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inflation exposé

"MONEY"
THE GREATEST
HOAX
ON EARTH

‘MONEY’

THE GREATEST

HOAX

ON EARTH

BY MERRILL M. E. JENKINS SR.

$ $ $ $ $ $

FOREWARD

It is difficult to recall a period in history of like proportion to our present months and years when so much honest investigation of a world-wide problem has yielded so little hope for a sensible solution. Inflation is the problem! Money is the tool that has produced it! Merrill Jenkins, in this book, “MONEY/’ THE GREATEST HOAX ON EARTH, is the man who explains it—as it has never been explained before!

Concerning the causes of inflation, economists disagree, businessmen disagree, labor leaders disagree, and of course politicians disagree. Something appears to have ensnared the reasoning power of the very elite, for surely they are of honorable intent and would not hesitate to shape the avenue of escape if they but saw it. Clearly, the issue has the governing communities around the world buffaloed. The calamity of a currency collapse is feared by all, yet no one has stepped forth to point to the foe in ambush, the real cause of inflation—no one, that is, until Merrill Jenkins, self-styled “monetary-realist” and economic observer.

From a point outside the pale of immediate involvement, he has been able to see the economic forest through the trees. He has been able to clarify great chunks of mis- reasoning with a single re-definition of a common economic term. His glossary, for instance, cuts to the heart of all of the hazy thinking that has been going on in economic circles everywhere.

The mesmerism that would engulf thinkers on this subject makes it almost appear that some strange economic infection from outer space has now invaded the earth to the point where our leaders find it necessary to ask all of us to unite in a solid front to fight this mysterious enemy which threatens our life style as we know it, if not our very lives themselves. Has not each of us asked himself how could it possibly be that we are in such a predicament.[1]’

After reading this book, one feels suddenly prepared to see through the disarray of conflicting opinions that disport themselves on this subject in every learned quarter. Reward enough for reading it. It is predicted that you too will find the clarifying truth that this book unfolds simple indeed. Simple, yes, but profound nonetheless, and since its base is moral, not always so easily entreated.

Mr. Jenkins sets forth his exposition directly and persistently in textbook fashion, stating his radical premise time and time again, supporting that premise from one viewpoint and then from another, and then stating the premise again. There can be no logical escape. And so it must be, in order for this book to do its teaching job, since so many of our preconceived notions about the all-too-common commodity “cash” have to be patiently uprooted and replaced with the facts—age old facts, admittedly, yet understood by so few throughout the world today.

Money in the United States today is totally without backing and is therefore virtually worthless, Mr. Jenkins tells us, from every conceivable angle. The same can be said of money in most other countries of the world, and this is the reason, pure and simple, for the currency crisis that presently envelopes the globe, according to Mr. Jenkins. Instead of money representing wealth in a banker’s vault, there is no wealth on hand to redeem his money. Yet day in and day out the banking industry continues to create unbelievably huge sums of it in order to profit handsomely from its loan. This is the little understood financial process which shapes our economic path as individuals and as nations, accounting for the demoralizing inflationary effect we find almost everywhere.

The great divergence in Merrill Jenkins’ analysis is that he lays the blame for our present economic woes directly at the door of the banking industry, principally the Federal Reserve Banking System which he insists is not a part of the federal government in any way in spite of its name. Whereas everyone else blames the government for the money mess (logically enough since we seem to be dealing with the “coin of the realm”), Mr. Jenkins cuts through the smoke to the fire which is controlled very systematically by a few privileged entrepeneurs. Even the government pays tribute to these powerful few, according to Mr. Jenkins.

It apparently accomplishes little these days to attack that which the people have set up to reign over them with absolute authority, namely their government. If inflation has been directly caused by government, so the reasoning goes, then it must be somehow proper that we have it with us. Hence the reluctance abroad to come to grips with the monster. Mr. Jenkins points the finger in another direction entirely, away from the "holy land" of government to a private sector of society, the bankers, and in so doing he should gather the support of the multitude. In due course the seeker for an answer will most assuredly discover that his government gave the privilege to the banking industry in the first place, and for not the purest reasons. But then, in the final analysis, the seeker for the whole truth will find the basic elements of fraud in his own thinking, the desire to have something for nothing, shadowed forth in the government he condones.

Merrill Jenkins began searching out the facts systematically some five years ago, following whatever meager trail of logic and evidence he could find, to the point where he has been able to piece together the truth in this book. His efforts to fully substantiate his conclusions have been exhaustive. His confrontations with high officials in the banking industry, have further convinced him that his facts are straight and his logic sound. He relates that money as a medium of exchange has degenerated to such an extent that even eminent international economists cannot agree on what money nowadays really is or just how banks create it. The world of currency is indeed "stranger than fiction"—at first glance, a mystery beyond belief! At second glance, Mr. Jenkins' glance, a simple everyday garden variety type of economic phenomenon.

F. Andrew Bell (Businessman
and Free-Enterprise
Proponent)

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A PRE I.M.F. SEMINAR OF EMINENT ECONOMISTS COULD NOT AGREE ON WHAT "MONEY" IS OR HOW BANKS CREATE IT.

Front page of Wall Street Journal 9-24-71

$

This book answers the question: What is "MONEY" and where does it come from?

$

"Money' in the United States is: Make-believe "Dollars"; paper and ink records of numbers preceded by a dollar sign ($) in bookkeeping entries, accepted by the people as imaginary mediums of exchange, whose volume increases daily with official and individual conjurings; are seigniorage, credit, inflation, money, and totally intangible, cannot be sighted, heard, smelled, tasted, or touched, can exist in human thought only, and are shifted about by check and credit card to "settle by imagination" ninety five percent of all indebtedness.

$

IN 1933 AS IT WAS:

A MERCHANT EXCHANGED WEALTH FOR DOLLARS, BORROWED FROM THE BANK—AND *COULD* EXCHANGE DOLLARS FOR WEALTH AT THE BANK.

A BANK *WAS* OBLIGED TO REDEEM DOLLARS FOR WEALTH ON DEMAND, THEREFORE—THE BANK *HAD TO* HAVE A PLEDGE OF WEALTH FROM THE BORROWER BEFORE LENDING ITS DOLLARS.

40 YEARS HAVE ELAPSED AND IN 1973 AS IT IS:

A MERCHANT EXCHANGES WEALTH FOR DOLLARS BORROWED FROM THE BANK—BUT *CANNOT* EXCHANGE DOLLARS FOR WEALTH AT THE BANK.

THE BANK *IS NOT* OBLIGED TO REDEEM DOLLARS FOR WEALTH ON DEMAND, BUT—THE BANK *STILL INSISTS* ON A PLEDGE OF WEALTH FROM THE BORROWER BEFORE LENDING ITS DOLLARS.

PLEASE—*JUSTIFY*— OR FIND THE ERROR!

IT *CANNOT* BE JUSTIFIED—AND THERE *ISN'T* ANY ERROR!

IT IS *SIMPLY PROOF POSITIVE* THAT THE PUBLIC IS *NOT AWARE* OF THE OPERATIONS OF ITS MONETARY AUTHORITY AND COMMERCIAL BANKS.

DO *NOT* LAY THIS BOOK *DOWN* UNTIL *YOU* ARE AWARE!

GLOSSARY

A dictionary is an alphabetical list of words.

This list of words is intended to convey the maximum in understanding. The object of the list is to set bounds to ideas. By reason of confining these ideas within limits, it makes them easy to understand.

It is a simple truth that most of our ideas are mere clusters of notions, not clearly defined. They are vague, and this vagueness often leads to considerable practical difficulties.

This is especially true in our nation where wealth and money are concerned. For centuries, wealth and money have been treated synonymously. In fact, one is tangible and the other intangible, respectively.

In all the ramifications of economic knowledge, the art of distinguishing exactly between wealth and money requires, above all, a clear idea of every item dealt with.

The needs of the middle-class public have not hitherto been considered from this aspect. Most explanations of this subject have been prepared for technicians, most of whom have little need therefor. Yet even these may profit. This will be the most interesting of all books on this subject. It is more than that: it is the gateway to all other books on economic subjects since it makes clear the words these books must employ.

Account:	Bookkeeping records where wealth and "money" lose all respective identity.
Assets:	Wealth in possession.
Bank:	Wealth depository.
Banking:	A system of renting capital to facilitate progress and expansion of wealth production.
Banker:	One who operates a bank.
Barter:	Wealth exchanged in direct exchanges.
Bearer certificate:	Written claim on wealth.
Capital:	Wealth used in the production of more wealth.
Capitalism:	A system in which capital and labor are used cooperatively in the production of wealth.
Capitalist:	One who employs capital and labor in the production of wealth.
Cash:	Currency.
Check:	Written order to transfer a record of debt.
Circulation:	The act of passing from person to person.
"Circulation":	The "money volume" conjured and accepted to date.
Coins:	Pieces of precious metal with weight and fineness of specific commodity stated on them.
Collateral:	Wealth pledged to guarantee repayment of a loan.
Commodity:	Material thing produced.
Consumer:	One who uses or consumes production.
Cost:	Human exertion required to obtain wealth or service desired.

Demand: Devaluation:

Discount rate:

Dollar:

Dollar Bill: Economic

Rhetoric: Evaluation:

Expropriation:

Falling Cost Level:

Falling Dollar Parity:

Falling Price Level:

Federal Reserve Note:

Fiat Media:
Fiat:
Fractional Reserve:

Free Enterprise:

Free Market:

Imaginary Demand:
Inflation:

Supply—wealth.

Official reduction of the legal tender token’s parity in relation to a commodity.

Fed’s charge to its member banks for borrowing its ‘‘dollars.”

An expression of measure to facilitate a cross reference between wealth and credit-imaginary demand-inflation- money-seigniorage.

Paper token representing one imaginary demand unit—”dollar.”

Skillful use of the artificial elegance of language in speech to psychologically create “dollars.”

Condition in a free market where poth parties to an exchange consider the worth of wealth received greater than the value of the wealth exchanged.

