

TURMEL: Ben Franklin, Prof. Flaherty, on Death gamble

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C: 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."

JCT: I put it in my poem on the United States at
<http://www.cyberclass.net/turmel/pombank.htm>

Some presidents who of this Populist idea knew,
John Adams, Thomas Jefferson, and Andrew Jackson too.
Some brilliant scientific men were also of accord,
With Franklin. There was Thomas Edison and Henry Ford.

The Native North American Civilizations great,
Did "wampum" promissory IOU beads advocate.
All issued IOU beads for their horses, hides and seed.
Each mark on bead meant value personally guaranteed.

The Whites said they should put away their private currency,
So braves lined up with Whites at unemployment agency.
Forced to use white's currency, they had to play the game,
And in the larger game of nations, they came out so lame.

Our forebear's generations called it work-bee on a date,
Where men could pay their taxes with some service to the state.
They built the roads that carve the land, the bridges over blue,
To those who said they needed gold, they proved it wasn't true.

Now look at how it works today, let's get it understood,
Replacing wooden tallies now is paper pressed of wood.
Two notes used in America can clearly show the way,
Both legal tender now down south. They can be spent today:

"United States Note" issued by the nation's Treasury,
And "Federal Reserve Note" which is banker's currency.
Their fronts are very similar except the name they state,
Their backs are very different, it means another plate.

The Treasury provided notes for federal expense,
And taxed them back to balance books with numbers that made sense.
In 1913, other plates were given to the banks,
Creation of the money. They gave politicians thanks.

The Government had given banks permission to create,
A batch of brand new money to be lent at interest rate.
The Government then borrowed from them and at their request,
The Congress passed the Income Tax to pay them interest.

One Congressman objected, Louis T. McFadden, loud,
"The greatest crime in history," he said with head unbowed.
Ten dollars out, eleven back, it often takes a while,
But after years, the end result's a melancholy style.

The money from the Treasury, its use did almost cease,
To pay the interest to banks, the taxes did increase.
And when we ask "The Treasury, why is it never used?"

In answer, we get silence and an attitude bemused.

So to this day the bulk of the American supply,
Is borrowed from the banks at rates that make debts multiply.
All Governments do service debt by taxing you and me,
Instead of letting Treasury create it interest free.

I see no reason for a tax to pay them interest,
When use of plates by Treasury would lower taxes best.
The money from the Treasury was used down south before.
The "Greenbacks" used by Lincoln paid to win the Civil War.

The "Continental" did their job until King George did state:
"There'll be no use of your own plates, for gold you'll have to wait."
Though we've been told that their revolt was over tax for tea,
Ben Franklin said "The war's because they took our currency."

C: 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.

JCT: It all sounds so simple until you do the accounting.
You have to take into account the growth due to interest in
each cycle. No matter what your last piece of debt, the
growth on it always makes it larger than any money left.

\$100 is created but \$110 is due.

After 6 months, you pay 55. \$5, not \$10 in interest stays in circulation, \$50 is knocked off and out against the principal. You owe \$50, you have \$45, the bank has \$5. When you earn it from the banker and come to pay out the remaining \$50, you're still faced with the 10% on the remaining \$50 for the last half year. \$2.50 can never be paid. The interest on the last installment can never be paid.

C: 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."

JCT: By sitting on its jollies, it can push the debtor into bankruptcy and then foreclose and buy him out at the auction. Isn't that reason enough for banks to abuse their impossible demand and not spend it back into circulation. The more they hold back, the more people go broke and the more gets sold at auction to people with money they didn't spend.

C: In other words he is saying if the banker refused to pay the 10 back into circulation, then it would cause a problem.

JCT: I pointed out there always remains the residual problem of the interest on the last payment plus this problem of the bankers having the choice of spending it or forcing foreclosure.

C: 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 ?

JCT: Lots of people sit on their cash in a world of foreclosure victims. Dozens of shows on TV try to show people how to profit in a world of broken people.

