needing relief from their obligations — was simply more powerful than the coalition of those who earned wages and saved money. The result was the progressive legal entrenchment of the money-creation privilege.

Every alternative arrangement that attempted to hold closer to a real-money base was displaced. The Dutch public clearing system, which standardized existing silver into stable book-money without multiplying claims on it, was not extended. The Scottish system of competing private banks issuing notes convertible on demand into silver, which supported industrialization for over a century without a central bank, was ended by parliamentary statute in the 1840s. After 1971, even the residual link between national currencies and gold was severed everywhere without exception. The privilege to create money became absolute and unconstrained.

THE INEXORABLE FACTS

The wealth data makes the consequence plain. The broad middle class that once held the majority of a nation's productive assets no longer exists in any country that has operated under this system for multiple generations. In the United States, the top ten percent holds the overwhelming share of wealth. The middle forty percent is under

The Cabrini • Suite 603
909 Boren Avenue
First Hill • Seattle • Washington
United States of America (USA) 98104

Mobile: +1 (206) 291-8468
admin@nudge.online

sustained financial pressure, and the wealth distributed within this class is unevenly distributed from top to down. The bottom thirty percent is in debt and in many cases completely dependent on the wealth of others for its survival — not in the form of charity, mind you, but fiscal compulsion and government largesse.

This distribution did not arise from differences in individual effort or talent. It arose because the rules of the monetary system systematically reward those who create money over those who earn it.

THE OBVIOUS AND COMPLETELY DOABLE REMEDY

The only remedy is the removal of the privilege itself. Institutions must no longer hold the legal right to create money that all others are compelled to accept while holding real assets worth only a fraction of the claims they issue. Without that privilege, the automatic and continuous transfer of purchasing power from producers to money-creators stops. No political party, no central bank reform, and no regulatory adjustment addresses the root. The privilege is the root. Remove it, and the middle class can be rebuilt on the only foundation that has ever sustained it: the honest exchange of real work for money that cannot be silently stolen by those who issue it.

This is neither a Republican, nor a Democratic problem. This is an American problem that both political parties refuse to address.

Neither the Democrat Socialists who would destroy America, nor the MAGA zealots who would save America are doing what needs to be done. It is the party that gets this right that will end up on top, and it will not be the Democrat Socialists — and this, because they have never understood history through any lens that is not Marxist in nature and views humanity as an organized struggle for power, rather than an individual and cooperative struggle to survive and prosper.

So rise up my fellow Republicans. The issue will never be resolved from the top down unless by a “miracle from Heaven”, and I wish you well in your prayer — just include my message in it, or we haven’t a chance.

Roddy A. Stegemann
aveverum@substack.com

July 2, 2026

Modified: August 21, 2026