Transfer of wealth ownership from producer to money creator by fraud.

A decreasing amount of human exertion required to obtain the wealth or service desired.

An increasing amount of dollars required to obtain the wealth or service desired in competitive bidding because of a decreasing amount of human exertion required to obtain the dollars to be exchanged to obtain the wealth or service desired.

A decreasing amount of human exertion required to obtain the wealth or perform the service to be exchanged to obtain the wealth or service desired.

A paper token representing imaginary debt—”dollars” accepted by the people as a medium of exchange, due to legal tender law.

Non-redeemable tokens.

Money as a medium of exchange.

A means of perpetrating fraud whereby imaginary debt is considered a reserve supporting the issuance of additional imaginary debt.

The ability to direct ones exertion to produce a product or perform a service and exchange that produce or service, in competition with others, in a free market, in the absence of government restriction against any activity that is not directly restricted by the people themselves in open referendum.

One in which the public is able to exchange production or service by competitive bidding, open to all, in the absence of government restriction against any commodity that is not directly restricted by the people themselves in open referendum.

Credit—inflation—money—seigniorage.

Credit—imaginary demand—money—seigniorage.

Falling “dollar parity.”

Money charge for the use of borrowed money.

Goods on hand for exchange.

Expropriation of wealth by seigniorage.

Personal note.

Labor:	All human exertion engaged in the production of wealth or
	performing a service.
Loan:	Permission to use dollars.
Medium Of Exchange:	Anything accepted in exchange in lieu of the wealth form
	desired.
Money:	Psychologically created entity—credit—imaginary demand—
	inflation—seigniorage.
Moneyism:	The institution of imaginary debt as a medium of exchange.
	One who provides money in place of capital for use with labor
Moneyist:	in the course of production.
	Contradiction—money is intangible—supply is wealth.
	Certified claim on wealth.
Money Supply:	A belief that knowledge ignored does not exist and cannot
Note:	effect anyone.
Ostrichism:	Value of any material thing expressed in terms of any other
	material thing.
Parity:	Human exertion required to obtain the wealth or perform the
	service to be exchanged to obtain the wealth or service desired.
	Money parity to wealth.
	One who produces wealth.
"Price":	The wealth production in excess of consumption during
Producer:	successful efforts of capital and labor.
Profit:	One who seeks to recognize, understand, and acknowledge
	natural laws and their invincibility to violation.
Realist:	Actual settlement in wealth from the creator of dollars to the
	dollar token holders.
Redemption:	Wealth charge for the use of borrowed wealth.
	All material things outside of man and his products—potential
Rent:	wealth—latent wealth.
	An increasing amount of human exertion required to obtain the
Resources:	wealth or service desired.
	An increasing amount of human exertion required to obtain the
Rising Cost Level:	wealth to be exchanged to obtain the wealth or service desired.
	Unexpended wealth accumulated.
Rising Price Level:	The difference between the circulating value of legal tender and
	its worth in a free market.
	All human exertion as useful labor not engaged in producing a
Savings:	product.
	Special Drawing Rights—unit "quantity" of imaginary gold.
Seigniorage:	Demand—wealth.
	Assessment for the support of government.
Services:	Any material thing representing what it is not.
	Act of determining the value of wealth or services in terms of
S.D.R.:	other wealth or services.
	Worth.
Supply:	Labor's share of profit.
Tax:	All material things produced by human exertion having
Token:	exchange value, - demand - supply.
Valuation:	Degree of human satisfaction derived from use or con-

ECONOMIC TRUTHS

1 Retaining the God-given right to distribute one's own wealth is the only guarantee of freedom from tyranny.
2 Money accepted as a medium of exchange subjects people and their government to the influence of its creator.
3 Money is - credit - imaginary demand - inflation - seigniorage.
4 More cannot be returned to an only source, than is taken from it.
5 A contract cannot protect anyone who lacks the wealth with which to force its fulfillment.
6 Supply and Demand are Wealth and cannot be imbalanced.
7 During an inflationary effect "prices" and employment rise together.
8 During a deflationary effect "prices" and employment fall together.
9 Whatever, during any exchange, is accepted as a medium of exchange, in lieu of wealth, is imaginary demand.
10 Wealth is material—money is psychological.
11 Money can be created or destroyed in the human mind.
12 Inflation cannot be controlled.
13 Money created in the human mind, has to be accepted by all others to function, once money is generally accepted all people will create it in volume to satisfy their desires, and control is impossible.
14 Money accepted in exchange for wealth is subconscious fraud.
15 Rent is material—interest is psychological.
16 Rent is a wealth charge for the use of borrowed wealth.
17 Interest payment would require that more be returned to an only source than was obtained from it.
18 Interest is a money charge for the use of borrowed money.
19 Wherever money is accepted as a medium of exchange wealth and freedom are forfeited.
20 Money is accepted in exchange for wealth only until the psychological nature of money is exposed, or until wealth expropriation consumes most of production and the public begins to starve.
21 Where freedom reigns, those who do not produce food directly, have to produce wealth or perform service to exchange for it.
22 Wealth exchanges freely on historic worth, money exchanges due to legal tender laws and the public's ignorance of its true nature.
23 Money is a force of evil.
24 Attempts to control and circumvent free market natural laws, causeshidden free market transactions.
25 Wealth is supply or demand by use or -viewpoint.
26 As the exchanges of money (imaginary demand) for wealthincrease, the parity of money falls.
27 Inflation is possible without the inflationary effect only at the expense of the standard of living, until wealth expropriation consumes most of production and the public begins to starve.
28 Inflation held as savings does not cause the inflationary effect.
29 Inflation feeds on itself and accumulates at an ever increasing rate.
30 Money may exchange for wealth, but it can never be wealth.

35 Wealth has worth is use, consumption, or as media—money depends on imagination and is usable only as a medium of exchange.

36 Deflation can be honorable only by redemption.

37 The deflationary effect is possible without a deflationary exchange of tokens.

38 Money has to have parity to have exchange value.

39 Wage and price controls obscure the inflationary effect but cannot control inflation.

40 Parities are determined by exchanges developed by competitive bidding with respect to return on labor, variations in time, location and circumstance.

41 Exchanges determine parities.

42 Wealth supports independence—money enslaves.

43 Government regulations of the use of capital inhibit free enterprise and cause economic decline.

44 Conspiracy to expropriate wealth with money assures the eventual destruction of the conspiracy.

45 The main economic function of money is the expropriation of wealth.

46 Unless wealth exchanges for wealth directly credit extension or wealth expropriation is the result.

47 Take away all that a man produces and he stops working.

48 Supply can never exceed demand because a quantity cannot exceed itself.

49 A fractional reserve monetary system embezzles production within its sphere of influence.

50 Controlled prices oppose competitive parities.

51 No one can discover and disclose a truth based on a false premise.

52 Money expropriates wealth.

PREFACE

Free enterprise is not a term to be taken lightly. The "free" means an absence of governmental controls and government subsidies. It means that to be entitled to the right of self-determination, and the right to claim ownership of what we produce, we must be the sole producers.

If a man supplies his own capital and combines it with his own labor, he should own the proceeds 100%. But if one man supplies the capital and another the labor, then each is entitled to a share of the produce.

Accepting a subsidy is accepting a partner supplying capital, and the partner has a "say" in the partnership.

Ownership of wealth produced entitles the owner to use his own judgment as to what he will do with that wealth—consume it, give it away, sell it or save it.

The substance of ownership is freedom of disposition!

The right of ownership is freedom!

Freedom is rapidly disappearing in the United States, and the direct cause is subsidies that lead to controls. Freedom is independence, and independence means we are free of controls and free to make our own decisions and eventually to succeed or fail. If we doubt our own ability and accept some guarantee that if we fail someone will bail us out, that is insurance, and insurance costs. The most important thing to consider in any negotiation concerning government is that nothing is for nothing.

Every dollar tendered by government on any program extracts some degree of freedom and paves the way to eventual control.

Money (credit) is the name of the game, accept credit (money) and you give up some portion of your freedom of self-determination.

A contract involving wealth on both sides is a final transaction. Any transaction involving money (credit) on one side is a conditional contract and involves "conditions." Any time a lender lends, the borrower has to agree to conditions of the loan—any time money (credit) is accepted, the acceptor is agreeing to the conditions imposed by the money (credit) creators whether the acceptor is aware of it or not!

The mere use of money (credit) in our economy is acceptance of control by the creators. We are immediately agreeing to wait until some future time to finalize our transaction. Gold and silver specie are wealth as well as mediums of exchange and we are not subjected to "conditions of redemption" when they are used.

Our marvelous free enterprise system, unique to America, and responsible for our tremendous progress over the rest of the world, early in our history, is gone.

The superiority of our industrial techniques and expansions were directly a result of the inspiration and ambition of our pioneering forefathers in combination with a currency unit of preeminent integrity. The American dollar was known throughout the world as being as good as gold.

Our free enterprise and the sound currency unit guaranteed our freedom. One cannot exist without the other or freedom suffers. The perversion of our currency unit has caused the loss to us of our superiority in industrial progress and leadership. When the dollar was stripped of its redeemability, the people of the United States were deprived of their greatest asset, a currency unit preeminent in the world. We are now plagued with falling "dollar parity" as a direct result, and with deficits in balance of payments, and all the other diseases that accompany a not-worth-the-fully be subjected to private ownership only when due regard for the rights of others has been exercised during the acquiring. And as a corollary that wealth produced by labor rightfully belongs to the producer. To implement this philosophy, the author proposes that a tax based on the cost of services performed, at a fixed rate for all, be paid by citizens to the government, and that all products of labor, all trade and commerce be freed of taxes and other burdens.

The author has no fear of capital, regarding it as the natural requirement to the full use of labor; he looks on profit in itself as natural and just; he would set no limit to accumulation, nor impose on the rich any burden that is not equally placed on the poor; he sees no evil in competition, but deems unrestricted competition to be necessary to the health of the industrial and individual citizens of a free nation.

