How Debt Conquered America

Special Report: America presents itself to the world as "the land of the free" but for the vast majority it is a place of enslaving indebtedness, a reality for much of "the 99%" that has deep historical roots hidden or "lost" from our history, as Jada Thacker explains.

By Jada Thacker

Since its center-stage debut during the Occupy Wall Street movement, "the 99%" a term emblematic of extreme economic inequality confronting the vast majority has become common place. The term was coined by sociology professor David Graeber, an Occupy leader and author of the encyclopedic *Debt: The First 5,000 Years*, published just as the Occupy movement captured headlines.

What Graeber's monumental work did not emphasize specifically, and what most Americans still do not appreciate, is how debt was wielded as the weapon of choice to subjugate the 99% in the centuries before the Occupy protesters popularized the term. Like so many aspects of our Lost History, the legacy of debt has been airbrushed from our history texts, but not from our lives.

The original 99% in America did not occupy Wall Street in protest. They occupied the entire Western Hemisphere as original inhabitants of North and South America. After 20,000 years of Occupy Hemisphere, an Italian entrepreneur appeared, having pitched an investment opportunity to his financial backers in Spain.

Soon after Columbus launched his business enterprise on the pristine beaches of the New World, each native discovered there above the age of puberty was required to remit a "hawk's bell's worth" of gold dust to the Spaniards every two weeks. The hands of all those failing to do so were cut off and strung about their necks so that they bled to death, thus motivating the compliance of others.

Bartolome de las Casas, a contemporary slave-owning priest-turned-reformer, reported three million natives were exterminated by Spanish entrepreneurship in only 15 years. His population figures were guesstimates, but modern researchers confirm that 80 to 90% of the Taino people in the Hispaniola-Cuba region died within 30 years of Spanish contact, the majority from disease.

In the century following Hernan CortÃ©s's extreme "hostile takeover" of the admittedly brutal Aztec regime (1519-21) the native population of the entire region also declined by 90%. The same story generally followed the Spanish march across Central and South America.

Spanish conquistadors rationalized that their colonial business model, however brutal, was morally necessary: without religious conversion to the Church, pagan natives would have been condemned to an everlasting Christian hell. Ostensibly to save pagan souls, Spaniards destroyed pagan persons with the draconian *encomienda* system, in essence a debt-based protection racket.

The *encomienda* dated from the Roman occupation of Iberia (Spain), but had more recently metastasized from the practice of Christians exacting tribute from Muslims during the so-called Spanish *Reconquista*, which ended the year Columbus sailed. Under this medieval debt obligation, the native 99% were deemed to owe their labor and resources (not their land, which was expropriated by the Crown) to Spaniards in exchange for “protection” and religious education.

The system’s legitimacy in the New World depended upon the useful fiction that the native labor force was not composed of sentient human beings. Thus, it was not lawful to impose *encomienda* upon persons of mixed-race (mestizo) presumably because they had enough European blood to be considered human.

In practice, this debt-labor system devolved into slavery and butchery of the most brutal sort imaginable, as witnessed by de las Casas. Though the *encomienda* was eventually abolished, it was replaced only by the *hacienda* system.

Haciendas were Spanish plantations on which natives worked as landless peasants, who owed a share of their produce to the landowner for the privilege of living lives similar only to those of Southern plantation slaves in the U.S. a century or two hence.

Spanish mines were the scene of even worse atrocities. In *The Open Veins of Latin America*, Eduardo Galeano details the horrors: native mothers in the notorious Bolivian Potosi silver mine murdered their own children to save them from lives spent as slave troglodytes.

Although some Potosi miners were nominally “free” laborers, they worked under a debt-peonage system that forbade them to leave the mine while still indebted to employers who loaned them the tools of their trade. Not even death extinguished their debt: upon the death of the indebted miner, his family was required to repay the debt with their own perpetually-indebted labor.

The tragedy of the Spaniards’ devastation of untold millions of native lives was compounded by seven million African slaves who died during the process of their enslavement. Another 11 million died as New World slaves thereafter.

The Spanish exploitation of land and labor continued for over three centuries until the Bolivarian revolutions of the Nineteenth Century. But even afterward, the looting continued for another century to benefit domestic oligarchs and foreign businesses interests, including those of U.S. entrepreneurs.

Possibly the only other manmade disasters as irredeemable as the Spanish Conquest in terms of loss of life, destruction and theft of property, and impoverishment of culture were the Mongol invasions of the Thirteenth and Fourteenth centuries. The Mongols and the Spaniards each inflicted a human catastrophe fully comparable to that of a modern, region-wide thermonuclear war.

The North American Business Model

Unlike Spaniards, Anglo-American colonists brought their own working-class labor from Europe. While ethnic Spaniards remained at the apex of the Latin American economic pyramid, that pyramid in North America would be built largely from European ethnic stock. Conquered natives were to be wholly excluded from the structure.

