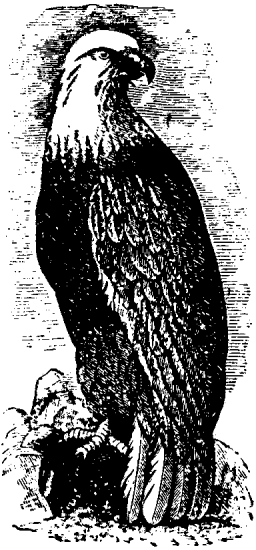


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Frontiersman

Facing the truth, however great the cost.

December 2006

Three and Counting

Sam Aurelius Milam III

Many years ago, while I was studying with the Constitutional Patriots, I learned about the ownership space on motor vehicle certificates of ownership. At the time, I lived in California. I saw that the California state seal was placed on the certificate in such a way that the word *California* appeared in the box that designated ownership. Later, while I was living on the farm in Idaho, I had the opportunity to observe an Idaho certificate. The Idaho state seal appeared in the box designating ownership. Recently, I was temporarily in possession of an Arizona certificate. Again, the state seal appeared in the location designating ownership. That's three out of three.

While I was looking at the Arizona certificate, I noticed a refinement that, so far as I can recall, didn't appear on the certificates from California and Idaho. On the Arizona certificate, the heading of the section designating ownership is "Owners/Lesseees". Note that the heading is plural, overtly acknowledging that there might be other owners besides the one whose name is typed onto the form.

I don't believe that the placement of the seal in the ownership section is a coincidence. Those certificates are legal documents. Everything that is on them is there for a reason. The seal appears where it appears for a reason. That reason is to declare that the state government is an owner of the vehicle. That ownership of the vehicle by the state explains something that otherwise doesn't have an explanation.

If I were to take your car away from you without your permission and against your wishes, then you'd be able to successfully accuse me of stealing it. You couldn't do that if a

cop took it. The reason is that the cop is acting as an agent of the state, which owns your vehicle. Thus, when he takes it, he isn't stealing it.

The heading on the Arizona certificate is significant for more than just the plural nouns. It's also significant because it reveals that some parties listed are owners and others are lessees. Which party is actually the owner? The government controls how you're permitted to use the vehicle, what fuel you can put into it, whether or not you must insure it, and whether or not you're permitted to have it at all. You have to pay a yearly rent payment or the government will repossess it. Every aspect of the situation reveals that the state owns the vehicle. The best that you can claim is that you're leasing it from the government.

There isn't anything secret about this. The state seal appears on the certificate of title for all to see. While I was in possession of the Arizona certificate, I asked two different people what they saw in the ownership section. Each person saw only the name that was typed onto the form. Neither of them could see the seal, even when prompted. I had to actually point to the seal to make it become visible.

Stray Thoughts

Sam Aurelius Milam III

They Were Correct — In ancient times, people believed that the Earth was at the center of the universe. Surprisingly, they were correct. I'll go even further. I, personally, am at the exact center of the universe. Here's the reason. Point any direction that you want to point. Given infinity, there's exactly as much of the universe in that direction as there is in any other direction that you can point. That is, there's exactly the same amount of the universe in any direction from where you are, no matter where you are. Thus, given infinity, every point in the entire universe is at the exact center of the universe.

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A Den of Thieves:

Fractional Reserve Banking

Sam Aurelius Milam III

This is the first article in a series of articles that I hope to present during the next few months. The articles will be based on my essay *They Can Fool Too Many Of The People Too Much Of The Time*. Due to the limited amount of space in this newsletter, I'll eliminate from the articles a lot of material that's included in the essay. However, copies of the essay are available upon request.

The subject of the articles will be fractional reserve banking. If that seems like a dull subject, then think again. You might as well claim that hungry crocodiles, cornered rats, or mad dogs are dull subjects. Fractional reserve banking is every bit as dangerous as they are. That ought to lend the subject some interest.¹ However, before I can present my thoughts on fractional reserve banking, there are a few preliminary ideas that must be addressed. That will be the purpose of this article.

An understanding of money is the first prerequisite to an understanding of fractional reserve banking. Such an understanding of money must begin with a knowledge of the rules of money. That is, to work well as money, a thing must be durable, portable, divisible without loss, available in limited quantity, generally accepted as money, and it must have intrinsic value as money.² Nothing in use today satisfies those rules very well. Much of what passes for money today doesn't satisfy the rules at all and, therefore, isn't money. Throughout these articles, I'll try to avoid using the word *money*. Instead, I'll use the word *dollars*. Even that isn't quite right because a dollar is a unit of measure of money. A transaction might involve a certain number of dollars of money just like it might involve a certain number of gallons of ice cream. If the ice cream melted on the way home and I say that I brought home some gallons, that's pretty much like talking about dollars in today's economy. There isn't much money. It's mostly empty dollars.

1 Portentous puns abound.

2 See my essay *Money*. Copies are available upon request.

In my analysis of fractional reserve banking, I'll treat the banking system as if it were a single bank. That model simplifies the analysis, which is already complicated enough without worrying about which bank is which. One bank is a reasonable model for understanding fractional reserve banking and illustrates the mechanics of the process very nicely. When I refer to "the bank" in the articles, then I'll be referring to the model bank. When I refer to a bank as a part of the banking system that exists in the real world, and if I think that my meaning might not be clear, then I'll refer to it as a "real bank."

There are only two relevant locations for dollars in this analysis: in the bank or not in the bank. I'll therefore consider all of the rest of the economy to behave as a unit with regard to its interaction with the bank. In terms of the consequences of fractional reserve banking, it doesn't matter what the dollars do while they're out of the bank, or where they go. What matters is the consequences of their leaving the bank and entering the bank. The consequences of fractional reserve banking are dictated entirely by the mechanics of the dollars entering the bank and leaving the bank.