Specifically, the author believes:

Natural resources:	That individuals may retain title, and be assured fixity of tenure, and undisturbed possession if the God-given rights of others are not violated.
Taxes:	A tax based on the cost of services received, at a fixed rate for all.
Wealth:	Anything produced by human exertion having exchange value.
Capitalism:	A system where capital and labor are used cooperatively in the production of more wealth.
Capital:	Wealth used in the production of more wealth.
Resources:	All the material universe outside of man and his products.
Labor:	All human exertion engaged in the production of wealth or performing a service.
Distribution:	Individual distribution of wealth as: taxes—for the payment of services received. Wages—for the labor exerted. Profit—for the use of capital invested.

Ownership of wealth produced by labor entitles rhe owners to use their judgment as to what they will do with that wealth—consume it, give it away, sell it, or save it.

The substance of ownership is the freedom of disposition.

The right of ownership is freedom.

Freedom is rapidly disappearing in the United States, to see it, let's make a little comparison.

Regarding:	Trend in United States	Author's Ideology
Natural Resources	Governmental ownership Use controlled by government.	Private ownership with due regard for the God-given rights of others. Use controlled by individual title holder.
Taxes on Land	Collected as part of over-all government plan.	Collected as an assessment for services received.

Wages	Confiscated by government for distribution according to individual wants.	Private distribution in proportion to the contribution to production,
General	Competition and private enterprise to give way to direction by government. No individual rights—except as granted by the government.	Private enterprise and competition in the open market. A free field and no favors. Recognition of the God-given and constitutional rights of the individual.

The author believes the trend in the United States is hell bent in the direction of socialism, and can only be reversed by immediate, decisive congressional action in the direction as outlined by his interpretation of natural economic truth and the immediate abolishment of all legal tender laws.

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Chapter I Realist

Realist: One who seeks to recognize, understand, and acknowledge natural laws, and their invincibility to violation.

Being a realist one must suffer through opposition at every turn. It is necessary to fight a lifetime of indoctrination of acceptance of what was offered without question: accepting the teachings without question, and committing them to the personal memory data bank. Our minds have tremendous capacity for data processing, and deductive reasoning. It is unbelievable that the human mind could conceive of, construct, and make operate as his servant, a machine able to outperform the human mind. Unbelievable to me, for I am sure there are those who do believe that a computer can outperform the human mind. But just as man has made machines that can lift greater weight, make sound heard round the world, and carry him through the air, man has also made a machine that could exceed the human brain in some functions; but never will a computer be built that can outperform the human mind.

The computer is only as intelligent as the information man feeds it. This marvelous piece of machinery is limited by the facts it has stored, and must draw upon to compose its findings. It seems the human brain has the same short-comings, it can only be as intelligent as its data bank will permit.

One of the first things a realist has to concentrate on is to question every thought and idea for its base in fact and logic. Our vocabulary proves to be the big obstacle to rapid deductive reasoning. The following short list of units of measure, mile, ton, and pound will help to illustrate that using them efficiently in a calculation of the mind is impossible without using other words in conjunction with them to give specific meaning.

Mile:	A	nautical mile is 800 feet longer than	a land mile.
Mile:	A	land mile is 800 feet shorter than a	nautical mile.
Ton:	A	long ton is 240 pounds heavier than	a short ton.
Ton:	A	short ton is 240 pounds lighter than	along ton.
Ton:	A	register ton is 100 cubic feet.	
Ton:	A	displacement ton is 35 cubic feet.	
Ton:	A	measurement ton is 40 cubic feet.	
Ton:	A	Freight ton is 40 cubic feet.	
Pound:	A	dog pound is an enclosure.	
Pound:	A	troy pound is 5,760 grains.	
Pound:	A	avoirdupois pound is 7,000 grains.	

Before being able to do realistic thinking and reasoning, we must at least give the mind a vocabulary of clearly definable words, and as extensive a supply of useable data as we would a computer. No word should be accepted for use unless it has a definition, and that definition only. No word should ever have two definitions. If any word can seem to have two or more definitions, then it is evident the definitions are not definitive enough.

Nothing can do more to incapacitate our minds for clear thinking and reasoning than words with dual or multiple meanings. The words “money” and “dollar” have been the most responsible for our confusion concerning economics.

Money is not wealth. Money is a psychologically created entity (credit) (inflation) or (imaginary demand) medium by use.

Wealth is any material thing produced by human exertion having exchange value (supply or a small space to be easily transportable, be divisible into small unit quantities without destruction of its use value, and be durable against all potential hazards. Units marked as to quantity and commodity purity, and attested to by authority, should be acceptable throughout the sphere of that authority by consenting producers.

Money is imaginary debt, and is intangible. It cannot be measured by any quantity standard, volume, weight (density), or purity: therefore one had to be invented, and it was the dollar unit.

Monetizing debt is a means of deferring an obligation into eternity, and in effect thereby expropriating the wealth of the producer; and to apply the unit dollar to wealth was essential to this cause.

The only fitting definition for the word dollar is: an expression of measure used to facilitate cross reference between wealth and money (credit) (inflation).

Realists recognize the difference between wealth and money, and the consequences of money creation and use; and also the obvious law it demands be acknowledged:

Jenkin's economic truth # 9

Whateverduring an exchange is accepted as a medium of exchange in lieu of wealth is imaginary demand, (money), (credit) and (inflation).

Chapter II

Errorists

An errorist is:

- One who by choice or otherwise adopts and perpetuates an idea that is in violation of natural law.
- One who believes only in the "here and now," and in what appears to be true.
- One who is prone to accept convention as being the supreme test.
- One who is not concerned with the "final outcome" of any word or deed, but only that "on the surface" it O.K.
- One who completely ignores consequences in order to beexpedient.
- One who jumps to a wrong conclusion.
- One who fails to observe available historical data and use it in his calculations.

An errorist's conception of the value of money is what you can get for it. The error is in ignoring the factor of time completely. When money is exchanged for goods, the money is being used as a medium of exchange. The time factor is concerned with the fact that "use value" of money is less than its "exchange value". It must go through another exchange before its holder will have the commodity he wishes to use or consume. The interval between the initial exchange (receiving the money for personal production), and the final exchange (passing the money on for the produce of another) may be very short indeed. Some of us have felt we have it spent before we receive it. This very short interval leads to a conclusion that money is just as good as wealth, but we fail to observe that an exchange of wealth is final. An exchange for money requires an interval, and another exchange, and thereby creates a condition that is in direct violation of natural law by allowing wealth (supply) to exchange for credit (inflation) (imaginary demand).

To illustrate the everlasting effect of this monster once created, let's look at just one transaction and the thing it sets in motion.

"B" is an owner of wealth, a producer of commodities in the capitalist, division of labor, system of employing wealth and labor in the production of goods for exchange.

"A" is also a producer exactly as "B ".

purchase other goods; (there isn't any promise involved), the gold and silver are wealth itself, having use value *comparable* to its exchange value.

However, if "B" should sell his goods to "A" and receive money, he is receiving imaginary demand with *use value less* than its exchange value.

"B" buys from "C" to finalize his exchange and acquire the commodity with the use value he desires.

"C" now has the money with its *exchange value* greater than its use value.

"D" sells his produce to "C" and receives money.

"D" has money (exchange value greater than use value).

"E" sells produce to "D ".

"E" has money (exchange value greater than use value).

"F" sells produce to "E".

"F" now has money (Exchange value greater than usevalue).

"Exchange value" (money) greater than "Use Value'' (production) *is* "INFLATION"—(imaginary demand).

This can go on for ever and ever, and the final exchange is postponed far into the future. The violation of the natural law of competitive production parities is that this new element "money" has become a perpetual unquenchable imaginary demand, as more and more money is created, the "falling dollar parity" drops lower. The productivity of people increases at a natural pace. The money supply increases at an ever increasing rate, and this imbalance between wealth (real demand) and imaginary demand (money) causes lowered "dollar parity" (money exchange value decreasing as volume of money increases) because of increased dollars bid per unit of production.

With dollar volume rising inexorably and production conforming to natural laws, the conflict always ends in eventual "falling dollar parity" to the point of economic collapse. Historic data on this are very conclusive. But to anyone not concerned with historical data, money in lieu of wealth could not matter less.

This "money" hoax once created does not disappear. It hangs over the economy, and is essentially invisible. Its effect builds, over the years, but goes "undetected" until the dollar's parity starts changing with a rapidity that becomes noticeable. To illustrate this, let's take some figures that are current at this writing.

The budget deficit for 1971 is estimated to run up to some $20 Billion.

$20,000,000,000.00 -r 365 = $54,800,000.00 a day.
54,800,000.00 T 24 = 2,283,333 00 an hour.
2,283,333 00 -j- 60 = 38,000.00 a minute.
38,0. 00 -r 200,000,000 people =
$0.00019 (19/1000ths) of a penny
per minute for every man, woman, and child in the United States.

OR:

$0.00019 X 60 = $ 0.01140 an hour.
0.1140 X 24 = 0.27360 a day.
0. 27360X 7 = 1.91520 a week.
1.91520 X 4.3 = 8.23536 a month.
8.23536 X 12 = 98.82 a year for every man, woman, and child in the United States—multiply by the number of members in your family to find the deficit increase for just this one year. The increased burden placed on your family because of the irresponsible creation and use of "MONEY" instead of gold and silver coins of commodity value.

of over 220 billion dollars, or between 1,000—1,200 dollars per person. The created money volume keeps growing as if it were never going to have to be paid off; yet that is the very substance of its existence. Money is accepted as a *claim* on wealth in ignorance. Dollars are accepted, with or without awareness that they are; records of imaginary debt. Paper dollar tokens are accepted, with or without awareness that they are evidence of imaginary debts we owe to the issuer. If the tokens were to be exchanged at their use value, it would take a *carload* to buy a car; they would be wealth so traded, but exchanged at their face value, they are money (imaginary demand). They are a pseudo claim against the goods of some future producer, and the only way he will be able to make use of them is to pass them on to someone else.