While contemporary North Americans look back at the Spanish Conquest with self-righteous horror, most do not know the majority of the first English settlers were not even free persons, much less democrats. They were in fact expiration-dated slaves, known as indentured servants.

They commonly served 7 to 14 years of bondage to their masters before becoming free to pursue independent livelihoods. This was a cold comfort, indeed, for the 50% of them who died in bondage within five years of arriving in Virginia this according to *American Slavery, American Freedom: The Ordeal of Colonial Virginia* by the dean of American colonial history, Edmund S. Morgan.

Also disremembered is that the Jamestown colony was founded by a corporation, not by the Crown. The colony was owned by shareholders in the Virginia Company of London and was intended to be a profit-making venture for absentee investors. It never made a profit.

After 15 years of steady losses, Virginia’s corporate investors bailed out, abandoning the colonists to a cruel fate in a pestilential swamp amidst increasingly hostile natives. Jamestown’s masters and servants alike survived only because they were rescued by the Crown, which was less motivated by Christian mercy than by the tax it was collecting on each pound of the tobacco the colonists exported to England.

Thus a failed corporate start-up survived only as a successful government-sponsored oligarchy, which was economically dependent upon the export of addictive substances produced by indentured and slave labor. This was the debt-genesis of American-Anglo colonization, not smarmy fairy tales featuring Squanto or Pocahontas, or actor Ronald Reagan’s fantasized (and plagiarized) “shining city upon a hill.”

While the Spaniard's ultimate goal was to command native labor from the economic apex, the Anglo-American empire would replace native labor with its own disadvantaged 99%. The ultimate goal of Anglo colonization was not intended so much to put the natives under the lash as to have rid of them altogether.

Trade deficits and slavery would answer their purpose quite nicely. By the 1670s New England Puritans were already rigging the *wampum* market at their trading posts in order to pressure the Wampanoag into ceding land thus in part precipitating the Narragansett War, King Philip's War, the ensuing genocide of some natives, and the mass enslavement of others to be sold abroad.

As chronicled by Alan Gallay in *The Indian Slave Trade: The Rise of the English Empire in the American South, 1670-1717*, Carolina colonists concurrently sold Indian slaves to the God-fearing Puritans and trading others for African slaves at a 2:1 exchange rate while wielding trading-post debt against local Indians, precipitating the Yamasee War which proved to be a major disaster for natives and whites alike.

For half a century, the Carolina colonists' export of tens of thousands of Indian slaves exceeded imports of black slaves. This was the origin of Southern plantation agriculture.

The institution of North American Indian slavery was necessarily based upon debt. English law forbade colonists from enslaving free persons, but it conceded that prisoners of war could be considered slaves. Because captives owed their lives to their captors, the latter could dispose of the debt as they saw fit, to include transferring the debt to a third party for goods and services.

The captive-to-slave pipeline was sanctioned by none other than John Locke, the renowned philosopher who directly inspired Jefferson's composition of the Declaration of Independence, and who is often championed today by libertarians and no wonder! as an oracle of private property rights.

All along the westward frontier, American colonists continued to foreclose on natives' land with debt machinations perhaps less overtly brutal, but far more devious than the Spanish *encomienda*: to remove the self-reliant 99% from their land, it was necessary first to remove their self-reliance.

Here is how President Thomas Jefferson explained the process to future president William Henry Harrison in 1803: "To promote this disposition to exchange lands [] we shall push our trading uses, and be glad to see the good and influential individuals among them run in debt, because we observe that when these debts get beyond what the individuals can pay, they become willing to lop them off by a cession of lands.

“As to their fear, we presume that our strength and their weakness is now so visible that they must see we have only to shut our hand to crush them, and that all our liberalities to them proceed from motives of pure humanity only. Should any tribe be foolhardy enough to take up the hatchet at any time, the seizing the whole country of that tribe, and driving them across the Mississippi, as the only condition of peace, would be an example to others, and a furtherance of our final consolidation.”

Debt more so than firepower, firewater, or even disease provided the economic weapon by which Anglo-Americans designed to privatize the Indians’ means of self-reliance. “How the West Was Won” in the “Land of the Free” was a saga of debt moving inexorably westward in what Jefferson called “our final consolidation.” He might well have said “final solution,” but he did not.

As debt expanded westward, desperate Anglo settlers believed the frontier land was “free for the taking” for those with the stamina to seize it. This belief ultimately proved illusory, as land “squatters” and homesteaders were evicted or forced into paid tenancy through debt or the legal maneuvering of wealthy land speculators.

