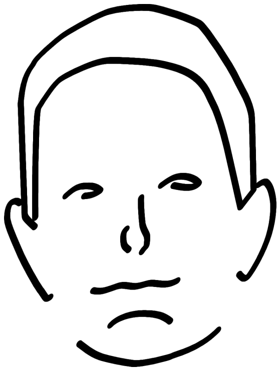
'Reality' Doug says:

*In a circular last modified 30 September 2013…*

# National Cash Withdrawal Week

Given herein in introductory, polemical, and nonnormative terms is the description of a peaceful method for regular Americans to protest the rule of elite financiers, derisively known as banksters. In my circular entitled "The Bankster Money Rake and You," I gave a sketch of the structure and function of the U.S. banking system. As explained therein, the Federal Reserve System causes inflation by making extra fiat dollars, the new 'high-powered money' less any deductions for Federal Reserve overhead is deposited in the U.S. Treasury and summarily spent, and bankers enjoy revenue on inflation-adjusted private credit gaining many times that. I also suggested that the beneficiaries of inflationary dollars seize the exponential gains of wealth owing to technology by preventing preexistent dollars from gaining enough value to fully represent the larger economy. As the growth of the money supply is increased from zero toward the growth rate of wealth, prices decline less until reaching the break-even point of stable prices, after which prices numerically rise. When prices go up, gains of technology and fashionable drudgery are insufficient to satiate the plunderers. Rising prices signal that the net wealth of people unsupported by government is being reduced, the means of domestic production are being cannibalized, and living standards are generally in decline. Fortunately for us plebs, **greed has an Achilles heel**, but opportunity to pleasantly leverage the current Achilles heel is drawing past.

Fiat money is essentially stock backed by the 'full faith and credit' of the U.S. Government. It is as 'real' as the U.S. dollar gets these days. Circulating cash is largely supplemented with expanded private bank credit to become 'low-powered money'. Federal Reserve Banks work in high-test money while noncentral banks specialize in juggling low-test copies. If we believe the shell game, we treat the pure fiat money of notes and coin interchangeably with bank credit. On average, John Q. Public essentially uses debased money composed of genuine fiat and private bank credit at the prevailing proportion. Regular banks reckon in cash with other banks but in adulterated money with the plebs. Bank transactions, like imports and exports, simplify by cancellation to net money transfers.

Enters the multiplier. The amount of 'genuine' fiat money is the monetary base (MB), and its value over time is given by the Fed's H.3 series. The amount of adulterated money in circulation is more or less M2 money stock presented by the Fed's H.6 series. The Fed's M1 excludes less liquid savings accounts. M1 credit is subject to a cash reserve requirement of roughly 10 percent. I am using not seasonally adjusted data. In August 2010, M2 was \$8.62 trillion, M1 was \$1.74 trillion, and MB was \$1.99 trillion. Banks met a \$65.4 billion reserve requirement with \$1.09 trillion in total reserves, of which \$24.5 billion was required reserve and \$1.02 trillion was excess reserve on deposit at the Fed, supplemented by \$60.1 billion in Fed credit, and \$40.9 billion was applied vault cash. Extra vault cash, available as cushion for withdrawals, was \$13.1 billion. Currency in circulation outside of the U.S. banking system was \$890 billion. The M1 bank, M2 bank, and M2 currency leverages were 0.8, 7.0, and 3.9 to 1, respectively. Only the divisor of the last calculation includes circulating cash; all divisors include the rest of MB, including Fed credit; the dividends are M1 and M2 credit only. Strange, how 0.8 is dwarfed by 10.

As you might guess, the ratio of 0.8 is historically small. In September 2008 a huge injection of fiat money came from Helicopter Ben in response to the implosion of the bipartisan housing bubble. Congress followed suit in October with the \$700 billion TARP bailout. That same month and for the first time the Fed paid interest on reserve accounts. All that festering high-test growing toward \$1 trillion has been locked and loaded in member bank reserve accounts at the Fed. Depending on the sideline reward, all that new money will or will not be available for borrowing and expansion. Insiders have the luxury of knowing exactly how to invest their personal money and when. The bad news: Their greed is lots of inflationary theft against us. The good news: Their greed is more leverage exposure to us if we act together.