Money (imaginary demand) can only be taken out of circulation one way, and that is by the creator. The creator must redeem paper tokens for their full face value from the last holder for its cycle to be completed, and for it to be destroyed. Until the money (imaginary demand) is redeemed by the creators, every bit of it in circulation is a record of imaginary debt which cannot be repaid, and will not be redeemed.

The creators collectively (U. S. Treasury and Federal Reserve System Banks) owe us 220 billion dollars in wealth that they expropriated, and there isn’t 1 / 20th of that in gold in the country. In addition, we owe 50-60 billion dollars to Germany and others. How long will our faith in the creators last? Germany and Austria lost theirs. To *deny* that a day of reckoning will come, is to refute that it ever happened in Germany in 1923.

We accept dollars as debts we owe the banker from whom we get them! (when in fact the debt is imaginary).

We use them as claims on wealth the banker owes to whomever we obtain wealth from with them! (when in fact the banks will not redeem them).

We cannot ever totally pay back the debt we owe the banker because of interest!

The banker will never redeem the dollars; they are non-redeemable by the issuer.

This ridiculous situation is destined to continue until the psychological nature of money is exposed, or until the expropriation of wealth consumes most of production and man begins to starve.

Chapter III “Money” mental block.

The degree of concern must be somewhat proportional to the degree of awareness. To bring about a degree of concern in the great mass of people one must endeavor to educate, to bring about a degree of awareness. Exposing a hidden truth to the light of day, doesn’t mean a thing, unless it is accepted and the receiver realizes the fact it represents. To a great many people a fact ignored, is not a fact. Just telling facts does not assure their acceptance, for a fact to be accepted it must be advanced through some kind of mental barrier. Just a few years back we were concerned about a possible sound barrier, no one knew for sure, what would happen when it was penetrated. Today everyone accepts the sonic boom for what it is. When the threshold of resistance to monetary awareness is finally crossed and the mental barrier penetrated, the result will be somewhat more devastating than a sonic boom.

For some reason the degree of awareness of any fact, for the individual, is relative to something other than just the method of presentation. A room containing a hundred people can listen to the presentation and see the evidence and perhaps two or three people will exhibit the tell-tale sign, that lets the speaker know he has “reached” them. It isn’t enough to present a fact, with its supporting evidence in different ways to “reach” different people. There are many times, many people present, who do not seem to grasp the significance or the gravity of the information, or to consider the outcome, that will eventually result from reaction to it. A speaker cannot teach anyone

Trying to understand this condition of being able to absorb and to become concerned, and how to bring about this condition in people has led to some interesting conclusions. Most people must have a strong barrier against accepting anything that clashes with an idea or concept already considered and accepted. Just as an object in motion tends to remain in motion and in the same direction; so it must be with accepted ideas. For some people the degree of conviction on the accepted idea must be so strong that to even have any new challenge to that idea considered it must be presented in exactly the right way. Until the individual will consider the new proposition there isn’t the slightest chance it can be accepted. Until it is accepted, the degree of awareness to its contention cannot be expected to create any degree of concern.

After you have arrived at a point in your presentation that causes an individual to consider the new proposition you are then faced with how well he will go through the mechanics of objective consideration. Only by associating himself with the ultimate effect the new concept could have on him personally, only by becoming personally involved with the idea, will the idea be considered with a degree of effort that will have a positive reaction. Too many times, when you think you have really brought-home an idea to someone are you faced with a response of: “I know; but why are you so excited about it?” Which indicates to you that somehow he didn’t get it, he still does not understand, because if he did he would not have asked: ‘‘Why are you so excited?”

You can only try again to somehow present the proposition in still another way to try to penetrate the “new concept” rejection barrier and transcend the acceptance threshold to obtain the degree of awareness necessary to bring forth the amount of concern you feel you should have generated.

The fact that the “dollar” is no longer redeemable, is so fantastically significant that when the degree of awareness necessary to trigger the collapse of the hoax is finally attained in the necessary amount of the population the result will be absolutely unbelievable to millions of people, who have been exposed to this fact over and over again. People seem to want any new proposition to be unacceptable, with such dedication, that they will jump to accept the first thought their mind conjours-up, which would tend to contradict the new proposition. In the case of the “dollar” they cling to a belief that it doesn’t make any difference whether the “dollar” is redeemable or not as long as the people think it is, it still “works” the same. This conclusion is as ridiculous as ridiculous can be, and yet they will jump at it, and not go any further in their consideration. Only an objective consideration carried to the absolute extreme should ever be trusted as a basis for a conclusion.

Only with the cooperation of the individual can the speaker reach the individual with the new proposition with any hope of its acceptance. The ultimate in success is when the speaker making the correct presentation meets the individual with an open mind, and a willingness to consider the material objectively on its own merit.

In the case of the “dollar” the accepted ideas have been in the people’s minds for so long that even the consideration to consider is very hard to come by. The longevity of the hoax has just about justified the acceptance of the idea; that if people believe in “dollars” that is all that is required. It is easy to see the strongest point that supports that belief, it is the fact that the producers of the wealth must pledge or exchange wealth to obtain “dollars” and so it “holds” they must be worth the wealth it “costs” to get them. Somehow it hasn’t crossed the minds of most people to wonder who obtained the “dollars” first, and by what means was the receipt of them justified. Where did the “dollars” originate? Who were the first individuals to use the very same “dollars” they are using? Those are the questions of the “truth” answers, and it only takes five seconds for true contemplation of the “truth” to convince the most die-hard of die-hards that “dollars” (money) is the greatest hoax on earth.

To arrive at a true acceptance of a fact an individual must be willing to examine his thinking and all information. The very instance of anyone interrupting a speaker to say: “I do not agree with you” would have to be evidence that either the statement is made because the speaker’s information is being considered against preconceived conclusions, or that the information is not new and had been heard and considered earlier. It is evident to the speaker, that *if* he sees genuine shock and disbelief at the first mention of his fantastically unbelievable truth, that the disagreeing member of the audience had not heard it before and was disagreeing on the basis of preconceived conclusions and therefore was not truly considering the proposition at all.

Only a genuine desire to learn, lowers the rejection barrier to allow new facts across the threshold of the mind.

Exposure to facts plus consideration equals awareness. Awareness plus acceptance of responsibility equals concern.

Chapter IV “Dollars” are not backed.

The “dollar” is not “backed” by the wealth of its creator. It is not “backed” by the wealth of a depositor that deposited wealth, to cause its issue, because that was the way it was done originally when we had private banking, and all certificates issued were bearer certificates redeemable in the wealth so deposited.

The nature of the “dollar” was changed over a period of years so surreptitiously that few people today really understand the nature of the change. A dollar was a name applied to a silver coin of 371 grains of silver .999 fineness. A dollar was a name applied to a silver coin of 378 grains of silver .999 fineness. A dollar was a name applied to a gold coin of 13 7143 Grains of gold .999 fineness. The gold coins were discontinued in 1934. The silver coins were discontinued in 1965 but the memory lingers on, and now the “memory” is called a “dollar”. While the gold and silver coins still existed as legal currency, paper certificates redeemable in those gold and silver coins were issued for use as proxy representations.

People did not object to paper certificates, and in fact preferred them in place of heavy coins as mediums of exchange in the market place. The removal of the gold and silver coins as legal tender left the memory of them in the mind, and the paper to facilitate that memory and to help keep it “alive”. Now we trade “dollars” that are solely imagination and somehow most people cannot see anything wrong in that. Now we are told that it is the Gross National product (G.N.P.) that “backs” the “Dollar” and we cannot find too much wrong with that because it surely does seem to be purchaseable with “dollars”

There, in as concise a statement as can be provided, is the answer, the dollar used to be *redeemable* in produced wealth, now it can only be used to *purchase* wealth. The old certificates could be used to *purchase* wealth and could pass from one producer-consumer to another producer-consumer and whoever at anytime wished to *redeem* his paper for the wealth in reserve for its redemption had merely to present it for *redemption* and he would receive the gold or silver coins. Without the silver and gold coins in reserve now, the redemption is impossible and only purchases can be made with “dollars”. Without redemption “dollars” accepted are “bad checks”. Just as redeemable dollars or non-redeemable “dollars” can be used to make purchases, so can good checks or bad checks be used to make purchases. The bad check can make many purchases and bear many endorsements but one day it will be presented for payment, and when that payment is *refused* its “bad check” nature will be exposed.

The “bad check” is returned through a reverse course to the issuer who is asked to make restitution, and we have laws to enforce that restitution. The “dollar” however, is accepted as being the *good* check and is never presented for payment. It is accepted as the payment itself. The constitution of the United States stipulates that no state shall make anything except gold and silver its true nature exposed, except that we do not seem to object to this condition. We would not take it back to whoever we received it from and demand restitution, because we can use it to *purchase* with and obtain the production we desire by *purchase,* even when *redemption* is refused. Eventually we accept the contention that the "dollar" is "backed" by the G.N.P.

Sometimes it is stated by government that the "dollar" is "backed" by the full faith and credit of the government. If thought were applied to the use of the word "backed" it would lead to the rememberance that the dollar used to be "backed" by gold and silver; then "backed" was used to express "redemption". If *"backed"* means *"redemption" then* where is the G.N.P. *stored* that is *held* in *reserve* for the *redemption* of "dollars".'' There isn't any! Then the "dollar" is not "backed"!

The "dollars" of today are only accepted as "purchasing units" because of the confidence of the people that is based on residual memory of their past worth in *redemption.* When the "bad check" nature of "dollars" is exposed their purchasing power will all but disappear.