George Washington secured the eviction of pioneer families from western Pennsylvania land he claimed to own in absentia, although those he forced from the land possessed a deed that pre-dated his own, as related in Joel Achenbach’s *The Grand Idea: George Washington’s Potomac & the Race to the West*.

On the other hand, Daniel Boone, famed for leading pioneers westward through the Cumberland Gap, died landless, all his land claims having been picked off by legal sharpshooters. Also landless, Davy Crockett died at the Alamo in an attempt to secure Texas acreage he never survived to claim.

The final illusion of free soil vaporized when in 1890 the United States census declared the American Frontier closed. Much of what was left had at any rate been monopolized by railroad, ranching, mining, and forestry corporations after the Dawes Act had privatized most of the natives’ “protected” reservation lands in 1887. For most white and black Americans, meanwhile, free tenancy homesteads had never materialized in the first place.

Debt vs. Self Reliance

Jefferson’s “final consolidation” was accomplished by a system he admitted offered debt with one hand but held a sword in the other. The estimated 3,000,000 families who lost their homes during the Great Recession that began in 2007 understand this principle intimately.

The debt system is in fact more powerful in the Twenty-first Century than ever before because the 99% are far less self-reliant now than ever before. To understand why this is so, we must first think seriously about the term “self-reliance.”

Although we may casually refer to someone as being self-reliant, such people do not actually exist. Human beings simply are not equipped to survive, much less prosper, strictly as self-reliant individuals. As infants and children we cannot survive without familial care, and as adults we cannot prosper without the cooperation and support of peers.

There has never been, and never will be, such a thing as a “self-made man.”

On the other hand, the 99% was self-reliant the day before Columbus arrived. They possessed the means of production of the energy and food resources needed for their group’s long-term survival and biological propagation, all without significant contact with others. Had the culture of Columbus been equally self-reliant, he would never have needed to set sail.

Judged by modern standards, American native groups were intensely cooperative, extremely egalitarian, and inherently (if informally) democratic. Government as a coercive force did not exist in these groups as we know it today, though leadership and traditional mores were vital to group survival.

Similarly, the concepts of money and monetary debt were unknown, as was the concept of an economic “class” that reserved economic privileges or property to itself at the expense of all. Interpersonal behavior within native groups, by eyewitness accounts, was respectful and peaceful.

Behavior *between* native groups usually was not peaceful. Persistent low-level warfare was the norm. It could be brutal indeed, but rarely if ever rose to the scale of civilized “total war.”

Indeed, since a “warrior class” did not exist and could not be conscripted, native combatants were necessarily volunteers who otherwise were needed at home to help provide for their families. Consequently, the severity and duration of native warfare were limited as it is for all human groups everywhere to what society at large can economically afford.

Among the original 99%, all men mostly performed the same sort of occupational tasks. All women did the same. Both sexes had a common goal: food production and the reproduction and rearing of children. While all human groups must achieve these basic goals, civilized peoples do so within a complex hierarchical labor system, wherein some occupational tasks are considered more worthy than others and are compensated accordingly.

Civilized division of labor inevitably has metamorphosed into a hierarchy of economic classes, ultimately resulting in the private ownership of the means of production by the “haves” and the lack of private ownership by the “have-nots.” This was unknown in uncivilized native society.

Native land, for example, was not actually “owned” in the contemporary sense at all. Natives were acutely aware that they, themselves, were products of the land; for them, claiming ownership of the land would have made as much sense as children claiming ownership of parents.

This is not to say that natives were not territorial, for they were highly territorial. But their territoriality was not based upon legalistic titles of private property. Access to communally-held food resources not ownership of real estate was their *sine qua non* for sustainable survival.

What natives shared in common they defended in common. Having no economic hierarchy, no one in their society could control the food supply of others, simply because no individual could claim exclusive ownership of the collective means of food production. Abundant resources were therefore abundant for all; if scarce, they were scarce for all.

True enough, when the Europeans arrived, they found native societies everywhere in conflict with their neighbors, but nowhere did they find endemic poverty, famine, disease or social degeneracy. Indeed, it was the self-reliant natives who helped feed the first generation of starvation-prone English colonists both at Jamestown and at Plymouth.

Once private ownership clamped down upon the landscape, virtually nobody would control their own food supply without some form of indebtedness to another. But since the resource stock of self-reliant food production the land itself would remain in place, private monopolist-owners required an economic mechanism to *keep* what remained within their grasp forever out of reach of others.

The Hand That Gives

As self-reliant native societies were decimated by debt, disease, and sword, ownership of the previously un-owned land was usurped by the conquerors. But it was not to be usurped equally by all of them.

Economic-class domination was problematical in British North America, because the economic pyramid that supplanted the communal native system was composed largely by people in the same Anglo ethnic group. It is one thing to justify violent economic domination of those with a "foreign" language, culture, religious sensibility and physical appearance; it is quite another to justify overlord-ship of those virtually indistinguishable from oneself.

