



## The Gold Standard

The journal of The Gold Standard Institute

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## Editorial

I sometimes ponder on where the process of Gold circulation will begin. Many parts of the world have some history on their side.

Asia, with its long tradition of using Gold and silver as money (and of effectively hiding it when necessary), is an obvious candidate. Though paper money emerged from Asia (China 1024AD), it never gained the hold there that it did in the West. Gold is still hoarded throughout much of Asia, just as it has been for thousands of years. India in particular has a long and proud tradition as the Gold and silver sponge of the world.

In Europe, the first recorded accumulation of worked Gold (non-monetary) goes back to circa 4,500BC. It is from the Varna Necropolis in present day Bulgaria. Jump forward four millennia to the famed and widely circulated Gold and silver coin of the Romans.

When the western part of the Roman Empire degraded its coin in the 4th century it collapsed. The eastern part of the Roman Empire (Byzantium) continued for another thousand years until it also degraded its coin to the point of worthlessness and collapsed.

In the early part of the 15th century in Florence, circulating Gold brought about the Renaissance. It spread from there throughout Europe. Apart from some major degradations in the 17th century, things mostly went well until Gold was withdrawn from circulation in 1914. The downhill path from there was as slippery as a politician.

Then of course there is Egypt. The Gold of the New Kingdom is the most famous of all; it changed the world forever. Though it may seem unlikely that Egypt could ever lead the world again; who knows?

Maybe Mexico will be the first to reintroduce Gold and silver coins. The resultant optimism and investment spur would overnight reverse the direction of the cross border flow of migrants seeking jobs. Just as the US bought Louisiana and Alaska from the impoverished French and Russians,

so the Mexicans would be in a position to buy back all the lands that were once a part of Mexico.

And then there is the US itself – land of the free (health care) and home of the brave (new world). America is of course no worse than most other places, indeed in some respects it is still better, but the gap between the Gold beacon on the hill that was America's past and the turned off street lighting that is its dingy present is heartbreaking.

The USA, for all its frailties and follies, remains the intellectual capital of the world. The re-emergence of Gold would – maybe, probably – bring about a rediscovery and respect for the Constitution.

Not many parts of the world would fail to cheer were that to occur. The oppressed people of the world would like their beacon back again.

Wherever it is that Gold first begins to circulate, watch for the stampede of quality immigrants.

It would be ridiculously simple to recreate the faded glory that now mostly resides in museums and in patches of grand architecture. All that is necessary is the repeal of legal tender laws that keep paper credit notes in circulation, and the repeal of the taxation laws that keep Gold out of circulation.

**Philip Barton**

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## News

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[Forbes](#): Dishonest money tears the fabric of society

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[Forbes](#): Accumulated capital of centuries going up in smoke

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[Forbes](#): Oklahoma moves towards the Gold standard

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[24hgold](#): Miners moving toward energy from solar and wind

≈≈≈

[Forbes](#): Transacting in Gold can shaft the IRS

[Mineweb](#): Scheme to treat Gold as currency in India

≈≈≈

[24hgold](#): Free paper money for everyone!

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[Forbes](#): Mining mobile phone Gold

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[Washington's Blog](#): Mafia boss recommends Gold and silver

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## Part IV: A Contract Specie for the Free Gold Standard

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This article is the fourth in a series proposing a roadmap for the creation of an international Free Gold Standard using private action in the free market. This article details the requirements for a standardized specie to back digital gold redemption contracts.

### Why We Need a Standard Specie for Digital Gold

In a gold standard system gold is the monetary yardstick by which the value of all other things are measured.

While it is nice to think of gold as money, most people do not realize that not all gold is equal. One gram of gold in a kilobar form can be as much as 40% cheaper than 1 gram of gold in the form of 1 gram wafer. The smallest wafers, 1/20th gram, carry an even higher premium due to their high cost of manufacture.

Down through history the gold coins of various nations have served as the primary medium of exchange for an informal international gold standard. Usually contracts were payable in the smallest gold coin. The gold standard dates back to the Lydia and the Persian Empire in the 6th century BC. However, it has been interrupted by several periods when a silver coin standard prevailed instead.

Looking at the history of gold coins in Table 1, we see a general, though imperfect, trend toward smaller and higher purity specie with the progression of time.