When we pledge wealth to the bankers to get "dollars" we feel that since it cost us wealth pledges to get "dollars" they must be worth that wealth, or why are we doing it? We pledge the wealth to the bankers to get "dollars", but we use them to *purchase* production from our fellow producer-consumers. They in turn can only use dollars to purchase from other producer-consumers etc. etc. No one can *return* those "dollars" to the *banker,* demand production, and get it. There isn't any production *produced* by the banker or *held* by him in reserve for the redemption of "dollars" so *why* do we pledge wealth to him to get "dollars"?

We believe that it is the "dollars" that were *deposited* by other producer-consumers that we are borrowing and therefore we think that the wealth we pledge to the bank is to guarantee the repayment of those "dollars" to the depositors of the bank. It is our lack of knowledge of the fractional reserve system that allows this mistaken idea. The depositor's "dollars" deposited are the *"fractional reserve"* "backing" for the "numbers" written by the banker (newly created "dollars"). It is these newly created "dollars" (numbers) that we borrow, not the ones deposited by the producer-consumer-depositors of the bank.

The new "dollars" cost the banker nothing to create so why should we pledge *him* anything to get them; why don't we pledge our wealth to the producer-consumer that will give up wealth in exchange for those "dollars". The banker will not give any production to redeem his created-at-no-cost "dollars" so why should we pledge our wealth to him to get them?

When we write a check to pay for a purchase we must have the full amount of our check on deposit in our account to redeem it, or we are subject to prosecution by law. Why is the banker allowed to issue "dollars" with only a fraction of the amount on deposit and that fraction is the "dollars" deposited by others, not his money? The banker creates and issues "dollars" that are only numbers in a book as "deposit credits" and issues metal and paper tokens to represent those numbers as currency (coins and bills).

The meaning of the word dollar has changed, from being a word to describe a portion of wealth held in reserve for the redemption of its tokens, to the use of the *word* and its representative tokens *today* as *being* the "wealth" itself in imagination. Today we pledge wealth, to the prestidigitator, creating the illusion, with pen and ink purchased with the illusion, to obtain the illusion from him. It is such a diabolical proceedure to define that we do it and accept a belief that somehow the banker is performing a service when in fact he is expropriating our wealth as fast as he can create the "dollars" and exploit our lack of knowledge of what he is really doing. The "dollar" is not "backed", it is not redeemable and therefore it is worthless and if accepted in exchange, it is in ignorance of its true nature.

Chapter V Use Value: Worth

The worth of goods and services is the human satisfaction obtained during use or consumption; the amount of warmth extracted from a ton of coal; the amount of hunger relief felt after consuming a good meal; the pleasant sensation of drinking a glass of good wine; the reward of love and affection after presenting a loved one with an ornament constructed of silver or gold, or a gift in any form of precious metal and jewels. It is the direct pleasure felt from services of others, such as musicians; the enjoyment of the music; the value of the services of an attorney representing you in court. If it were not free, the worth of air would be life itself.

Exchange Value: Valuation

The worth of any product is the ability to satisfy human desire. The exchange value is the worth of the ultimate goods you can exchange it for directly or by a series of exchanges. A bald man has little need for a comb. For him it would not have much “worth,” but exchanged for a coin, the coin exchanged for a shoe horn, he would have a product with use value he could exercise. The “worth” of the comb to him was its “exchange value.”

Mutually Acceptable Worth: Evaluation

Using the same example a bit further, and assuming the party with the shoe horn had two of them, but was without a comb, one of the shoe horns was of little worth to him. If he and the bald-headed man exchanged directly, they would have both surrendered goods of less worth to them respectively, and obtained goods of greater use value to each of them respectively.

The valuation of the product surrendered was less to the party surrendering it than the worth of the product obtained on both sides of the exchange.

Free exchanges only occur when each party feels he is getting more than he is giving up. Examples: John produces food—Walter produces furniture—John sells his surplus food for coins—Walter sells his surplus furniture for coins. In John’s case, surplus food would require refrigeration—selling his food for coins, he can save that expense, so “cash on hand” is more “desirable” than “inventory”. In Walter’s case, his surplus furniture would require warehousing; selling his furniture for coins, he can save that expense, so “cash on hand” is more “desirable” than “inventory”

When John requires a new sales counter in his food shop, he exchanges “cash on hand” to purchase the counter from Walter. The counter is a tool in his business, and will be instrumental in increasing his sales, therefore he values the new counter more than the coins he is surrendering.

When Walter gets hungry, and desires food, he cannot eat the coins, so he exchanges his “cash on hand” to purchase food from John. The food will satisfy his hunger which the coins cannot do directly, so he values the food more than the coins he is surrendering.

This mental exercise of “Weighing-in-the-mind” the relative worth of the goods and services desired relative to the valuation of the goods and services to be surrendered is done subconsciously by most people.

The “worth” of “money” was its *“exchange value “* and it just wasn’t of any concern to anyone that the “worth” of “Money” *itself* is *ZERO*.

“Money” is like air, in that we cannot “see” it or feel the texture of it, but we can use it, and we can feel the effects of its being there. Air is free until man exerts himself, stores it in a bottle, under pressure, and it is wealth, a product, “compressed air”.

Money is an intangible created by authoritarian edict placing a face valuation in excess of wealth worth on tokens. The *differential created* is “money” and cannot have substance unless it is *fully redeemable* into wealth in amount of the differential, and then it no longer is “money.”

Somehow the idea of money in our mind is that money “is” what it “is not,” and it is this belief supported by our faith in the government, that gave us the monetary authority, that makes us give up our wealth for this worthless intangible.

Chapter VI FREE MARKET

Parities of commodities: fish - eggs - gold - furniture.

Supply and demand always equals 10096 - Cannot imbalance.

Relative labor required and location affect economic value (parity).

“Supply” and “demand” are one and the same thing (wealth).

People’s “sudden” desire for goods and services cannot cause imbalance, for wealth used as “demand” is also “supply.”

Excess of production over consumption is inventory for exchange.

Excess of production over consumption and exchanges, converted to a relatively stable commodity, which will not spoil becomes savings.

Wealth commodities as savings become excellent medium of exchange (wealth media). A commonly accepted, widely recognized, stable store of value, easily and infinitely divisible, impervious to time and weather developes as a common commodity, usually gold and often silver.

Parities between all other commodities can then be more easily expressed in terms of their parity with the common commodity, a process known as pricing.

Gold and silver coins of specific weight and purity have been used as wealth mediums of exchange (media) for thousands of years.

Inflation cannot exist in any economy using wealth media exclusively.

Population needs and produces goods with exchange value (wealth).

Anything produced by human exertion having exchange value is wealth.

“Needs” create employment in “production.”

“Production” provides the goods to be used or consumed (supply).

Supply in excess of consumption is potential “savings.”

“Savings” in the form of gold and silver coin is “wealth.”

“Wealth” exchanged for “wealth form” desired directly is “Barter.”

Gold and silver in coin form are wealth media.

Gold and silver coins as wealth media are potential real “demand.”

Gold and silver coins can be melted to become “supply.”

Gold and silver coins used to “purchase” are *real* “demand.”

Gold and silver coins melted for use are real “supply.”

Gold and silver coins are either potential “supply” or potential “demand.”

Purchasing media in any form of wealth are either potential supply or potential demand. A market using only wealth media is a “free” market.

Inflation is imaginary purchasing media which cause an imbalance of *imaginary* demand vs. supply (wealth) (real demand).

Since in a “free” market all media are either “supply” or “demand” an imbalance cannot develop or exist.

Inflation cannot “develop” or “exist” in a “free market.”

The law of “competitive bidding” governs the “free” market unassisted.

“Price” is the parity between purchasing media and the commodity desired.

Price parity is the “free” market, “competitive bidding” condition indicator, and when a commodity’s parity *rises* in relation to others, it leads to *increased* production of that commodity.

The “free” market adjusts itself naturally to maintain relatively stable commodity parities. Wealth converted to “media form” increases in competitive parity with its “supply form” and will not be converted back to “supply form” in a free market.
The “wealth content” of token media are converted to “supply” when competitive bidding causes its “wealth content” parity to rise in relation to its exchange value parity with the “wealth content” “supply form.”
The accumulated volume of wealth media increases automatically in response to “free” market forces.
Population growth increases the need for increased production.
Increased need provides employment opportunity for the increased population.
Increased production leads to greater, over-all volume of accumulated wealth media. There are absolutely no *fixed* parities in a “free” market.
Any “fixed” parities would prevent market self-regulation.
A “free” market must have “wealth” mediums of exchange and no fixed parities. Media with a commodity fineness and quantity designations are valid and real. “Money” and “dollar” terminology completely prevent the operation of a “free” market. A 1964 Kennedy “half dollar” contains “free” market wealth (silver) of 90% purity (fineness).
A 1964 Kennedy “half dollar” consists of “free” market wealth equal to 90% of its “demand value” expressed in “dollars.”
“Money” is the difference between “demand value” and “free” market “wealth” value of a medium of exchange.
The “wealth” part of each coin is either “Supply” or “demand.”
The “money” part of each coin is total inflation (imaginary demand).
The very existence of “debased coinage” creates an imbalance equation of “supply” vs. “imaginary demand.”
The imbalance present in a coin remains as long as the coin exists.
A 1964 Kennedy “half dollar” is 90% wealth plus 10% “money” (inflation).
A 1965 Kennedy “half dollar” and all those through 1969 are 40% wealth (silver) plus 60% “money” (inflation).
A 1971 Kennedy “half dollar” is 3% wealth (copper-nickel), 97% “money” (inflation). In the 1964 coin the imbalance created is 10% “money” (inflation).
In the 1965-69 coin the imbalance created is 60% “money” (inflation).
In the 1971 coin the imbalance created is 97% “money” (inflation).
BUT BY DOLLAR TERMINOLOGY, THEY ARE ALL *EQUAL!*
An old “silver dollar” is 90% wealth (silver) plus 10% money.”
The new Eisenhower dollar (for circulation) is 3% wealth (copper-nickel) plus 97% seigniorage “money” (inflation).
A “one dollar” paper token (bill) is 6/ lOths of 1% wealth (paper and ink) plus 99.4% “money” (inflation).
BUT BY THE “DOLLAR TERMINOLOGY” THEY ARE ALL *EQUAL!* “Money” itself is “inflation” and can only be eliminated by a return to “wealth” mediums of exchange.
“Return” to the use of gold as the “primary commodity reference” and “medium of exchange” has been the solution to every financial collapse in 6000 years.
We the people must be “free” to trade with wealth!
People not free to trade with wealth become slaves to the “money” creators.