Nevertheless, class domination was a stark fact of life in Colonial America where the economic division between masters and servants was sharp and where all land titles originally flowed down from the Crown to a short list of royal favorites, sycophants and lackeys. After the Revolution, however, maintaining economic class domination proved especially tricky, eventually requiring the drafting of an "all-American" document for that specific purpose.

Yet the solution to the problem to elite domination of a supposed "republic" had been imported, disease-like, from the Old World. In the centuries preceding Columbus's arrival, two critical economic developments had transpired in Europe: the rise of an economy based upon metallic currency and the de facto repeal of the Biblical prohibition on loaning currency at interest.

The upshot of these quiet revolutions was the replacement of the sovereign currency owned by kings and emperors by that of private currency owned by the new economic elite known as bankers. In Antiquity, currency was owed by subjects *to* the monarch as tax. This was the reason for Joseph and Mary's celebrated journey to Bethlehem.

But by the time of Columbus (and continuing to the present day) currency was to be owed to private persons *by* the monarch, who borrowed from them at interest to finance wars to protect and defend monarchical control over the means of food production.

To be sure, government still levied taxes as in the days of Jesus, but the tax revenue was not exchanged directly to conduct war, but to repay principal and interest to bankers only too obliging to finance wars for personal gain.

Indeed, war and bank-indebted sovereigns are inseparable. The very first European bank to loan at interest was established during The Crusades by the

Knights Templar; Spanish king Charles I squandered the vast majority of his conquistadors' New World gold on paying crushing interest charges incurred during his long war in the Netherlands; King William's War against France was made possible by the establishment in 1694 of the Bank of England, the world's first central bank.

Wherever modern war exists, governments are indebted to bankers. This is what prompted a cash-strapped Napoleon to observe: "When a government is dependent upon bankers for money, they and not the leaders of the government control the situation, since the hand that gives is above the hand that takes. Money has no motherland; financiers are without patriotism and without decency; their sole object is gain."

It is hardly coincidental that the first bank in North America was chartered to supply arms for the American Revolution, and the first central bank of the United States was chartered specifically to fund Revolutionary War debt. Although no banks had existed in British North America during the 174 years preceding the Declaration of Independence, America's first commercial bank sprang forth in 1781, literally before the smoke had cleared from the American Revolution nearly a decade ahead of Constitutional government.

This fact alone suggests where real economic power had been vested, long before the words "We the People" ever went to press.

Unlike the days of Antiquity, wealth taken by force was not to be held by those who wielded the sword, but by those who financed the supply of swords. The means of North American food production, first expropriated under the banner of European imperial power, would be owned thereafter in Republican America as in monarchical Europe alike by new conquistadors called creditors.

Scarcity, Debt, and "Necessitous Men"

Monopoly of the food supply of the 99% was accomplished by replacing self-reliance with debt bondage. The second step was to reserve private land ownership to *particular* individuals within the dominant class. This would be accomplished by imposing upon the land a wholly arbitrary number called a "price."

The prime function of a monetary price was to render land unaffordable for all except a few creditor-entrepreneurs. Under the precious-metal-based system then in place, currency had been endemically scarce in North America, making this an easy task.

If American land so recently filched from its native inhabitants, then re-filched from its imperial British overlords were to be had by freedom-loving

American common folk, it would be had on credit, and on the creditor’s terms. The fate of the Ohio land of the Old Northwest Territory provides a case in point.

In 1749, King George II granted Ohio land to a private corporation, the Ohio Land Company, whose shareholders included George Washington’s paternal uncles. Tellingly, the grant was bestowed 15 years before Britain actually established sovereignty over that land by winning the French and Indian War.

That war which became the first World War in all of human history was ignited, not incidentally, by George Washington himself when he ordered the murder of Indians and a French nobleman upon Ohio land Washington likely considered private property, possibly his own.

It would yet require the American Revolution, three more Indian Wars all under Washington’s presidential authority plus a good deal of diplomatic treachery, finally to “open” the land for Anglo settlement.

But its first owners were not to be hardy frontiersmen and their growing families. In the meantime, select government committees, again not incidentally, had priced the land out of reach of those most in need, so ownership fell into the hands of well-heeled real estate speculators, to include of course Washington, himself.

With the Ohio land grab as background, let us consider the principle of scarcity as it relates to trade. All trade is predicated upon exchanging something one possesses for something one would prefer to possess instead. If there were no such thing as scarcity that is, if all persons already possessed sufficient quantities of the stuff they need nobody would have the inclination to trade anything at all.

