

## The Money Has Failed! (Part One)

**Martin G. Collins**

**Given 10-Dec-16; Sermon #1354c**

Daniel Defoe's 1719 novel about a man whose ship sank, and who wound up on a deserted island for 28 years, was called *Robinson Crusoe*. Economists have used Robinson Crusoe as their example when they begin an introductory discourse on economics. Why? Because he was alone initially. We can then talk about scarcity and its economic effects in a world without a money economy.

Why didn't Crusoe's economy have money? Because it was a world without exchange (i.e., trade) and the division of labor.

Crusoe initially has to decide what his highest priorities are. What is his order of preferences? Is it fresh water, food, shelter, or clothing? What needs does he attempt to satisfy first?

The whole point of the illustration is to show that in a world of limited resources, a person has to make decisions about how to achieve his goals. He can't achieve all of them at the same time. He has to decide what he needs to do—first, second, third, and so on. And then he has to compare his list with his available resources, including his personal skills and time.

What would you do without money? What if you had no cash indefinitely?

Let's take a real historical example: the famine era in Egypt. Joseph had warned Pharaoh of the famine to come, and scarcity for seven years. And so, the Pharaoh's agents had collected one-fifth of the harvest and had stored it in granaries. Then the famine hit. The crops failed. The people of nearby Canaan also suffered. No one had enough food.

**Genesis 47:14-15** And Joseph gathered up all the money that was found in the land of Egypt and in the land of Canaan, for the grain which they bought; and Joseph brought the money into Pharaoh's

house. So when the money failed in the land of Egypt and in the land of Canaan, all the Egyptians came to Joseph and said, "Give us bread, for why should we die in your presence? For the money has failed."

What did they mean, "the money has failed"? They meant simply that compared to the value of life-giving grain, the money was worth absolutely nothing.

Why would a person facing starvation want to give up his remaining supply of grain in order to get some money? What good would the money do him? He wanted life, not money, and grain offered life. Because the money had "failed," it had fallen to almost zero value. Thus, in order to buy food, the people had been forced to spend all of their money. Now they were without food or money.

**Genesis 47:16-21** Then Joseph said, "Give your livestock, and I will give you bread for your livestock, if the money is gone." So they brought their livestock to Joseph, and Joseph gave them bread in exchange for the horses, the flocks, the cattle of the herds, and for the donkeys. Thus he fed them with bread in exchange for all their livestock that year. When that year had ended, they came to him the next year and said to him, "We will not hide from my lord that our money is gone; my lord also has our herds of livestock. There is nothing left in the sight of my lord but our bodies and our lands. Why should we die before your eyes, both we and our land? Buy us and our land for bread, and we and our land will be servants of Pharaoh; give us seed, that we may live and not die, that the land may not be desolate." Then Joseph bought all the land of Egypt for Pharaoh; for every man of the Egyptians sold his field, because the famine was severe upon them. So the land became Pharaoh's. And as for the people, he moved them into the cities, from one end of the borders of Egypt to the other end.

They lost everything and were willing to sell their bodies for food in the way of slavery. In fact, grain became the new form of money, although the Bible

doesn't say this explicitly. What it says is that everyone was willing to trade whatever he had of former value to buy food. But if some item is what everyone wants, then we can say that it's the true money.

In Egypt, the money failed because everyone wanted the same thing—grain—and nobody was willing to give up any grain except the Pharaoh.

What if there was a famine or scarcity of cash? If cash were reduced or made illegal as a tradeable form of money, it would cease to serve as a means of trade. Then what would you use to buy the necessities of life?

Today, money in the form of cash is the most marketable commodity in this society—the easiest to use. You can buy anything with it. Next year, it may not be! What if we moved to a cashless society?

Harvard economist Kenneth Rogoff wrote a book called *The Curse of Cash*. He thinks we should eliminate most paper bills. His plan is to phase out \$100, \$50, and \$20 bills, which together account for about 97% of the face value of all US dollars in circulation. He generously lets us keep the smaller denominations and change.