We are over 300 million strong. If 20 million Americans collectively withdrew on average \$1,000 in cash beyond our usual habits, the bank system drain would be \$20 billion in fiat. Banks might be pressured to unwind loans or risk penalties for inadequate reserves, unless the Fed accommodated, which they are with increasing temerity. It is not feasible for us plebs to drain the entirety of fiat money, but once all that leverage of excess deposits is released, we can only counterpunch harder.

For historical comparison consider the month of August 2008, just before the vermin bailout peaked. M2 was $7.77 trillion, M1 was $1.40 trillion, and MB was $848 billion. Banks met a $43.9 billion reserve requirement with $45.8 billion. The $8.58 billion of required reserve and the $1.88 billion of excess reserve with the Fed were conjured from $168 billion in our sovereign credit. Vault cash was $35.3 billion impaired and $17.3 billion surplus. Cash in circulation was $775 billion. The rescue leverages were 8.6, 95.9, and 8.2 to 1. Different, huh?!

So a systemic bank run of $20 billion in cash isn't much overall, and what remains can be leveraged indefinitely by the Fed. However, there are positives here. **Fiat money outside the Federal Reserve is necessarily logistic.** We could trigger a slew of armored vehicle deliveries in a very short time. Remaining on the defensive or playing to not lose is not playing to win. We have a chance to galvanize our popular sovereignty and resist our exploitation. I propose we establish a National Cash Withdrawal Week occurring annually the week before Tax Day. Participating individuals would each withdraw cash on Monday and Tuesday. The amounts would be as much as each individual could comfortably handle without incurring a bank fee up to roughly ten times the moderate price of a man's suit. Some bills in lower denominations would be nice, but a few rolls of coins in lower denominations would be better. The cash withdrawals would be redeposited on Thursday and Friday. Yes, you would be at odds with your banker, but we are now. Yes, you could be robbed in the interim, but we're all being robbed now. Choose the systemic pain of redress not oppression. Send a message: We don't accept nationalized usury, and we don't like the tedious and preemptive taxation of income either.

There is the risk that the Establishment will respond with political changes that make things worse, but that risk has already blossomed. The ultimate questions to be resolved are: Who will have political control, and what kind will it be? If you don't have an interest in protecting my freedom, I have no interest in protecting yours. If we have incompatible ideas about freedom, we ought to consider the peaceful divorce that States' rights afford.

Imagine a world where bankers are not so important and taxes are few and simple. It's a world of real deflation, meaning dollars are worth more simply because the economy is growing. If you want to buy a house, try saving money. It will be worth more over time just by sitting there unmolested. You will keep more real purchasing power for yourself, and there will be more wealth to buy. Try borrowing from your family without government involvement. You might borrow $100,000 and pay back $60,000 after the economy's wealth and the dollar's strength have doubled. The friendly lender just made $10,000 plus $50,000 in ‘adjusted principal’. If loan interest is 10% and inflation runs at 8%, the lender has a 2% ‘margin’. If loan interest is -8% and inflation runs at -10%, that's also a 2% ‘margin’, but capitalist banking is about recovering nominal principals with margins of positive interest. **The difference is that people unexploited by banksters need bankers less.** Had enough win-lose capital formation and serfage user fees? Banking should be a service. Bankers might specialize in depositor services at a price far less than the real appreciation of deposits.

Imagine a world where citizens plainly bear responsibility for their society. As I said before, fiat money is basically stock certificates issued by government and taken on faith and credit, but so are derivative government debt securities such as U.S. Treasury bonds. It is the alternative stocks of ‘full faith and credit’ that allow elite financiers flush with your popular sovereignty and mine to manipulate interest rates and the job market. If government excess and frugality had immediate and clear consequences for citizens, citizens might be inclined to self-government and limited proxy government. Denizens are invariably guarantors of government credit.

Now imagine without conditioning! Abstract money is superfluous except as a hook into your economic sovereignty. Natural money is a medium of exchange by freedom of choice. Fiat money is a medium of exchange by government force. Let government simply enforce exchange honesty and freedom! Don't be tricked into honoring the fiat hook. If a gold standard needs only gold, why force a merchant to not take silver, platinum, or a box of donuts? We naturally turn to paper and electronic convenience, but let us enforce individual accountability for economic transactions, arrangements, and results. Invariably, the absolute guarantee of mortal security is contingent upon the exhaustible cannibalism of mortal virtue and prosperity. Whether we choose to own our fiduciary chains or abolish them altogether, we ought not to wear them willingly.

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