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Frontiersman

Facing the truth, however great the cost.

April 2007

A Den of Thieves: Deposits, Loans, and Fictional Dollars

Sam Aurelius Milam III

This is the third article in a series of articles that I'm presenting in this newsletter. The first article, *A Den of Thieves: Fractional Reserve Banking*, appeared in the December 2006 issue. The second article, *A Den of Thieves: Cash Dollars In Circulation*, appeared in the February 2007 issue. The articles are 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'm eliminating from the articles a lot of material that's included in the essay. However, copies of the essay are available upon request. The essay is also available on *Pharos*. For the sake of avoiding confusion, I'm going to retain the table numbers in these articles as they appear in the essay. Thus, the table that appears in this article is Table 4, not Table 1. That's because it was Table 4 in the essay.

It's interesting to look at the number of dollars recorded as on deposit in the bank. I call those deposit dollars. The number of deposit dollars increases with successive deposit and loan cycles, as shown in Table 4. In that example, 1818.18 deposit dollars accumulate from an original deposit of only 1000 cash dollars. That happens when the bank loans cash dollars out of someone's account and then receives them back again as a deposit of cash dollars into another account. Although they're the same cash dollars, they're on deposit in two accounts. That happens over and over again, creating a record of deposits of cash dollars that aren't really there. It might seem superfluous to make a distinction between cash dollars and deposit dollars but the distinction is important because of a third kind of dollars. Those are deposit dollars that don't correspond to anything. I call them fictional dollars. At first, it might not be obvious. Here's what happens. When the bank receives the initial deposit, those are cash dollars. They exist physically, even if they are only green paper. When the bank makes its first loan, it loans a portion of those cash dollars and no longer has them in its possession. After the first loan, using the example in Table 4, the bank has 100 cash dollars because it kept a 10% reserve. However, it still claims 1000 deposit dollars. The difference between those two amounts represents fictional dollars which the bank says that it has on deposit but which it really doesn't have in its possession. After the bank receives the second deposit (the previously loaned cash dollars being redeposited), there are 550 cash dollars in the bank (450 from the new deposit + 100 held on reserve from the first deposit). However, the bank claims 1450 deposit dollars (450 from the new deposit + 1000 from the first deposit). The second deposit thus causes an increase in both cash dollars and deposit dollars. After the second **loan**, however, the number of cash dollars in the bank decreases but the number of deposit dollars doesn't. Thus, the number of fictional dollars (deposit dollars — cash dollars) changes from 900 to 1305. The point is that the number of fictional dollars doesn't change after a deposit. It changes after a loan. The fictional dollars →

Table 4

$1000 initial deposit
10% held on reserve
50% redeposited

Number of Deposits	Accumulated Number of Deposit Dollars
1	1000.00
2	1450.00
3	1652.50
4	1743.63
5	1784.63
6	1803.08
7	1811.39
8	1815.12
9	1816.81
10	1817.56
11	1817.90
12	1818.06
13	1818.13
14	1818.16
15	1818.17
16	1818.18
17	1818.18
18	1818.18
19	1818.18
20	1818.18

are created when the bank loans cash dollars while continuing to show them as being on deposit, that is, continuing to claim possession of them when it doesn't really have them. That's why I call them fictional dollars. The bank claims to have them but they aren't really there.

Obviously, deposit dollars cannot be loaned by the bank. They're nothing more than the record of deposits and the bank can't arbitrarily reduce the depositors' records of deposits. Neither can fictional dollars be loaned. Their existence is even more abstract than that of deposit dollars. When the bank loans dollars, within the context of fractional reserve lending, it can loan only cash dollars.[1]

In fractional reserve banking, it's impossible for a bank to loan anything except cash.

Since deposit dollars and fictional dollars can't leave the bank, they're available only for transactions that can be made without removing dollars from the bank. That's the origin of checkbook transactions and electronic transactions. Think about it. Dollars don't leave the bank when those kinds of transactions are made. Someone writes a check because he has a record of deposit at the bank. Someone receives the check, passes it through the system, and numbers change in both accounts. Cash doesn't change hands. The result is that fractional reserve banking creates a large number of dollars that can't be used as cash because they can't be withdrawn. They're useful only for checkbook or electronic transactions because they don't need to be withdrawn for those kinds of transactions. Consider the example in Table 1 in the February issue and in Table 4 in this issue. In that example, the number of cash dollars available for transactions (that is, cash dollars in circulation) was reduced by deposits to approximately 80% of its previous value. Simultaneously, the number of deposit dollars was increased to over 180% of the original amount of available cash. That's an increase in available dollars of approximately 260% (817.56 cash dollars in circulation + 1818.18 deposit dollars). Thus, fractional reserve banking does, indeed, contribute to inflation but in a more subtle and insidious way than I'd believed when I began to write the essay. The bulk of the dollars created by fractional reserve banking is available only for checkbook or electronic transactions. It cannot possibly be used for cash transactions. Simultaneously, the number of dollars that is available for cash transactions is reduced. Thus, the kind of inflation that is produced by fractional reserve banking creates a large incentive for the use of non-cash transactions and discourages the use of cash transactions.

Fractional reserve banking discourages cash transactions.

1 This is an interesting aspect of real bank loans by check. When a real bank makes a loan by check, the check isn't cash dollars because cash dollars don't leave the bank and cash dollars don't accrue to the borrower. It isn't deposit dollars or fictional dollars, because the accounts of depositors cannot be reduced to account for dollars leaving the bank. What kind of dollars does the check represent? Some people have used this reasoning to assert that bank loans by check represent absolutely nothing and therefore need not be repaid.

