

To Turmel, on Death gamble

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hello

I just wanted to start off with a quote because I think it is the best description of our situation:

(when Benjamin Franklin was asked how the colonies were prosperous when England was in hardship)

Franklin told them: "Why, that is simple! In the Colonies, we issue our own paper money. It's called 'Colonial Scrip.' We issue it to pay the government's approved expenses and charities. We make sure it's issued in proper proportion to make the goods pass easily from the producers to the consumers. In other words, we make sure there is always adequate money in circulation for the needs of the economy.

"In this manner, by creating ourselves our own paper money, we control its purchasing power, and we have no interest to pay, to anyone. You see, a legitimate government can both spend and lend money into circulation, while banks can only lend significant amounts of their promissory bank notes, for they can neither give away nor spend but a tiny fraction of the money the people need. Thus, when your bankers here in England place money in circulation, there is always a debt principal to be returned and usury to be paid. The result is that you have always too little credit in circulation to give the workers full employment. You do not have too many workers, you have too little money in circulation, and that which circulates, all bears the endless burden of unpayable debt and usury."

I just wanted to comment on something I read from your site <http://www.cyberclass.net/turmel/>

In Prof. Edward FLaherty's quote: "Banks are no different in the real world. Commercial banks and savings and loans have expenses to pay

just like any other

- *firm. They must pay their employees, purchase office supplies, and
- *meet the other expenditures which are a part of doing business.
- *When they do this banks spend money back into the economy without
- *any debt being created to burden the non-bank public -- debt-free
- *money as it were. The revenues banks collect from interest on
- *loans and other services do not disappear into an economic void.
- *Instead, those revenues are used to meet the bank's operating
- *expenses, to purchase assets to generate future income, or are paid
- *to the shareholders as dividends.

This is what he said in defense to the "death gamble". Where the principal is created and the interest + the principal are due, and there is not enough money. I would just like to point out that he does make a point. For instance.... say a bank loaned a farmer 100 @ 10% interest. SO 100 is created but 110 is due. But say the farmer paid the bank back in two payments. In the first he paid half, or 55. So now the farmer has 45 left. And the banker takes the 55.... and takes his interest and destroys the principal. So now of the 55, 45 is destroyed and now the banker keeps 10 in interest. But say the farmer sells a sack of potatoes to the banker, who pays him with the 10 he got in interest. The farmer would then have enough money to pay the rest of the loan.

Prof. Flaherty does make a very important statement, however, when he says: "It's an identity; there's no way it cannot be so unless the bank gets its jollies by sitting on a literal pile of cash." In other words he is saying if the banker refused to pay the 10 back into circulation, then it would cause a problem. But then, at this point the banker could represent anyone who is not in debt, who "sat on their cash". So then, who would sit on a pile of cash? There are low risk mutual funds to invest in, stocks with well diversified portfolios to invest, real estate to buy... so then who would ?

Have you ever asked yourself why banks pay interest on savings accounts? We know that banks clearly do not lend out funds. Yet they still pay a small interest fee to them, so in other words they take a loss. Now there must be a good reason why they would take this loss after all. Perhaps this could be a reason? Perhaps savings accounts are this economic black hole where the money just sits? IT is ironic though... in an interest free system the banks would obviously not pay interest on savings accounts, therefore it would not just sit and stagnate....

"The banks, of course, do not lend out their depositors' funds. Each and every time a bank makes a loan, new bank credit is created, brand new money." Graham Towers, Governor of the Bank of Canada

The point however is this: that on a loan with interest there is much more that is owed than is created. Any fool can see that the its

harder to pay a loan with the burden of interest than one without.

You make many good points on monetary reform that I agree with. Most notably:

A. That it is not a debt driven money system, but the interest which is charged that is the problem. How can people not see that it is inimical to their interests for money to be created from nothing and charged interest?

B. That the government should spend whatever money they need into circulation, interest free, and tax it back out. In this way the money that is clearly spent by the government will clearly be taxed from the people as it should.

C. That foreclosure is a cause of inflation. For instance... you take a loan and the principal is created, and the principal + interest are due. But if you fail to repay that loan the principal that was created does not get paid back (and destroyed) and stays in circulation.

One thing you ask, however, is how we can repay the banks and settle our debt after we change the money system? But to this I say, You cannot lay claim to that which is not yours. If the system is changed it will not be of the banks own volition but of the Peoples. Why then pay them, for they have produced nothing.

Matthew 22:21 "Render therefore unto Caesar the things which are Caesar's"