Chapter VII Rent - Interest - Free Coinage.

It is impossible to pay all the rent or all the interest owed unless the people themselves control the quantity of our medium of exchange.

Borrowing wealth is practical if wealth can be returned, plus a rental fee in "wealth form" otherwise: We cannot return more to a lender than he lends.

If a person borrows the production of another, it can be repaid with a "surplus" of the borrower's production as a "rental fee."

Any contract made payable in wealth can be repaid in wealth, plus rent, in wealth form.

People produce wealth, and wealth is a "real" medium of exchange.

People's labor produces wealth, and any wealth borrowed can be repaid with "new" wealth produced.

The secret is that we "must" be able to repay in newly produced wealth fashioned into medium of exchange "form."

The "quantity" of wealth in medium of exchange form "must" be "expandable" by the individual actions of people responding to "free" market forces.

People must be free to decide "when" and "if" they desire to convert their wealth into medium of exchange form.

If we are forced to use a medium of exchange whose "quantity" is "regulated", then we are slaves to that "regulator," because: we cannot return more than we borrow, from an only source.

Interest is a "money" charge for the use of "money."

Money is a psychologically created monetary unit accepted by the public as a medium of exchange.

Money hasn't any physical being, it does not exist.

Monetary terminology has be divised to facilitate description of its units in terms of "dollars."

Quantities of it are represented by minute quantities of wealth in the form of metal and paper tokens.

Money confers all its power upon its creator!

Acceptance of money enslaves labor to the will of the money creator.

Money accepted in exchange for wealth grants to its creator the title to that wealth.

A contract to repay borrowed money plus interest is impossible for the borrower to fulfill.

The borrower could only obtain the money for interest from a creator and "it" "borrowed" would be "new principal."

FREE COINAGE

A free coinage system is where the government-operated mint is limited to controlling only the *quality* of the coin it produces; the *quantity* produced is dependent upon the amount of precious metal submitted by the people for coining.

"Free coinage" guarantees a "free market."

When government itself or any monetary authority decides the *quality* or *quantity* of coin to put into circulation, there is no longer "free Coinage" or a "free market"!

PRODUCERS AND CONSUMERS

TREASURY

Chapter VIII RENT-INTEREST

If a farmer lends his neighbor a horse, a plow, and a bag of seed, it is easy to see how it is possible for them to be returned with a little something extra. The neighbor can return the horse, the plow, and the bag of seed, and perhaps an additional bag of seed, or some flour, or some bread, or anything of wealth the neighbor may feel is an honest value to repay the farmer for the use of the capital borrowed.

The additional wealth returned for the use of capital borrowed is called rent. Rent is a material thing, it exists, it is produced by labor and has the ability to satisfy human desires, and is exchangeable. It is wealth.

Throughout history, rent has existed as an honorable thing, to be paid by the borrower, as a condition of the use of another's capital.

All capital is wealth, but not all wealth is capital. To be capital, wealth must be used in the production of more wealth. It is from this increased production of wealth that rent is paid.

Rent is payable because it is produced with the aid of the capital supplied by the one to whom the rent is payable and it is the earned share of the increased production. The rent may be paid in any form of wealth mutually agreed upon. It may be the direct product, wheat, seed, or the intermediate flour, or the final product bread, or it may be paid in gold or silver.

It is essential to understand that rent is an obligation for the use of capital, that can be satisfied by the borrower with some product of the borrower's own labor., wealth. It is essential to see that it is the farmer's production, in whatever form, that settles the obligation. The source of rent is the use of the borrower's labor, with the lender's capital upon the resources of the earth.

The limit to the amount of rent that can be paid is found by the amount anyone is willing to pay for the use of capital. Actually, all the production produced could be rent if the borrower were willing to labor for "no return." In fact, it is this area of agreement between the laborer and the providers of capital that actually sets the level of wages in a free enterprise system. Rent is wealth and as such is produced by labor, and is only limited by that production.. As long as labor can produce, rent can be paid. The millions of laborers in the United States are individual sources of rent through their labor.

Interest is a money charge for the use of money. Interest is a money charge because it is always expressed in monetary terms. If the "interest" charge was expressed in wealth terms, it would be "rent," and not interest. Rent is a material thing, interest is psychological. Interest is expressed in monetary terminology and money is a psychologically created unit that does not exist physically in our universe.

Money is a figment of the imagination, created in one mind and accepted in the minds of others through the medium of representative tokens. The tokens are material substances, endowed through the power of persuasion with values related to substantial amounts of actual wealth, yet are of infinitesimal amounts of wealth in themselves.

The United States monetary unit is the "dollar" variously related to wealth as 420 grains .900 fine silver, 412.5 grains .900 fine silver, and also as 25.8 grains .900 fine gold, and 15 5/ 25ths grains .900 fine gold. Amounts of these dollars are recorded in books as paper and ink entries, preceded by a "dollar" sign ($) as $6.4 million ($6,400,000), etc., and these marks in the book are the birth of the amounts so recorded. Today, only one entity has this power to so create dollars by the mere entry in a book.

When dollars were created by the old national banks, they were limited in the amounts they

Since the paper dollar tokens were only worth $0,006 (their cost to produce) but were freely exchangeable at the banks for the metal tokens which were nearly the actual wealth and only a small percentage of imagination, the mental persuasion was accepted by the people and the dollar became an entity in thought. The justification for paper currency was that the actual wealth they were valued in relation to, was on deposit, in reserve, and readily available for the redemption of the paper bills.

Unlimited creation of dollar units by entering an amount in a book was not possible, because the volume of tokens of near value required to service specie demands was not possible to create without the labor of the people. The system did occasionally collapse, as bank runs developed from just such "non service" of specie demand.

To be able to create unlimited amounts of dollars and not have the natural law reaction, bank runs, and failures, it was necessary to charter a United States central bank. In 1913 the Federal Reserve System was born out of the Federal Reserve Act, and the power to create dollars was given to this one entity (a monetary authority).

Step by step the use of gold tokens was made unlawful by executive order. By 1965 the coinage act had taken silver out of tokens, and by 1971 there were no longer any metal tokens with wealth content above 3% of the value of wealth expressed by their monetary unit denomination. With the marks in the book only redeemable by the paper bills and tokens containing *3%* of the wealth they had to be accepted for, *the entity was indeed the most* powerful force in the United States.

This one entity could create and issue money, with wealth no longer lawful, only money as a medium to settle contracts, and all transactions conducted with an imaginary medium. Mass hypnosis was created on a gargantuan scale, with everyone depending on figments of the imagination to conduct their business, their lives, and their fortunes. Everyone was dependent upon this single entity and its continued creation of the monetary units by simply writing down an amount in a record book preceded by the mystical sign "$."

It is extremely essential that the observation be made that all dollars created are created in this manner by this entity's system in its books. All dollar credits wherever obtained had their origin in this entity's books and were distributed from there.

When the Treasurer of the United States creates a bond and sells it to the Fed, the Fed transfers dollars created on its books to the credit of the Treasury in its checking account at the commercial bank. The Treasurer writes checks on this account and when the checks are presented at the bank for payment, the people receive credits transferred from the Treasury's balance in the record book to their balances in their account record book at their bank. If people want cash dollar tokens for their government checks, the bank issues federal reserve notes provided by the Treasury for the purpose. Fed notes are paper bill tokens that represent the monetary unit dollars, created by the entity (Fed). Metal tokens (copper- nickel), not silver and gold are also provided by the treasury for issuance by the federal reserve system banks.

The Fed who creates dollar balances on its books, out of thin air, does not have to provide the tokens that are the material representations of the monetary units they create. The tokens are provided by the treasury to convey to the people that the debt they represent is an obligation of the United States government and hence the people (we owe it to ourselves).

The tremendous effort to confuse the people is self-evident on any federal reserve note. A note is an I.O.U. and a federal reserve note should indicate that the Fed owes the holder. The Fed is a private corporation and the government of the United States *does not* owe *any* shares of the Fed stock; but the Fed notes are endorsed by officials of the treasury, making them appear as obligations of the people. Making them appear as obligations of the people makes the people think they owe it to themselves.

and the records remain on the books that the treasury must pay the money back *plus interest.* Anyone holding a dollar bill token has a minute amount of wealth, as a material thing, which represents a much larger amount of debt on the books of the entity. The holder has permission to use it to acquire the wealth of another using the record of debt as a medium of exchange in lieu of wealth. All the while this dollar circulates it represents one dollar of debt owed to the entity for something the entity purchased. Precisely: All the while a dollar token circulates or a dollar record exists on the books of the entity, it represents a dollar of debt owed to the entity, for something the entity purchased with imaginary media they created at no cost at all to them!

When the Fed creates a dollar balance on its books, it is a record of debt *owed to itself* by whoever they transfer that created dollar credit to. They create an amount of imaginary units in their record book, and immediately it becomes a pen and ink written record of debt owed to them by merely putting pen to paper.

When someone accepts a transfer of that record from the books of the entity, they accept a responsibility to pay it back: they incur a debt. Part of the confusion starts right there—the transfer is not called a transfer of debt, it is referred to as a transfer of deposit credits. The recorded debt is passed from account record to account record by written orders called checks. The transfers may move the debt from place to place, but the linkage, no matter how long it may become, always connects the debt to the federal reserve banking system that created it.

Withdrawal of cash from an account record consists of accepting the paper bills or cupronickel tokens, which are transferred from person to person as a medium of exchange composed mostly of records of debt. The fact that the tokens themselves are of minute wealth value does not alter the fact they are representatives of dollars and dollars are created by the Fed, and are all debt! We are using debt itself as a medium of exchange, and the entire debt was "Fed created."