What, then, about debt? No self-regarding person would voluntarily borrow currency at interest if they already possessed enough currency to exchange for the stuff they need to live. If this is so, then for creditors to profit by lending at interest, a single condition is always necessary: persons should *not* be allowed a sufficient quantity of currency to complete the desired exchange. When currency is scarcer than the goods for which it is to be exchanged, prospective buyers have only two legal options: do without, or borrow.

If the consequences of doing without (starvation or homelessness, for example) are sufficiently unacceptable, and if a creditor is available, then a debtor is certain to emerge. This emphatically does not imply that the debtor is always a willing party to a debt obligation.

Indeed, the entire logic of indebtedness implies the opposite. *No rational* *entities businesses, governments, or individual persons put themselves into interest-bearing debt if they need not do so.* Put simply: debtors are the needy who can no longer afford self-reliance.

Franklin Delano Roosevelt expressed this reality eloquently in 1944 when he declared to the nation, “Necessitous men are not free men.” He was mostly preaching to the choir. The American 99% had known this truth since indentured-servant pioneers had waded ashore at Jamestown in 1607 only to find upon their emancipation that all the valuable land had already been monopolized by the planter elite.

Having failed to learn the history debt played in the exploitation of the New World, modern Americans fail to perceive they have inherited the same debt-system foisted upon the natives by colonizing Europeans and later by American elites upon their own people. Consequently, we think of debt only as a contract made voluntarily between two consenting adults.

But in America today every newborn child is a predestined debtor, no matter what he or she will consent to in the future. Once the free land tenure of communal native societies was destroyed, it was never to return, not even for the progeny of the destroyers.

Debt-bondage today takes a more subtle form. If Americans are no longer debt-peons, forced to slave away on the landlord’s estate or starve, it is only because the landlords no longer care where we slave away. Landlords extract their monthly payments regardless. Today about 25% or more of the earnings of workers flows as rent to landlords or as debt payments to mortgagees.

Indeed, fully half of the debts held by commercial banks alone are tied to real estate. Nor do Americans conceive the staggering price tag affixed to land: for example, economist Michael Hudson reports the dollar valuation of real estate in New York City alone is higher than that of the industrial plant of the entire nation.

As 2016 arrived, American households owed about $13.8 trillion in home mortgage debt, which effectively is a rent payment to the mortgagee who holds the title to the property. All persons without a mortgage must pay rent to a landlord. All persons without mortgages or landlords must still pay property taxes until death, at which time any unpaid taxes in an echo of the Potosi miners’ debt-peonage system must be paid by their indebted heirs.

Thus, the entire landmass of the Western Hemisphere, which for over 20,000 years had been the source of self-reliance for all its human inhabitants, remains hostage to the same debt system that seized it and which now extracts ransom from the 99% who would claim the least corner of it as home.

Debt vs. Dollars

In Early America, the scarcity of precious-metal coinage (specie) was a perennial problem. So scarce was gold that the first coinage act passed by Congress in 1792 defined the U.S. dollar as “each to be the value of a Spanish milled dollar as the same is now current, and to contain four hundred and sixteen grains of standard silver.”

Thus the United States dollar was literally established on a “silver standard,” and it was Spanish silver at that! The now oft fetishized American “gold standard” for currency would not officially materialize until the Twentieth Century with the passage of the Gold Standard Act in 1900. It did not last long.

After only 33 years, the Gold Standard was abandoned by the Emergency Banking Act of 1933, which was passed to remedy what else? the scarcity of currency during the Great Depression. (All the world’s major currencies dropped the gold standard during this crisis.)

Subsequently, the gold standard never was reemployed domestically in the U.S. And even the dollar’s international convertibility to gold finally was declared extinct, courtesy of President Richard Nixon, in 1971.

It was appropriate for gold to tread the path of the dinosaur, for it had come to resemble one. Though it is evident that currency must be scarce to some degree in order to maintain its exchange-value purchasing power, all precious-metal-backed currencies suffer from their dinosaur-like tendency of becoming *increasingly* scarce.

As the volume of trade increases in a growing economy, any medium of exchange based upon a finite quantity of metal cannot keep pace. The result is a constant increase in the purchasing power of the metal-backed currency, which becomes ever-more scarce in proportion to the number of persons needing to possess it.

This, in turn, leads to “necessitous men” becoming debtors to those in possession of the metal sometimes to governments, sometimes to businessmen, but always to bankers.

Historically, American currency has usually consisted of a mish-mash of specie, paper money, and debt, often accompanied by copious reserves of flimflammery. Thus, purchasing power has always been based partially upon some form of debt obligation, not just gold or silver coin.

During the Colonial Era, “bills of exchange” essentially IOUs of transferrable debt served as currency for the wealthy and the merchant class. Later, “bills of credit,” un-backed fiat currency issued by the Continental Congress as paper money, financed the Revolution, along with some $60 million of private domestic lending.