Coin	Weight (grams)	Purity (%)	Years Circulated
Persian Daric	8.4	95.83	546 BC - 330 BC
Roman Aureus	8	99	100 BC - 312 AD
Roman Solidus	4.5	99	312 AD - 800 AD
Arabian Dinar	4.25	99	696 AD - 1500 AD
Florin	3.5	99	1252 AD - 1533 AD
Venetian Ducat	3.545	99.47	1282 AD - 1797 AD
Spanish Doubloon	6.77	99	~1500 AD - 1800 AD
British Sovereign	7.32	91.6	1817 AD - 1917 AD

*Table 1 - Historical Coins of the Informal International Gold Standard*

The last two coins in the series were based on the Venetian Ducat, with the Spanish Doubloon intended to be worth roughly two ducats, and the British Sovereign being intended to replace the Spanish Doubloon in the British Gold Standard beginning in 1816.

However, both the Doubloon and the Sovereign had half coins (half doubloon and half sovereign) that circulated alongside the full sized coin. If we count these half-unit gold coins, we see that the trend toward smaller specie held all the way until the effective death of the gold coin standard after World War I.

During the centuries that gold coins circulated in international trade, bills of exchange were payable in the gold coin of the day, not in bars or jewelry. The contract specie for trade was effectively the “standard specie.” You could probably pay off a contract with bars or other forms of gold, but at a discount.

Then, as now, gold coins traded at a premium over bullion bars, unwrought gold, dore and jewelry due to the precision of being standardized and therefore reliable. That is the beauty of the invention of the

gold coin that made it so useful down through the ages.

## The Gold Standard Was Chosen by the Market

With the exception of the British Gold Standard, the gold coin of contract for the previous centuries was not imposed by the state even though the coins were usually struck by states. The best quality and most available gold coins from a particular nation circulated as the coin of international trade in many other nations because they were adopted by the forces of the market, not by force of decree. Thus Gresham’s Law never applied outside of the bounds of the particular nation state that passed debased coin. Good money drove out bad in international trade.

In the American colonial period there was a free gold standard where private goldsmiths struck coins in the same weight as the Spanish Doubloon. The premium on the coins of trade made it profitable for goldsmiths to buy jewelry and scrap gold from other sources, purify it, and strike them as coins that met the de facto standard.

With the rise of the Bank of England in the 19th century, there was a progressive push by the bankers to replace gold coin with banknotes. The banknotes were still payable in gold, but since the Old Lady of Threadneedle Street was playing the fractional reserve game, at the end of World War I the bank imposed the policy that banknotes could only be redeemed for 400 troy ounce bars.

Of course, this had the effect of gradually sweeping the gold coins off the streets and into the bank’s vault, because Sovereigns could be deposited but not withdrawn. In America, Franklin D. Roosevelt achieved the same effect by brute force with his executive order confiscating all gold coin in 1932.

These policies of Britain and the USA concentrated the world’s gold in the hands of the central banks and set the stage for the outright fiat debasement of currency in the century that followed.

## Should We Have a Standard Specie for a Free Gold Standard?

At the close of the 20th century, e-gold and the

other digital gold companies attempted to resurrect the gold standard with digital gold divisible down to milligrams or even smaller. However, the digital golds used 400 oz bars or kilobars as the reserve, because this was the cheapest form of gold bullion.

This system only worked because one could cash out small quantities of digital gold to fiat currency. If the fiat currency were truly to be replaced, we would need the ability to convert between digital gold and physical gold. Otherwise we replicate the conditions that led to the debased government centralized gold standard of most of the 20th century.

Dr. Antal Fekete has proposed returning to the British Sovereign as the standard specie of the Free Gold Standard. Earlier this year the Royal Mint announced the bills of exchange venture created under his guidance, where the public may give bar gold to the Royal Mint in exchange for a bill of exchange payable in British Sovereigns in ninety days with the same fine weight as the gold bailed in. This means the new Sovereigns are being produced with zero premium, as the cost of manufacture is shouldered by the British taxpayer.

I will be controversial here and say that I do not believe we need the state to provide subsidized manufacture of gold specie. If a standard weight, purity and dimension is adopted for the contract coinage of the Free Gold Standard, then any mint in the world, public or private, should be able to manufacture and circulate coin that meets the standard.

If gold specie serves its true purpose - standardization - then we should expect to see the contract specie trade at a premium above bar gold. More precisely, the contract specie is the true money of the gold standard, so other forms of gold are trading at a discount to it. The premium will give players in the market the incentive to buy more bar gold and convert it into more standard coins.