The people incur debts to business establishments for time purchases. The businesses in turn borrow from their banks, and their banks borrow it from the Fed. People borrow from their life insurance company. They borrow against the cash surrender value of their insurance policy. They get a check in the mail, deposit it in their bank, and some dollar "credits" (records of debt) are transferred to their account from the insurance company's account.

If the Fed bought some of your wealth with Fed notes directly, you would be receiving records of debt that you owe them for the goods they just purchased from you. You gave them your wealth for pieces of paper that represent debt owed to them, even though the papers are marked "federal reserve note" and in your mind you think the paper is an
I.O.U. of the Fed. If you accept it as a Fed I.O.U. then *why is it* endorsed by your Treasury's officials? - (deliberately to create that idea in the public mind, that it is a U.S. Government obligation). It cannot be said more simply than that. With the Treasury officials' signatures on Fed notes they appear to be obligations of the people of the United States. When the citizen gives up wealth to *anyone* and receives "dollars" (records of debt) in payment, he has received Fed U.O.Me's, and has accepted them as the obligations they are, with knowledge or in ignorance.

With a single entity as the only source of U.O.Me's, and the entire United States economy operating on U.O.Me's, the economy is certainly at the mercy of the U.O.Me creator! (The Fed system.)

When the treasury creates a $50 million bond and turns it over to the Fed for a $50 million U.O.Me transfer to the treasury's account, the bond states clearly the treasury must return $50 million in U.O.Me's plus interest to the Fed in 30 years. The treasury gets $50 million U.O.Me's and must return $140 million to the Fed. The bond is denominated in dollars (U.O.Me's). The interest is 6% annual interest for 30 years. The interest is to be paid in U.O.Me's and the Fed is the only source of U.O.Me's. It can never be paid because the additional $90 million *interest cannot be* create could conceivably be returned but the wherewithall to pay interest does not exist. Wealth payment is unlawful, and U.O.Me’s are not obtainable from any other source but the Fed system. If you tried to borrow U.O.Me’s from the Fed with which to pay them the interest charge, the borrowed U.O.Me’s would be a new debt.

Unlike rent, which is a share of the increased production paid to the owners of capital for the use of capital, and obtainable by anyone with labor, interest is a money charge for the use of money (U.O.Me’s) and is totally impossible to obtain.

Interest is a figment of imagination, imposed as a charge, on the borrowers of figments of the imagination (money) for the use of figments of the imagination (money), and as such does not exist.

Interest is a psychologically induced idea in the minds of humans, along with money (U.O.Me’s), to confuse, confound, and leave them helpless to prevent total expropriation of the fruits of their labor.

Chapter IX Monetary Authority

When people produce goods by means of human exertion and exchange goods because of the division of labor, all exchanges are final and complete. If one party to an exchange makes a subsequent exchange with his “purchased” (medium of exchange) goods that again, is another final and complete exchange. The important thing is that each exchange involved the use of human exertion to produce the product or service exchanged. Each party was free to decide how much of his human exertion “result” he would exchange for the human exertion “result” of the other exchanging party. It is the natural way and has the benefit of automatic “free market” regulation.

When a “monetary authority” is created with the distinct commitment to create a purchasing media that is to be used by all, in all exchanges, and is to be accepted in exchange for the “result” of human exertion, but does not itself have to expend any human exertion in the creation of the media, then an extremely serious condition of FRAUD is the “result.”

In the case of the Federal Reserve System in the United States, a privately held corporation chartered for profit, it is felt that since the Fed claims to be turning over 100% of its net profit to the U.S. Treasury, that this FRAUD is condoned, because the ill-gotten gain is “returned to the people.” It should be pointed out that the Fed has not ever been audited, except by itself; but there is a more exact way to prove who benefits from the expropriation of wealth.

We are all guilty at times of not looking deep enough into things to discern the truth, yet devine guidance informs us that the truth shall set you free. We were told for years that the Fed was an arm of the government, then gradually it began to filter through that when we were told: “the Fed stock is owned by its member banks,” and we stopped thinking at that point, everything seemed alright; but just a little extra effort revealed that the stock of the member banks were owned by humans (people). Through control of the directorships of the member banks a small group of people own and control the Federal Reserve Banking System.

Who really benefits from the operations of the Fed, the people as a whole (the wealth producers of our country) or this small group of people fortunate enough to own the “money making machinery?”

When a “monetary authority” is created by congressional charter and endowed with the responsibility of “creating” and managing the monetary media (dollars), the government creating that monetary authority becomes subject to “control” by the monetary media (dollars) that are its output. The treasury causes U.S. Bonds to be created at the bureau of printing and engraving and sells these bonds for "dollars" created by the Fed. The bonds bear interest. The bonds are bought with "dollars" by the Fed, the Fed ends up with the bonds created and sold by the treasury. Regardless of how many ways they try to fool the people, the fact remains, the U.S. Bonds are held by the Fed, paid for with the monetary media "dollars" created by the Fed. The federal reserve notes that are the paper tokens that represent "dollars" are also printed at the bureau of printing and engraving, and are turned over to the Fed for distribution.

The treasury creates bonds at no human exertion (no wealth backing) people supply the materials and perform the labor, and are paid with "dollars."

Treasury sells bonds for Fed created "dollars".

Treasury owes interest on the bonds to the Fed.

When the Fed Open Market Committee sells treasury bonds into the banking system, temporarily, repurchase agreements guarantee that the Fed maintains ownership.

The Fed purchased the bonds with "dollars" created at no human exertion (no wealth backing) (people supply the materials and perform the labor, and are paid with a small amount of what they produced).

The Fed has the bonds.

The Fed collects interest on the bonds.

The Fed has the fed notes for distribution by lending, with the interest earned, as profit.

When and if the Fed sent its "profit" to the treasury, the treasury would have to return it "post haste" as payments of principal and interest.

If the Fed is an arm of the government, why does it ridiculously hold its "own" bonds and pay itself interest?

If the Fed is an arm of the government why does it hold certificates giving the Fed the ownership of the "treasury's" gold.

If the Fed sends its profit to the treasury, why doesn't it send the bonds back?

Every "dollar" the Fed creates is loaned by its creating bank at interest. The amount of "dollars" created to date, and on the books of record is well over two trillion dollars, even at only six percent that is one hundred twenty billion a year. The profit from that alone should have paid off the federal debt long ago. If the Fed could be audited by anyone outside its own organization we would not have to reason these things out, we could learn the truth first hand.

The Fed refuses to allow itself to be audited by the people, for what reason? (it audits itself, what has it found out?)

The Fed owns the "nation's" gold. For what reason? Why doesn't it give that to the treasury?

The people are not permitted to speculate or invest in gold. For what reason?

The people produce all the wealth, but are not allowed to have wealth backed media. For what reason?

The Constitution of the United States specifies gold and silver coin as media; but we are required to use metal and paper tokens. For what reason?

The legend: "The United States of America promises to pay to the bearer on demand dollars," has been removed from the paper currency. For what reason?

It is the observation here that looking at this entire situation objectively, it can be likened to a number of horse drawn carts, drawn into a tight circle. Some will see a horse in front of every cart, and some will see a cart in front of every horse. It is respectfully submitted here that as long as the Fed holds the gold of the nation it is the beneficiary of the present. As long as the Fed holds the themselves, for profit, and that the people (the wealth producers) are the victims of “money” the greatest hoax on earth!

Chapter X

Gold—Paper Currency

The considerable amount of value able to be stored in gold coins makes them highly desirable. For safekeeping they were usually stored at a local depository, and the depository claim certificates used in their stead for exchanges. As long as the gold represented by the certificate was stored (held in reserve) to be released only upon surrender of the certificate, the certificate could be used as though it were as good as the gold itself (as proxy for the gold). “Inflation” could not occur as long as the certificate was recognized as being the bearer certificate “redeemable” in gold *not* the gold “itself”, and the gold *was* held in reserve for its redemption. With certificates in active use, depositories found that 90% of the gold behind their issued certificates remained in the vaults constantly; only about 10% at any time being withdrawn for use or transport. Different depositories honored each other’s certificates if and when they were tendered for redemption and settled the balance of payments by shipping gold as required; from this the banking system evolved.

Eventually, the depository officials increased the amount of certificates they issued—issuing certificates in excess of gold on deposit; this was, of course, very unethical but since they were lending these certificates out at interest it was also very profitable. All the certificates promised redemption in gold, so those for which there was not any gold on deposit could not be told apart from those that did have gold on deposit. “Inflation” existed but was not readily apparent.

The “certificates” issued in “excess” of gold on “deposit” were “imaginary demand” and not real demand and were “inflation.” The parity between all commodities and the common commodity (gold) changed because of this and this change of parities is the “inflationary effect” (falling dollar parity), known, in error, as “rising prices.”

As long as the gold redeemable “bank notes,” as they became known, circulated within a district, and the various banks honored each other’s certificates, and as long as none went “too far” in the issuance of bank notes beyond the deposits of gold on hand, the “inflation” had the effect of creating a “boom” in business. Nothing will remain in balance forever, and when an unfortunate bank found itself with demands for redemption of its certificates in excess of its deposits in gold, it failed. When banks failed, it was quite evident the people holding bank notes that could not be redeemed had lost their savings. Unlike token “coinage” which becomes accepted as wealth itself, the bank notes became totally worthless.

Lincoln issued United States notes to pay for the Civil War. These notes were not redeemable in gold but by accepting them in exchange for goods, citizens in effect were paying their future taxes in advance. The notes were usable in the settlement of taxes. Held by the initial receiver until their return to government was noninflationary, the notes were simply evidence of a loan of goods and services to government. Used as mediums of exchange they were pure inflation, the goods they originally represented long since consumed, they were only records of debt, not tokens of wealth. They bore notification:

> This note is legal tender at its face value for all debts public and private except duties on imports and interest on the public debt.