Finally, under the National Banking Act of 1862, paper currency issued by national banks was backed by the amount of federal debt IOUs owned by the bank. This officially made the most popular medium of exchange broadly based upon national (war) debt. In addition, the government spent into existence Greenback fiat money, which was backed by nothing at all.

When in 1913 the Federal Reserve Bank (the Fed) began issuing Federal Reserve Notes, they were at first redeemable either in gold or “lawful money,” but their redemption was soon cancelled by the Emergency Banking Act noted above. Since then, all “backed” currency has been withdrawn from circulation, leaving Federal Reserve Notes (dollar bills), exchangeable only for debt owned by the privately-owned Fed as the sole legal tender of the United States.

Although the gold standard is long gone, “necessitous men” remain. This is not happenstance.

This is the result of applying the mentality of gold-standard scarcity to the modern creation of financial debt, which is but the latest scheme by which the means of production of food that is, the vast landscape of North America is owned by the few and rented out to the rest at interest.

“Gold Bug” libertarians decry the absence of a federal statute defining the value of a U.S. dollar but they miss the point. No doubt the “value” of a dollar matters a great deal to those who hoard them by the billions; but dollar “value” is less a concern for the 99%, who are allowed to earn so few dollars they are forced to borrow them at interest from the hoarders.

As it applies to the 99%, our wages are the source of the currency we all must possess in order to live. But none of us actually controls how much currency we earn (or quite often how much of it we must spend); as a result, we do not control how much we may be forced to borrow.

Finally, we certainly do not control the conditions that will be imposed upon us if we must borrow (or whether we will be allowed to borrow at all). Put bluntly, the economic lives of wage earners are not in their own hands, but rest in the “hand that gives.”

We have only to be thankful we live in a “free country,” whatever in the world that is supposed to mean.

How the West Was Owed: Redux

In the years following the Revolution, some 90% of the American population subsisted as farmers. American women in the coming century would, on average, give birth to eight children who lived into adulthood. Accordingly, not only did population double every 30 years, the demand for additional farms more than trebled every generation.

Moreover, uninformed agricultural practices rapidly destroyed topsoil, sending "dirt poor" farmers streaming westward in search of land more fertile than their wives. As the frontier chased the setting sun, speculators and corporate agents raced ahead like locusts, devouring the landscape on the cheap, renting or re-selling at the price dictated by the demographics of desperation.

When American school kids are taught about Conestoga wagon "prairie schooners" creaking along the Oregon Trail or the Oklahoma "Sooners" land grab or the California Gold Rush, they are encouraged to view these events as technicolor visions of a unique American Opportunity unavailable to lesser mortals.

In truth, the 99% headed west simply because there was no place left for them to go. These economic refugees no doubt saw opportunity before them, but a great many of them must have perceived it the same way the many Third Class passengers on the Titanic viewed the opportunity offered by a lifeboat with an empty seat.

In 1893, historian Frederick Jackson Turner enunciated his famous "Frontier Thesis." He claimed that the American Frontier experience had produced a unique form of democratic culture, increasingly more hostile to social and economic hierarchy as it spread from the Atlantic to the Pacific. The Frontier Thesis is a powerful idea, especially in its view of the frontier as an evolutionary process, which it was.

But Turner's thesis perhaps unintentionally reinforced both the preexisting theocratic Puritanical creed of American Exceptionalism and the ordained racism of Manifest Destiny both of which were based upon a belief in the sanctity of Anglo-American economic domination of the New World.

For 40 years, Turner continued to proselytize his prototype of Hollywood Americanism as the rapidly industrializing United States rose to world-power status, and he became a celebrity doing so. Had Turner spent an hour or two of that time pondering the deeper implications of his own home mortgage, he might have discovered a more profound reality.

While the American frontier had indeed fundamentally and irrevocably revolutionized the economic relationship between human beings and their control of the North American landscape, the revolution was not achieved by *abandoning* European principles of social and economic hierarchy, but by *transplanting* them to the Western Hemisphere.

To view the conquest of North America as the triumphant flowering of democratic liberty and affluence over bestial savagery and abject poverty is so factually vacant, so morally and economically perverse, as to be considered hallucinatory.

Native people literally had no words to describe the cataclysm that had destroyed them. It was left to follow-on generations of “necessitous men” to learn the vocabulary of servitude needed to describe their economic lives.

Here is only a part of the terminology “necessitous men” needed to learn: poverty level, payday loans, food stamps, interest rate, surcharges, eviction, unemployment rates, lock-outs, foreclosure, bankruptcy, credit scores, down payment, damage deposits, credit limit, collection agency, mortgages, user fees, closing costs, title loans, bail outs, insolvency, title insurance, origination fee, installment plans, tax levy, deed restrictions, market crashes, illiquidity, non-sufficient funds, minimum payment due, late fees, lay-offs, property lien, pawn tickets, collateral, tax withholding, service fees, forfeiture, inflation, deflation, stagflation

Is this the vocabulary of free people?