Rogoff isn't aiming only at tax evaders and drug dealers. He thinks paper money is problematic no matter who holds it because cash restricts monetary policy. It would get in the way if the Federal Reserve ever wanted to push interest rates into the negative range, the way central banks in Japan and the Eurozone already have.

On the downside for the depositor (that's you and me), under a negative interest rate policy, putting cash in the bank costs the depositor money instead of earning it. You can avoid this simply by holding paper currency, but not if the paper currency doesn't exist because your government followed Professor Rogoff's advice and phased out cash. Professor Rogoff isn't some fringe crackpot; influential people listen to him and read his books.

Forcing more transactions into the banking system would make tax collection easier and help authorities keep tabs on everyone's activities. It's the sort of thing central planners and authoritarian regimes have always

loved, but modern technology lets them do it more effectively and effectively than ever.

Even only phasing out the larger paper currencies would cause confusion, chaos, fear, scarcity of cash, and famine.

How can I say that? What in the world could possibly cause that? As an example, India shut down the banks last month (November, 2016). Indian Prime Minister Modi decided to make the most popular bank notes illegal. Citizens of India learned, with only a few hours' notice, that the equivalent of a US\$20 bill and \$10 bill (1,000 Rupees and 500 Rupees) were declared by the Indian government to be no longer legal tender, and thus worthless.

This set off a wave of panic in India with bank notes being exchanged for less than face value and gold selling for \$500 per ounce above the world price. Banks were closed, ATMs had to be reprogrammed, businesses shut down, and money riots broke out in some places. Lines formed at banks with people waiting for days, only to find the bank ran out of smaller bills.

Throughout this episode, analysts were asking why Modi made such a disruptive and costly move. Now the answer has been revealed. Modi said he wants India to be a cashless society. He said,

Over the last three weeks, I have made a strong appeal for increased cashless transactions. ... Today we live in an era of mobile banking and mobile wallets. ... I am sure most of you are using cards and e-wallets regularly but I thought I must share with you ways through which increased cashless transactions are possible.

In other words, Modi does not just want to attack the black market (from which he is getting no tax revenue); he wants to move India to a 100% cashless society so that government can control every aspect of citizens' lives by its chokehold on the digital banking system. India is among the first to be so explicit about their plans, but it will not be the last.

Again, thinking back to the famine era in ancient Egypt when the older form of money was no longer marketable, the Bible says that the money failed.

“Failed” money is the same as “unmarketable” money. But there is no such thing as unmarketable money. If it’s unmarketable, then no one wants it. If no one wants it (or, can’t use it), it’s no longer money.

Cash is a form of money which provides freedom of movement and choice. Digital or electronic money reduces freedom, enslaving people by taking away a person’s freedom to go where he wants to go and in choosing what he wants to do. For example, before long you won’t be able to go to India unless you have credit cards or some form of digital currency because there won’t be any cash used in India. That limits what you can do. And India is not the only place that is doing that.

By the tap of some keys on a keyboard, the use of digital money can be restricted to use only at officially approved merchants and banned from being donated to all types of other organizations, including churches and charities.

There is no doubt that the State can strongly influence the continuation or discontinuation of cash as an acceptable unit of money. All the State has to do is to announce, “From now on, everyone will be required to pay his taxes in a particular digital unit of account.” If it says that people must pay their taxes in a particular digital currency, there will be strong incentives for people to store up this digital form of money rather than useless illegal cash. The problem is that you will be storing it in your bank account and online in digital banks.

Already the U.S. requires some taxes to be paid electronically, while refusing to accept cash or checks in payment. It is already beginning to happen here. The war on cash is well under way, and the massive debt collapse now being engineered by the globalists will be exploited to abandon and outlaw cash and force people into electronic currencies. Many will go along willingly as the globalists take increasing control over what the global population is allowed to buy and sell. It is already beginning, nation by nation, where the government decides what you will buy and sell. It is the whole world, not just the church. But they have the ability, through digital /electronic currency, to tell you where you can and cannot donate, give your money, spend your money. How long will it take to get to a further point than it is now?

Next time, I will explain how widespread this push to a cashless society has progressed, and I think you will be quite surprised.