Indeed, this incentive already exists, as Pamp Suisse and many other gold fabricators have built an entire industry creating standardized small denomination gold coins and bars for private investors and collectors. But there is no standard size to be used for commercial contracts.

Dr. Fekete has continued with tradition in adopting the half sovereign and sovereign as the contract coin of his version of the new Gold Standard. Splendid as that is, we now have the technological ability to make even smaller denominations of gold practical. This is particularly evident in the 1/10th gram gold wafers developed by Valaurum Inc. (See Figure 1.) The great advantage of these wafers is that they can be dispensed from special ATM machines, and also look the same size and shape as the “money” that the public has become accustomed to.



Figure 1 - Valaurum 1/10th gram wafer

Ultimately, we need to get the gold out of the central bank vaults and back into the hands of the people as money. Digital gold has a role to play here, but we also need physical specie in small denominations in order for this to work in the real world.

If we use digital gold kilobars as the contract specie for the Free Gold Standard, we simply repeat the error of the Bank of England. The gold will stay in the vaults, and the banks will figure out ways to issue far more digital gold than they actually have.

Whether we use British Sovereigns, 1/10th gram wafers or something in between, the contract specie of the Free Gold Standard needs to be “open source”, so any mint can manufacture it, and it needs to trade freely at its own premium, in order to maintain the incentive for fabricators to make more coin as the market demands it.

For these reasons I believe the stakeholders of the Free Gold Standard need to agree on a standard specie in which bills of exchange will be payable. Let the debate begin!

## Ken Griffith

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## Is Humanity Waking?

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My last article, 'Evil; Uncorrected Error' reflects a 'course correction' in my writing. Instead of hammering at the materialist, logical, technical 'left brain' (so called) approach to Gold, I took a different tack. This new tack reflects the unfolding of my own life; the ongoing resuscitation of my 'right brain'... and the ongoing realization that hard core scientism, reductive materialism, and religious dogma has failed and failed dismally.

Indeed, my change of direction is radical; Philip even feared that TGSi would lose subscribers... but he is gutsy and chose to publish. Well, instead of losing subscribers, we are getting more positive feedback from our readers than ever.

Could it be that my 'new tack' in writing is resonating with people? Is it possible that others see the horrific problems Humanity is facing, and are looking for solutions? I sure hope so. The positive response gives me real motivation to continue in this new direction, not focusing totally on Gold and its immediate effects, but using Gold as an exemplar of what is wrong with the Human condition.

Focusing on what it will take to recover from the egregious error... from the evil... of abandoning Gold money. Focusing on what it will take to recover from the corruption of the human condition on this planet. Focusing on what it will take to recover from evil.

The well embedded 'powers that be' are no more willing to give up their iron grip on society and allow freedom to flourish than they are willing to give up their death grip on the monopoly of printing Fiat 'money' and allow Gold money to flourish.

This leaves the perennial question of what can we do to change all this... what can one human being do against the apparently irresistible power, both military and otherwise of the current global tyranny? Apparently not very much, but only apparently; power is ephemeral. The tighter the tyrants squeeze, the more resistance they generate; the more things slip through their hands.

Remember the 'Evil Empire'... the USSR... considered the second most powerful nation on Earth, and militarily Numero Uno? What happened to this awesome, apparently irresistible power? It seems to have simply evaporated, collapsed like a house of cards... and indeed that is what happened. That is what happens to all empires; they collapse.

The current empire is in the process of collapse. The question is not whether the 'Greatest Nation on Earth'... the current empire... will collapse, but only a question of when, and how. Will it fold quietly like the USSR, or will it go through civil war? Will there be a second American Revolution?

No one can predict this, perhaps all for the better. If knowledge of the future was possible, then the psychopaths running Washington could perhaps take some action to preserve their power... but this is not how human history plays out, is it?

No, the future is created as we live our lives, moment by moment. The biggest hint on how to deal with the future lies in the past; if we don't learn the lessons of history, we will have to repeat and repeat until we do learn. And what is the big lesson? That giving away our Humanity, our power, always and everywhere leads to enslavement.

In 'Evil; Uncorrected Error' I used the analogy of the canary in the mine; that the death of the Golden Canary forewarns of economic death. This analogy, while clearly true, only hints at the seriousness of the situation, and at the real importance of Gold.