As of January, 2016, Americans (government, business and individuals) owed an estimated $65,000,000,000,000 ($65 trillion) in total debt, with the average citizen’s share about $200,000. Of course, these are aggregate figures: many individuals and businesses owe more, many owe less, but *everybody* owes.

Now consider: the annual median income (mid-point, not the average) of American citizens is $29,000; that median family savings is below $9,000; and that the median price of a new home is over $294,000. Personal debt (not including national and business debt) per citizen is $54,000, or about twice the median income.

It does not require Napoleonic genius to grasp the fact that the “hand that gives” can load more debt onto the 99% than they can ever possibly repay. This is not a mistake or a “conspiracy”; it is simply a business plan. For every citizen’s $200,000 share of debt, some other entity or citizen expects to collect $200,000 plus interest. Will such a business plan succeed? Ask a Taino or a Wampanoag if you can find one handy.

There is an historical anecdote of a question posed long ago by a Cherokee. “White Brother,” he said, “when you first came to this land, there were no debts. There were no taxes. And our women did all the work. Do you expect me to believe you can make this situation better?”

The 99% should know the answer. And women still do most of the work.

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Mitch Daniels, Architect of US Debt Crisis

Exclusive: Indiana Gov. Mitch Daniels is the new Republican darling of the Washington establishment, which hails him as a “fiscal conservative” who would be “serious” about addressing the nation’s staggering debt problem. But his many admirers forget to mention what Daniels did in creating the debt crisis as George W. Bush’s budget director, notes Robert Parry.

Robert Parry

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To hear Official Washington tell it, Indiana Gov. Mitch Daniels is the new “serious” Republican presidential contender. He’s praised as a “fiscal conservative” who isn’t obsessed with the Right’s divisive social agenda nor marred by the crazy “birther” conspiracy theories.

Mentioned only in passing is a key fact that in a saner world would disqualify him from holding any government office: Mitch Daniels was President George W. Bush’s original budget director in 2001.

In other words, the “fiscal conservative” Daniels oversaw the federal budget as it was making its precipitous dive from a $236 billion surplus then on a trajectory to eliminate the entire federal debt in a decade to a $400 billion deficit by the time he left in June 2003.

Plus, because of proposals developed on Daniels's watch such as tax cuts favoring the rich and unpaid-for projects, including the invasion of Iraq and a new prescription drug plan the fiscal situation of the federal government continued to sink over the ensuing years, plunging to a trillion-dollar-plus annual deficit by the time Bush left office in 2009.

Though Daniels was surely not at fault for all the elements in this budgetary catastrophe, he was a central player in the early stages of the process. A former political operative for Ronald Reagan and an Eli Lilly pharmaceutical executive, Daniels was the salesman who pitched and defended Bush's plans.

Certainly, Mitch Daniels was no David Stockman, President Reagan's first budget director who sounded the alarm two decades earlier when he saw an ocean of red ink looming in the nation's future.

And it wasn't as if Daniels and other figures in the Bush administration weren't warned about the need for continued fiscal discipline.

President Bill Clinton, in his farewell address to the nation on Jan. 18, 2001, noted how his administration had managed to turn what were then record deficits left over by Republicans Ronald Reagan and George H.W. Bush into record surpluses.

"We've been able to pay down $600 billion of our national debt on track to be debt-free by the end of the decade for the first time since 1835," Clinton said, adding that a debt-free America would enjoy many economic benefits including lower interest rates and the capacity to address "big challenges," such as the retirement costs from the "baby-boomers."

However, with Daniels at the budget helm, the Bush administration quickly veered off-course and onto the rocks of a worsening debt crisis. Much of the expected surplus was squandered with huge tax cuts, leaving the nation vulnerable to unexpected economic and policy shocks like those that followed the 9/11 attacks.

In the 10 years since Clinton left office, the projected $2 trillion surplus by 2011 gave way to today's $10 trillion debt, what the Washington Post recently called "a $12 trillion detour."

The Post's May 1 story by Lori Montgomery began, "The nation's unnerving descent into debt began a decade ago with a choice, not a crisis. Voices of caution were swept aside in the rush to take advantage of the apparent bounty. Political leaders chose to cut taxes, jack up spending and, for the first time in U.S.

history, wage two wars solely with borrowed funds."

Iraq Miscalculation

Daniels, who had very little experience in budgeting and was most adept at policy promotion, directly contributed to one of those budget blunders, the gross underestimation of the cost of the Iraq War.

In 2002, Daniels famously low-balled the war's cost at $50 billion to $60 billion and joined in the repudiation of Bush's economic adviser Lawrence Lindsey, who had ventured an estimate as high as $200 billion. Daniels called Lindsey's price tag "very, very high."

