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

***Source:*** http://sci.tech−archive.net/Archive/sci.econ/2004−11/0142.html

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***From:*** Castlef (*joejmd_at_yahoo.com*)
***Date:*** 11/03/04

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Date: 2 Nov 2004 20:59:20 −0800
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My replies are further down the page, just a few paragraphs

bc726@FreeNet.Carleton.CA (John Turmel) wrote in message news:<cm6grf$rh6$1@freenet9.carleton.ca>...
*> >Article #3124 (3126 is last):*
*> >From: joejmd@yahoo.com (Castlef)*
*> >Newsgroups: alt.fan.john−turmel*
*> >Subject: To Turmel, on Death gamble*
*> >Date: 31 Oct 2004 06:00:03 −0800*
*>*
*> 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 "Continentals" 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.*

That was going to be my next question.... If the interest was collected first, and then the principal. Or if the interest and principal were both collected in some proportion each payment. I understand what you are saying.. For instance... if 100 is loaned out and 110 is due, and the farmer pays half or 55 the first payment... and the bank only collected half of the interest, or 5... then they could only spend 5 back into circulation... the farmer would have 45 left to pay the 55, then 50 to pay the 55 if the banker spent the 5 back in. So i understand what you say on the last payment.

>
> *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.*

All I am basically saying is that even in an interest free money system.. a monkey wrench can be thrown in if someone "sits on their money". However people have every incentive not to do that. Either spending it or investing. Only the banking establishment as it currently stands, who create money from nothing and charge interest can afford to Pay people to sit on their money and do nothing with it. It acts like a cancer i think because the money is sitting in savings

accounts not being put to productive use. In an interest free system
the banks would charge a small service fee and all savings accounts
would become checking accounts.(1 more reply is further down)

*> 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 port folios 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 the its 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.*
*>*

Hmmmmm... I am still learning... BUt if foreclosure is the confiscation of collateral... Shift B.. the money that represented it must still somehow survive. For example I will quote you here:

"You're the banker and all 10 players pledge their watch as collateral and you "lend" them all 10 chips. At the end of the game, you insist that they repay you the principal and 10% interest.

Now, it's impossible for all 10 borrowers who each only received 10 chips to all repay 11 chips so someone has to get knocked out of the game. Hence the contract bearing interest is aptly named "mort−gage" from the Latin "Mort" meaning "death" and old English and French "gage" meaning "gamble." A mortgage is an elimination deathgamble.

You seize the watches of the ratio (I/(P+I)) of the guys who get knocked out of the game and then explain to the survivors (P/(P+I)) that their 100 chips now only buy 9 watches so that, even though there was no increase in money supply, their chips have suffered inflation and now buy less. "

You realize that the 100 chips which only buy 9 watches now.... the 10 chips that represented the 10th watch are not destroyed and are the Inflationary money?

Prof. Flaherty stated that when banks spend the interest back in it is "debt free" ... which you showed his contradiction that I also agree with. The only way you could claim the interest that was spent back into circulation was debt free was if the debt that reprsented this interest(someone elses loan) was somehow abrogated.. which obviously isnt. He is saying that if the interest is destroyed and then recreated it is now "debt free" ... which doesnt make sense...

But he also said: "According to the F.D.I.C., as of September 1996 bank credit at all F.D.I.C. insured institutions, which includes both commercial banks and savings and loans, totalled $4,436.6 billion. The Federal Reserve's M3 money supply estimate was $4,822.3 for the same month. If bank credit is the only source of money in the economy, then what is the origin of this excess money?"

and you said: "Money moves all over the world.
That a lot of money has chosen to reside in the States doesn't mean that all that money was created in the States. "

But according to the data.. there is enough money supply to pay the debt... so then why is there still foreclosure? this is why i think that Savings accounts, or the Banks paying interest on money that sits in an economic black hole throws a monkey wrench into the system acting like a cancer and causes foreclosure.

According to the F.D.I.C , 50% of the interest which banks earn on Loans go to deposit accounts. So If the banks cut interest rates on Loans in half.... and stopped paying interest on deposit accounts... THen they would still make the same amount of money for their profits/expenses... BUt the savings accounts which people earn interest on would all turn into checking accounts or just holding accounts with no interest paid to them. The People holding this money then would Opt to either invest in stocks, low risk mutual funds or Real estate or commodities or something... Or opt to spend it.... BUt the money would then be freed up so that All loans could be paid and this would Curb foreclosure, unemployment and then the inflationary effect of foreclosure. THe Leech would still be there though... of the banks charging the interest on the Loans.

> *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*