In any economy more sophisticated than direct barter, money is a vital necessity. Without money, without a proper medium of exchange, trade collapses and people start to go hungry. Now hunger is the one condition guaranteed to start bloodshed. Most people are docile, flexible, will put up with almost any abuse... but once visceral hunger kicks in, any vestige of civility goes by the wayside and the game is up.

Is this why we have Homeland Security buying billions of rifle bullets? Is this why we have Swat teams, armored personnel carriers, drones... in small town USA? Is this the real answer to the

militarization of US police and ‘security’ forces? You figure it out.

All the abuses of the current tyranny are funded by Fiat; the military, the Swat teams, the dole, the bureaucracies, the unending surveillance, the destruction of freedom, the destruction of human initiative, the dumbing down of education... the endless wars and terror... all of it depends on Fiat.

The tyrants pay their way by printing ‘money’, and by egregious taxation. But printing dominates, in spite of abusive, destructive taxation. When Gold returns, there can be no more printing, and the taxation level must also fall. The only way the current level of taxation can survive is by the dole.

Taxation destroys the economy, drives people to the poor house... and the dole is used to support them... at a sustenance level. A level that keeps them from going hungry... But the dole depends on printed Fiat. Under Gold, there is no way for the tyrants to afford the Dole; and tax revolt is at hand. Imagine trying to tax people who are going hungry!

The best known lesson in history of an empire collapsing is that of Rome. Rome, like the US, started as a republic, then transmogrified into empire. When the Roman Empire collapsed, humanity fell into the Dark Ages. Will the collapse of the US empire lead us into a new Dark Age?

The Roman lesson is crystal clear; but have we learned it? Surely the psychopaths running Washington have not... but then psychopaths do not care. They have no empathy, no connection to history or to reality... or to humanity. They are far too busy creating their psychotic version of ‘reality’ to even notice what is actually happening in the real world.

The fall of the Roman Empire is a lesson we must take to heart. Towards the end, the single bit of wisdom passed on by a dying ‘Caesar’ to his successor was ‘make sure you pay the soldiers, and forget all the rest’.

What happens when Fiat becomes worthless... and there is no way to pay the soldiers? The house of

cards collapses, no matter how many billion rifle bullets there may be in the armory. When that collapse arrives, we had all better be ready... for human awakening or for a new Dark Age.

**Rudy J. Fritsch**

Editor in Chief

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## A Monetary Cancer Metastasizes in Europe

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The European Central Bank again [cut the interest rates](#) it controls. Notably, the deposit rate was moved deeper into negative territory. It is now -0.2% (minus 20 basis points, that is not a typo). The ECB says it’s trying to nudge prices higher, but it’s actually feeding the cancer of falling interest.

The linked article above, like most, is focused on the quantity of euros and the presumed direct relationship to price. The following bit of editorializing from that article is uncontroversial in Frankfurt, London, New York, Mumbai, or Shanghai.

*“Inflation weakened to a five-year low in August, just 0.3% in annual terms. That is far below the ECB’s target of a little under 2% over the medium term, raising fears that the region could face a debilitating stretch of weak or falling prices that hampers debt-financing and investment. Those fears intensified as market-based measures of inflation expectations weakened, too.”*

Every assumption in this short paragraph is wrong. One, *inflation* should not be conceived as rising prices. There are many reasons for prices to rise or fall that have nothing to do with the currency. For example, every business is constantly working to cut costs. Without monetary debasement, and a steady stream of onerous new regulations, prices would be falling.

Two, *inflation* is monetary counterfeiting. Inflation is the fraud of selling a bond into the market, when the debtor lacks the means or intent to repay. The deadly danger is that it seems good to creditors who buy it, often using leverage. Eventually, every fraudulent debt will default.

Three, central banks keep trying to engineer rising prices, in the name of some sort of good, like Stalin and his Five Year Plans. The economic theory that demands this is [frivolous](#) at best. There is no there, there. This does not stop the central planners from trying their worst anyway.

Four, it should be obvious by now that central banks do not have control over prices. If they did, we would not still be struggling with prices that stubbornly refuse to rise. How many times has the ECB tried to get prices to raise since the last acute phase of the monetary crisis?

Five, falling prices do not hamper financing or investment. Look at the massive investment in first electronics, then computers, then computer networking, and most recently communications. Prices have been falling, for a long time and by a large amount even in nominal dollars.