But it turned out that even Lindsey's estimate, which led to his firing later that year, was very, very low. As of fiscal 2011, the Congressional Research Service reported that the Iraq War had cost $806 billion, with estimates putting the eventual total cost of the conflict at over $1 trillion.

Though Daniels's defenders say it is unfair to blame him for all of Bush's policy decisions, Daniels was "a key figure in the administration, helping design policies and pressing publicly for their enactment," Salon.com's Brendan Nyhan reported in a Feb. 12, 2002, article.

Besides citing Daniels's political role in pushing through Bush's deficit-oriented policies, Nyhan noted that Daniels's appointment to run the Office of Management and Budget marked an important evolution in the role of budget director from accounting wonk to political marketer.

"It is another sign of the importance P.R. tactics play in American politics," Nyhan wrote. "The OMB director, once a budget expert, is now an operative chosen for his political skills, particularly his ability to sell the administration's economic proposals in the media.

"In August [2001], Daniels admitted as much, telling the Wall Street Journal that '[t]o the extent I bring anything to this job, maybe it's an ability to think about how a product, whether it's Prozac or a president's proposal, is marketed.' Predictably, he has displayed a disturbing tendency to make dishonest claims for political advantage on federal budget issues."

For instance, Nyhan noted that Daniels first promoted the Bush tax cuts as a way to "share some of this large overcharge [the surplus] with the American people," but later he repackaged it as an economic stimulus. He also blamed the sudden $1.345 trillion drop in the projected surplus on various economic and technical factors, but the Congressional Budget Office cited the tax cut's $1.7 trillion price tag.

In his hard sell for Bush’s policies, Daniels also was not above hitting his opponents below the political belt. In December 2001, he denounced Democratic “tax and spend extremists” as “people for whom taxes can’t be high enough and we can never spend too much government money.”

Cooking the Books

Daniels also was ready to stoop to accounting trickery to make Bush’s budgets seem less irresponsible.

“In the federal budget process, [Daniels’s] OMB has employed a number of accounting devices and misleading assumptions to conceal the true costs of tax cuts, restore budgets to balance artificially and otherwise tried to achieve political ends by tricky budgetary means,” Nyhan wrote.

“In the Bush budget plan, for example, the administration projects a return to surpluses in 2004 or 2005, but this ignores the cost of extending a provision protecting millions of middle income taxpayers from a tax increase under the individual alternative minimum tax.

“It is a matter of serious public concern that the federal budget director has become just another spinner dragging down public debate. Though he is a political appointee heading an executive agency, Daniels is also a public official with a larger responsibility to promote honesty in federal budget debates.

“But after more than a year at his position, he still frequently makes deceptive claims often without challenge. Daniels may not recognize the difference from his previous job [as a pharmaceutical executive], but we must. It is unacceptable to market our nation’s economic policies like Prozac. “

Yet, Daniels continues to lead a charmed life as far as Official Washington is concerned. From Fox News to MSNBC, he is praised as a “fiscal conservative” who would uplift the debate over the nation’s debt crisis. He is widely praised for his work as Indiana’s governor and although his title as Bush’s budget director is mentioned in passing his work on some of the most reckless budgets in U.S. history escapes scrutiny.

Much more attention has been spent on his supposedly uncharacteristic deviation as Indiana’s governor into enacting some of the nation’s harshest anti-abortion rules and other right-wing social legislation. There’s also been some coverage of his off-again-on-again marriage and whether his wife wants him to seek the White House.

But Daniels stands today as the latest Republican hailed for his wisdom and courage regarding budget issues.

He follows Rep. Paul Ryan, R-Wisconsin, the House Budget Committee chairmen whose inside-the-beltway reputation as a “serious” thinker only collapsed when the voters got a look at his plan for “saving” Medicare by killing the current government-run system and replacing it with a private-sector voucher approach while demanding still more tax cuts for the rich.

The fact that the Republicans, including Daniels and Ryan, were major supporting players in George W. Bush’s diversion of the United States from its course a decade ago toward a debt-free government indeed one with a sizeable surplus, to one burdened with the largest debt in the history of the world is never mentioned.

Like Ryan, Daniels remains “a fiscal conservative,” at least in the boilerplate judgment of Washington’s conventional wisdom.

Robert Parry broke many of the Iran-Contra stories in the 1980s for the Associated Press and Newsweek. His latest book, Neck Deep: The Disastrous Presidency of George W. Bush, was written with two of his sons, Sam and Nat, and can be ordered at neckdeepbook.com. His two previous books, Secrecy & Privilege: The Rise of the Bush Dynasty from Watergate to Iraq and Lost History: Contras, Cocaine, the Press & ‘Project Truth’ are also available there.