C: Have you ever asked yourself why banks pay interest on savings accounts?

JCT: Since they are not lending out depositors' funds, the only reason can be to perpetuate the piggy-bank notion that borrowers are getting the depositors' funds. And it works to confuse even the world's top economists. At the Chicago Local Currencies Conference in 1999, befuddled a PhD in Economics with this very double-think.

C: 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.

JCT: To hide the fact there is a monetary tap in world parched for financial liquidity. If people knew it operated like a casino cage with an infinite supply of tokens ready to be backed up with collateral, they'd demand tokens for their collateral. If they think it's a piggy bank that has to find deposits before it can lend, they will stand being refused liquidity for their collateral a lot faster than they would if they knew how chips worked.

C: Perhaps this could be a reason? Perhaps savings accounts are this economic black hole where the money just sits?

JCT: Yes, the money just sits in savings accounts and never moves. When you get a loan, no one else's savings account went down. Except when the bank has to reduce use those accounts to pay off bad debts to the money drain. Then the money does disappear.

C: 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....

JCT: Yes, they would also sit and stagnate. New tokens would be ready to build new bridges, new tokens would be ready to be paid out for new hospitals, etc. No need for old tokens any more.

C: "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

JCT: I've used this quote in all my anti-bank actions:
<http://www.cyberclass.net/turmel/scc3.htm>

C: 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 it's harder to pay a loan with the burden of interest than one without.

JCT: As you pointed out, it's possible for the banker to spend the interest from previous cycles but he can't spend the interest due in the last cycle. A 1 cycle loan explains it best. You're alone on the island, you borrow 100, you owe 110 next year. At the end, you'd always be short the interest on the last payment, 10. Sure, if you did monthly

payments, you'd only end up short 1 on the last payment but it's still enough for the bank to foreclose.

C: 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.

JCT: It's nice to hear someone admit it. I can spot a phony monetary reformer the moment they identify the problem as "debt-money." I love my LETS debt-money. It's only my growth of debt usury I hate.

C: How can people not see that it is inimical to their interests for money to be created from nothing and charged interest?

JCT: They only think that everyone is drowning and no matter how unfair it is for the system to inflict mortgage on everyone, they feel favored that the system granted them a loan to try to survive. They feel grateful at getting the usurious loan as compared to not getting the loan and dying.

C: B. That the government should spend whatever money they need into circulation, interest free, and tax it back out.

JCT: Front-spend and back-tax. Not they front-tax and back-spend. Always completely in the wrong direction.

C: In this way the money that is clearly spent by the government will clearly be taxed from the people as it should.

JCT: And only spent on things we all know of. Now they tax and promise to spend it wisely. Back tax and we know what they spent it on when they ask.

C: 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.

JCT: To permit the others to come up with their 11th token to survive. And when the bank writes off your loan, it's not as if the money doesn't get destroyed. They take money from their investors and savers accounts and destroy it instead of the loan that wasn't paid. That's how banks that do not lend out their depositors' funds go broke. There has to be a way for the depositors to lose their savings deposits in

event of bank collapse. That's how. No loan escapes forgiven. Someone has to cover it.

C: 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.

JCT: They produced the tokens that permitted our economic game to flourish even if they paid themselves too much and in a genocidal way. The point is that everyone should create their own wampum IOUs denominated in their debt currency and time currency and just pay off all growing debts to stabilize their situation. Then all payments go against principal and most everyone eventually gets out of debt.

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

JCT: Give to Ceasar what is Ceasar's, the principal of the loan created. Do not render unto Ceasar what is not Ceasar's, the interest that was never created.

Jesus was one of history's greatest Abolitionists of Usury:
<http://www.cyberclass.net/turmel/pombible.htm>

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Abolitionist Slave Leader John C. "The Banking Systems Engineer" Turmel for UNILETS interest-free time-based currency in U.N. resolution C6 to Governments in the <http://www.un.org/millennium/declaration.htm>
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