Stray Thoughts

Sam Aurelius Milam III

Urban Survivalist — The idea of camouflage is that it blends in with the background. Good camouflage isn't necessarily blotches of green and brown. An urban survivalist wears a suit and a tie, jeans and a T-shirt, jogging duds, or whatever else blends in. Nothing is more obvious in town than jungle camouflage.

More Than A Game — The foremost virtue of the various games of Solitaire is that they graphically represent our ongoing struggle to bring order out of chaos.

Opportunity — If you catch me talking to myself, then just listen. I might be saying something important.

Even Spouses — It's risky to completely trust somebody who has the power to do you harm.

Unlikely — I doubt if you're ever likely to find a complete autobiography.

Intelligence Test — If the people of the Earth had used constructively the resources that they've thus far squandered on death and destruction then, by now, all human society would be a paradise.

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Another Yin and Yang

Sam Aurelius Milam III

The Condition — If you're free, then you don't have to get permission to do things and you don't have to answer to a master.

The Test — Ask yourself whether or not you're able to make your decisions based upon what's important to you or if you're forced to make them based upon what's important to someone else.

The Price — Freedom is like a word printed on one side of a balloon. On the other side of the balloon is printed the word *Responsibility*. If you stick a pin into either word, then the balloon will pop. Both the word *Freedom* and the word *Responsibility* will be destroyed, together. ☚

Cops' Woes

Original source unknown. Forwarded by Don G.

- Bullet proof vests aren't.
- Flash hiders don't.
- The speed with which a cop responds to a call is inversely proportional to how long he's been a cop.
- Tear gas will work on a cop, too, and regardless of wind direction it will always blow back in his face.
- High speed chases will always proceed from an area of light traffic to an area of extremely heavy traffic.
- If you know someone who tortures animals or who wets the bed, then he's either a serial killer or he works for Internal Affairs. ∞

Letters to the Editor

S.A.M. III,

I found this copy of the Frontiersman floating in the prison. (March 2006) In reference to Trade Towers I thought your readers may be interested to know of the book "Secret Terrorists" at Truth Triumphant Ministries Box 1417 Eustis, Fl. 32727. Exposing the black ops agents of the "Illumanatti" not so secret world government. Valid documentation citing assassinations going back before and including Abe Lincoln (his conspirators were tried and hung) the Civil War, sinking of the Titanic to creating the federal banking monster (Rothschild) fronting for Euro banking consortium) who in turn financed and created the world wars, on to Waco Alfred P. Murrah (Oklahoma bombing) Trade Towers, Iraq and Afghanistan and WW III to come! I had read a lot from various other sources but this book ties it all together into one insidious plot to control the worlds destiny!

Of course the humans at work are just tools of forces pre-dating human beings but I think thats enough for one letter. Oh yeah, the book is free.

Keep up the good fight against tyranny....

Semper in Vicutis —an inmate

I'm planning, some day, to finish my new Ravings Essay about my beliefs regarding the alien (extraterrestrial) agenda on this planet. I believe that we (our ancestors) have been on this planet far, far longer than we're being told by the so-called experts. I believe that we've been manipulated by the extraterrestrials for millennia. I believe that we continue to be manipulated by them today. I also believe that another major intervention by the extraterrestrials is imminent, if not already under way. Maybe I'll finish the essay in time and maybe I won't. —*editor*

Frontiersman,

I'm writing you concerning your newsletter — great stuff! Could you please place me on your mailing list to receive it? Also you had an issue I saw with pictures of the 9-11 attack on the Pentagon — yea, I saw the raw footage the networks were showing that day; right after the attack. It was not the plane they said — it was a missle! No mistaking it! But that footage disappeared, then shows up years later without the missle. You can tell it was cut out, these people think we are all dumb!

Well could you please send that issue with the pictures, if possible any others of anything else that day? This would be greatly appreciated and thank you for your time and help with this!

May God Bless —an inmate

If you watch a live broadcast immediately after an event, then you'll see things that you'll never see again. On the live coverage of the Murrah Building attack, I saw a cop running through the crowd, toward the camera, away from the building, shouting, "Get back! Get back! There're still unexploded bombs in there!" Never again did I see that footage. —*editor*

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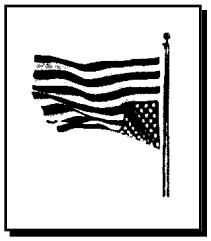

Nation in Distress

You don't get paid very well for telling the truth.

Acknowledgments

My thanks to the following: Sir James the Bold; SantaClara Bob; Lady Jan the Voluptuous; Lord Jeffrey the Studious; and my mother. —editor

Blame

Original Source Unknown. Forwarded by Don G.

- If your grandchildren are brats without manners, you blame television.
- If your friend is shot by a deranged madman, you blame the gun manufacturer.

I must have lived too long to understand the world as it is anymore! So, if I die while my old, wrinkled behind is parked in front of this computer, I want you to blame Bill Gates. —Don G.

Definitions

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

- Decafalon (n.): The grueling event of getting through the day while consuming only things that are good for you.
- Dopeler effect: The tendency of stupid ideas to seem smarter when they come at you rapidly.
- Beelzebug (n.): Satan in the form of a mosquito that gets into your bedroom at three in the morning and cannot be cast out.
- Arachnoleptic fit (n.): The frantic dance performed just after you've accidentally walked through a spider web. ∞

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—Sam Aurelius Milam III, editor

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