Finally, we must distinguish between the prices of consumer goods and the prices of assets that are bought with leverage. The latter is a threat to those who borrow short-term to finance long-term assets. For example, when a real estate developer sells 3-year bonds to buy a large commercial building. Since the developer can't amortize the debt in three years, it will *roll its liabilities*—sell new bonds to pay off the old ones. This is a form of counterfeit credit. One way to get in trouble is if the market value of the property falls. Then the bonds cannot be rolled.

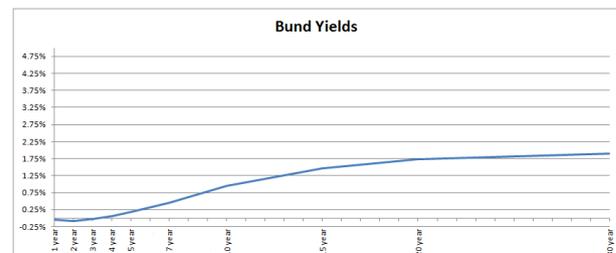
These are some of the errors in the conventional, quantity analysis approach. It's the wrong approach, though it seems intuitive. Suppose we think about wheat. We consider if we had ten huge bags of grain how would we feel if a truck pulled up to attempt to deliver the 11<sup>th</sup>. Or if we had a basement full of copper bars and contemplated buying more. No one wants to bury himself under a hoard of useless stuff.

Money is not like any commodity. No matter how much money we have, the thought of receiving a big check in the mail is exciting. We don't think we have too much money already. Even the most die-hard gold bug, is eager to sell you his newsletter in exchange for dollars. No one rolls his eyes or sighs at the prospect of making more money.

We cannot assume that a rise in the money supply translates into a rise in prices. It might or might not. However, there is a danger in focusing too much on prices, and missing the terminal monetary problem. Imagine a doctor obsessing over a patient's body temperature. He could easily miss the signs of cancer.

I saw a different approach in an [article](#) this week. The author suggests that rates on government bonds are now negative, because investors trust they will get their money back. Presumably, this school of thought regards the US government as less trustworthy because the Treasury bond pays a higher yield. This approach is also wrong.

Let's take a look at the yield curve in Germany.



There is a reason why the yield on government bonds in Europe is falling to zero and below. Banks have a choice to hold cash or government bonds, with the main factor being liquidity. However, when the ECB lowers the deposit rate for bank cash to below zero, this changes the incentive. The lower the yield on cash, the more the banks will tend to prefer bonds.

I am no European political expert, but perhaps this is the intent of the ECB. Perhaps they would simply like to buy more government bonds, but cannot or dare not due to treaty, law, or politics. But they clearly have the power to create incentives for banks to do it.

The right approach to understanding what's happening in the euro begins with the observation that a paper currency like the euro is a closed loop system. You may think that you can protest a negative interest rate by getting out of the currency. For example, you can buy antique Ferraris, paintings, real estate, stocks, a foreign currency, or even gold.

This may protect you personally, but it does not alter the trajectory of the interest rate.

The former owner of the asset is now the owner of those euros. What will he do with them? Deposit them in a bank. What will the bank do? Buy a bond. At one time, all roads led to Rome. Today, all monetary roads lead to the government bond that backs the currency.

We are all disenfranchised by the regime of irredeemable money. The central bank may have some control. Or, as I argue in my [theory of interest and prices](#), they have little control but set up a positive feedback loop that drives interest to zero. However, the people have no control. The rate has been falling for decades, pushed down by massive forces beyond even the control of central banks. The price of the bond, and hence the interest rate, is set free from constraint.

Consider for a moment, the price of wheat. If the price falls below the cost of growing, then farmers stop planting it. Alternatively, if the price rises above that of other starches, then manufacturers will stop buying wheat. The cost of wheat and every other real thing is dependent on the price of oil, machinery, labor, and many other inputs, it is tied to everything else in the economy.

By contrast, the bond price in a paper currency is not tied to anything. It could collapse and give us an interest rate of 17%. Or it could have a 33-year bull market, and give us an interest rate below 1% (the bond price is inverse to the yield). The rate can keep falling.

There is a cancer metastasizing in the body economic. Zero interest is creeping out from the short-term credit facilities provided by central banks. In Germany, it is now out to the 4-year bonds. Zero interest on overnight deposits is like gangrene in your fingernail. When it hits the 1-year bond, it is spreading to your whole finger. The 2-year bond is like the lower part of the hand. The German 3-year bund now has a negative yield. The all but zero-yield on the 4-year bond is like rot moving up towards your elbow.