When someone makes a deposit into a real bank, then the real bank must be prepared to return the same amount of the same thing that was deposited. If the deposit is in cash, then the real bank must be prepared to return the same amount of cash. The real banks assume that people won't all want their cash at the same time and keep only a fraction of the cash that was actually deposited. That cash is called the fractional reserve, which is a subtle deception. It should more properly be called the cash reserve.

When someone deposits cash into a real bank, a record of the deposit is made. The real bank then uses most of the deposited cash for some purpose of its own and keeps on hand only the cash reserve. The record of deposit isn't changed when the dollars are used for something else. That is, the real bank has a few dollars on hand (the cash reserve) but a record indicating that it has many more dollars on deposit. The cash on hand is real, tangible cash. In these →

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articles, I'll call those cash dollars. The dollars on deposit are mostly not really there. I'll call those deposit dollars. They're only the record of the cash dollars that were deposited and then mostly used for something else.

When someone deposits a check into a real bank, cash doesn't cross the counter. Cash doesn't enter the vault. The checks are all processed through a clearing house, a correspondent bank (real bank), or a Federal Reserve Bank (real bank again), and net settlement is made not by transferring cash but by changes in deposit balances. That means that when a deposit is made by check, it's impossible for a real bank to keep a cash reserve because the real bank doesn't receive cash as a result of the deposit. The same thing is true of electronic transfers of funds. A real bank doesn't receive any cash as a result of an electronic transfer of funds. The very concept of a cash reserve requires that deposits must be made in cash, of which a fraction can be kept on reserve. Neither checks nor electronic transfers deposit cash. That's why it's deceptive to refer to the cash reserve as a fractional reserve. The real bank may measure a fraction of anything, but it can keep a cash reserve only if it receives a cash deposit.

A real bank takes the dollars deposited and loans them and you can be sure that the dollars people borrow will eventually be redeposited into another real bank. That's guaranteed by the fear of losing cash. If the dollars are to be redeposited as cash, then they must be borrowed as cash.³ Remember, if a deposit is made by check or by electronic transfer, then cash doesn't go into the real bank. For cycles of fractional reserve deposits and loans to occur, dollars loaned as well as those deposited must be in cash.

You can already see that the real banking system is only approximately a fractional reserve banking system. Few transactions are made with cash. The cash on reserve in the real banks must be a fraction of something, but I seriously doubt if it's the required fraction based on all deposits.

³ There's a more fundamental reason why loans must be in cash. I'll discuss it in a future article.

Dirty Trickster Reminisces

Fiction by Sam Aurelius Milam III

I've mostly wrote about my complicated stuff but some of my pranks are purty simple. Once while I was workin' as a janitor at a court house, I snuck a whole bunch of Plaster of Paris into the place and, after folks was gone home, I dumped some in all tha toilet bowls. The stuff was white, just like the toilets. It wasn't real obvious until somebody tried to flush the thing. I also put sand in tha sink drains. They had a Hell of a mess. Once when I worked at a kennels, there was some big wig that was gonna fly into town at the airport. I slipped a whole bunch of laxative into the food for them drug dogs an' bomb dogs just a few hours before time fer 'em to start sniffin' things. There was plenty to sniff at the airport that day. Back when you could still rent movies on tapes, I used to put a little piece of Scotch tape over the hole in the edge and erase all them FBI warnings before I returned the tapes. Sometimes I like to go around town lookin' fer cop cars with no cop in 'em, probley inside eatin' donuts an' coffee. Then I let the air out of a tire and super-glue the valve cap to the valve stem. It's all somethin' to do while I think up my next big one. Then it'll be time to yell, yaahooo! The Dirty Trickster riiiiids again!

Old Timers' Lore

Recalled by Sam Aurelius Milam III

Elbow Test — Have a woman clasp her hands behind her neck and rotate her elbows as near together as she can get them in front of her face. Then, have her walk up to a wall. If her elbows touch the wall first, then she fails the Elbow Test.

Don't bitch at me about it! I just heard it from some old-timer!

A White Man's Notes

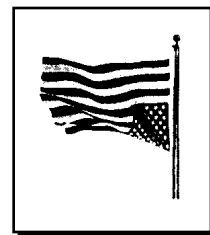
Sam Aurelius Milam III

Eat More Veggies — Women have such an infatuation with eating green stuff because they're so much more closely related to cows than men are.

Financial Planning — If a man can manage to divest himself of motor vehicles and of women, then he can live on almost no income at all.

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Nation in Distress

Taxes fund terrorism.

Acknowledgments

My thanks to the following: Sir James the Bold; SantaClara Bob; Lady Jan the Voluptuous; Lord Jeffrey the Studious; and Joseph, of Northridge, California. —editor

Buck Hunter Shoots Off His Mouth

Dear Buck

Out of your long and varied experience, what's the best advice that you can give me? —Curious

Dear Curious

Don't watch birds with your mouth open.

Dear Readers

I'm going to take a sabbatical. I don't know when I'll be back.

Frontiersman

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Definitions

Attributed to the Washington Post's Mensa Invitational. Forwarded by Lady Nancy the Enchanting.

- **Sarchasm:** The gulf between the author of sarcastic wit and the person who doesn't get it.
- **Ignoramus:** A person who's both stupid and an asshole.
- **Intoxication:** Euphoria at getting a tax refund, which lasts until you realize that it was your money to start with.
- **Giraffiti:** Vandalism spray painted very, very high.
- **Reintarnation:** Coming back to life as a hill-billy. ∞

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—Sam Aurelius Milam III, editor

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