What will they do when necrosis spreads up to the shoulder and beyond?

We need a new concept to understand the nature of the problem. The *burden of debt* is a measure of the pressure on debtors. The net present value of a stream of future payments depends on the interest rate. This is not just the interest rate at the time the asset was purchased. The present value should be recalculated whenever the interest rate changes. Each time the interest rate falls the net present value rises.

This seems good for the bond speculator, who gets a capital gain. However, this is a zero-sum game. His gain comes at the expense of the bond issuer. The bond issuer feels an increase in his burden of debt as rates fall. With each halving of the rate of interest the burden doubles. Of course, the falling rate is also an incentive to borrow more, because the monthly payment is lower. Debtors owe more euros of debt, and the burden of each euro owed is doubling. Here is a graph of the history of the German 10-year bund, a reasonable way to measure burden of debt.



In June of 2008, the 10-year bund yielded 4.5%. This is labeled point 1. By August of 2010, point 2, the rate was cut in half to 2.25%. The burden of every debt in Germany—and arguably Europe—doubled. In July of this year, it was lopped in half again to just about 1.13%, at point 3. Now it is 0.94 and well on its way to the next milestone of 0.56%. Not coincidentally, Japan is already there.

This burden of debt is one of the most important concepts, because the entire basis of the system is debt. One man's debt is another's asset. The ultimate asset is the debt of the government. If debtors begin to default in earnest and if one default causes others in a cascade, then the system can collapse like dominoes.

The analogy of dominoes is apt because creditors are themselves debtors. They are typically leveraged, so a small loss can cause insolvency.

The financial system must collapse—necessarily so—when the interest on the long bond hits zero. Debtors cannot hold up an infinite burden of debt, and that is what a zero long-term rate means.

Consumer prices in Europe may continue to eke out small gains, especially as the carry trade begins to press down the value of the euro compared to the dollar. Or prices may begin to fall, perhaps slowly.

Either way, who cares? The patient's arm is turning black.

## **Keith Weiner**

President the Gold Standard Institute US

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### **Gold vs. Price of Gold**

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A nice description of the social implications of circulating Gold and silver. Penned by the legendary investor Harry Schultz...

I have written several times over the last 36 years and I want to restate this principle with force: I am pro/gold regardless of the price! I don't fight for gold in order to make a profit on gold shares, bars or coins! Gold is important for far more important reasons and I would be embarrassed to promote gold only for monetary gain.

Gold is the essential linchpin for our individual (not group or nation) freedom.

Gold belongs to the monetary system as a governing factor. We belong back on the gold standard. I used to compromise and say a quasi-Gold standard will probably do, a modified Bretton Woods version.

And that may be what will evolve, but in my view we should fight for a pure gold standard, the old-fashioned form, because it worked! And not just for fiscal reasons! It forced nations to limit their debt, spending and socialist schemes, which meant sound behavioural habits were formed around those limitations, and those habits rubbed off on everyone.

People were more honest, moral, decent, kind, because the system was honest and moral. Cause and effect. Today we have cause and effect of the opposite standard: no limits on what governments can do, control, dictate; no limit on government debt, welfare or socialist schemes. There is no governor on the government.

This habit rubbed off on the public, causing them to go into debt, lose respect for the system and morality. The effect brings us more divorce, fraud, crime, illegitimate births, broken homes. When the money of any country loses its base/backing there is no standard for any behaviour.

Money sets a standard that spreads into every area of human activity. No paper money backing, no morality. That is why fold coin money worked so well and why the U.S. moved into paper money very slowly, carefully, keeping the paper-\$'s backed 100% by gold. But slowly, like slicing a sausage, that backing was removed in stages, until now there is none.

The effect on this cause is all around us.

Violent films reflect violent society reflect no respect throughout society. Layer by layer, we are corrupted when money loses certainty.

Today's stock market bubble is part of the scene as will be tomorrow's mega-crash and mega-recession. Big Brother was made possible through the absence of automatic controls and loss of individual freedom via non-convertible currency. So, pass the word. Fight for gold. Not for profits, though they are helpful and help us fight for individual freedom, but for a future that returns to sanity in various standards.

If we have a gold standard we get golden human standard! The two are intertwined. They are the ultimate cause and effect. Gold blesses.

## **Harry Schultz**

Gold vs. Price of Gold, International Harry Schultz Letter, 18 June, 2000