The words “legal tender” mean “lawful money” and the people accepted that, and exchanged their wealth for them and generally considered them as good as gold, even though they bore a of United States notes by Lincoln to under 400 million dollars. Cost: one bullet.

Lincoln printed the United States notes to pay for the war only because he did not like the high interest rate the bankers wanted to lend him their money creation. The bankers wanted government interest bearing bonds as collateral for the loan. Lincoln figured if he could create the bond, he could create the currency directly and save the interest. If the bankers could fool the people with their creation, he could fool them with his creation.

Lincoln's currency (total fiat) was able to circulate BECAUSE the people *believed* it was worth the goods they were exchanging for it, and they were exchanging goods for it *because* they *believed* it was good! Any "money" must command this "belief' for it to function at all. The people must have faith in the money for the money to be able to expropriate their wealth without their knowledge. They must be fooled all of the time.

This is accomplished by having "specie" (gold and silver coin) available for redemption of the bills when requested. Only a small amount of coin is required, because the demand is never very great; and if the people *can get* the gold they *do not want* it, (it is too heavy to carry about). It is only when it is "denied" that runs on the banks occur. Many tricks were perpetrated on bank's local depositors during the 17th and 18th centuries—bank agents incognito asking hotel clerks to "convert" large bills to specie for them at the bank. When the clerk arrived he found the bankers auditing their gold and silver coin with large stacks being counted, boxed and taken to the vault, other boxes being brought out for counting, etc. After Lincoln's experiment with "fiat," which still exists and is in circulation today, until 1913 the country had an assortment of currencies, some backed and some unbacked but "all" redeemable for gold or silver coin or goods amongst the people themselves.

The people used gold and silver coins (wealth) in their daily exchanges, even the paper bills could be exchanged for gold and silver coin at the bank. In absolute fact, the people held the "wealth" of the "nation" in their hands. The unbacked paper was named "dollars" and gold coins were "dollars" and silver coins were "dollars". "Bad" circulated with "good" unnoticed by the people, providing the bankers with unbelievable power over the lives and destiny of the people.

Chapter XI

MEDIA

To understand economics is easy—learning the basic truths may be very difficult as it involves more unlearning of old beliefs than it does relearning of ancient concepts of classical economy.

Man applies his labor in the production of goods and services at many levels, but to make it easy, we will try to follow what is known generally as a wage-earner. Human labor applied in production for wages is his service that he performs. His labor in combination with other laborers plus perhaps the capital of still another results in a product or products. These products are the goods produced.

The cooperative enterprise will sell its product on the market, and receive the product of the purchasers in exchange. The only way that an honest free market can be operated is if the medium of exchange used to effect the transactions is itself a material thing, produced by labor, and having use value itself. If the medium of exchange received is not what the seller can use directly, it is still o.k. as long as it is something that will be accepted by others in exchange for the things the owner wants, and *will use* directly.

ing in the market place. The medium of exchange he brings into the market represents supply he produced, that is, was, or will be offered in the market place for sale. There can never be more media than there is supply because his medium is supply (it has use-value) itself.

Some humans work harder and longer than others, and produce relatively more than others, therefore some laborers earn much more than they consume, and end up with a surplus of media. This surplus of media is their savings. Those with savings may put those savings into a joint venture as capital, and participate in the manufacture of more products for sale in the market place. The savings so employed as capital (the tools of labor) may bring him a handsome return eventually as the capital's share of the venture's profit when the product is sold in the market. Man employing his labor and his capital in wholesome capitalism may in time accumulate a fortune, and he deserves it.

With a fortune in savings employed as capital in industry, he can retire and enjoy the retirement. The man with a savings fortune may elect to have others invest his savings for him and be willing to allow them a share of his savings' earnings for their service. One such place is a savings and loan association. He can place his savings media in their care, and agree to let them employ it for him. The savings and loan will guarantee a certain amount of earnings for a given period of time; the longer the time in the arrangement, the higher the return the savings and loan is willing to pay generally.

The savings and loan association may lend his savings to another party, who needs it as capital for an enterprise, or lend it to someone as a mortgage on a home, or for any reason whatsoever. It can *never* be inflationary because it is in itself supply or demand. The borrower at the appointed time may repay the loan with the extra product media which are the capital's proportionate share of his production proceeds, and the savings and loan association may lend them out again. As long as only one party—the borrower—*or* the owner—can use it during any given period. The media cannot ever be inflationary for they are supply in itself.

The saver with his fortune in savings may elect to put his savings media in a bank where they can be demanded back at any time (demand deposit), that is, be readily at his disposal if he needs them. The bank can then lend his funds to someone as capital, or for any purpose, and they will be noninflationary. The bank must take care to maintain enough of its depositors' media on hand at all times to take care of immediate daily demands. With care, a bank can loan out a good percentage of its depositors' funds, and earn a good premium meantime with which to pay its depositors for the use of their savings, and a good earnings for their own services. There is no chance of inflation anywhere along the line, since the media employed were at all times supply in itself, already existing, and ready to fulfill any function they were called upon to perform, be it media in exchange or a useful commodity for use or consumption.

Any man who wishes to start in business and needs capital to do so may go to the bank, and by proper application, satisfy a banker that he is a good risk, and have the banker make him a loan of some of the banker's depositors' savings deposits. The borrower may repay the bank on any prearranged basis, and the premium charged for the loan may be divided by the bank as some for its own service, and some for the use of the depositors' savings.

Anyone wishing to buy a house may obtain a mortgage from a savings and loan association by proper application, and credentials, and have the savings and loan lend him depositors' savings. As long as the borrower has the savings, and no one else can use them, the entire banking or loan transactions are thoroughly sound, and have no detrimental effect upon the market or the economy.

The borrower borrows media that are demand or supply in itself, and he pays back the loan with media that are in excess quantity (loan + premium), and are demand or supply per se.

These media we are learning about may be material things, produced by labor, and having use salt, corn, rice, knives, hoes, tea, etc., etc. Any wealth in a durable divisible, transportable form may be used as a common medium of exchange. As long as the item used is in sufficient quantity to contain use value in proportion to the use value of the item it was exchanged for, it is noninflationary, and can *never* be otherwise. In quantity, it is readily available for consumption directly at full use-value, or can be exchanged many times in proportion to its use-value (worth), or can be saved as a store of use-value. Such items as wealth media of exchange have the distinction of being demand or supply at the same time, with the role they will play being at all times at the disposal of the holder-owner. All transactions are final, complete, and fair at the time and place of the exchange.

Inflation *cannot* happen in this free market since supply purchased, and consumed, ceases to exist (having been consumed in use), and any supply that was converted to wealth- media, and continues to exist is both demand and supply at the same time. Since inflation cannot exist in a free market, we must conclude that *any market* suffering the inflationary effect is not a *free* market. In this treatment of the wage-earner and his savings, we have not had one reference to "money." Money, with its use in the market, causes the "falling dollar parity." No market that uses "money" is a free market! The laws that force money upon a market deprive that market of its freedom.

The media we have been learning about were wealth, and the wealth in media form (gold-silver coins) for easy exchanges is real demand or supply. The old gold and silver coins that were used during the years of our country's greatest advancement are no longer with us; they were wealth, and everyone "knows" wealth doesn't work; the bankers taught us that gold (wealth) is a barbaric metal—it only works for governments and international bankers. When the people use it, it is bad for the country. Hitler told us that, also Stalin. Gold in the hands of the people is bad, bad, bad. Our Treasury says our people cannot be trusted with the means of controlling their government. There is no telling what the people may do. So our government in its infinite "wisdom" forbids us to use gold coins. Why? Because we have money, that is why! And it is better for the country that we the people use money. Gold requires labor to get it out of the ground and brought to market, and what banker wants to get his hands dirty. Now "money", that is different. "It" can be created easily, and abundantly—40,000 pounds of paper, *2Vz* tons of ink, and one day's labor of the personel, and 50,000,000 bills of any denomination can be created. Just think—for less than 0.000171 oz. gold we can print a bill that can be exchanged for over a ton of gold, 3,- 121.0 oz. troy, to be exact. That is 18,000,000 times the cost to print the bill, or its worth. All they had to do was pass a law that says the people must give up their production for the banker's paper worth only 1/18,000,000th. of the value of the goods they give up.

The difference between the cost of production, or the use-value of the medium, and its valuation is infinitely variable. There isn't any set figure for it, but the "difference" is "inflation" in itself. When any difference exists, that difference is imaginary demand without being supply. Money is not a commodity, it is an intangible, it is a nothing, but it is very difficult to determine its exact volume contained in the various forms of legal tender. In a coin containing 90% silver, the general relationship can be said to be 90% commodity with use-value, and 10% money—that is 90% of the coin is a demand or supply medium, and the other 10% is imaginary demand only (without use-value that could be "supply"). The 10% that is "commodity missing" is intangible, immaterial. It does not exist, but since the coin has valuation of 100% (face value), it exchanges for 100% of its valuation in your production goods, but you only receive 90% wealth in return, therefore leaving a void of 10% which is inflation.

If shortly after the exchange the holder-owner would want to use the coin at its use- value, and consume it as commodity, he would find he had been short-changed 10%. In other words, 10% of the transaction receipt would not be readily available to be directly consumed. The created money the same. The coins are an excellent way to see the money variation in the coinage. We have the half dollar or fifty-cent piece, which has in just seven years (1964-71) changed from being 9096 demand or supply media to 97% imaginary demand (inflation), that is, 3< demand or supply in the form of copper-nickel and 97% money! Up to 1964, the U.S. half dollar had 90% silver content (90% demand or supply, and 10% money); from 1965 through 1969 it contained 40% silver (40% demand or supply and 60% money); then in 1971 U. S. half dollars with "zero" silver content were minted. The use-value of the copper and nickel content of it is barely 3% of the use-value of the products people must give up in exchange for it. Think of that when you exchange your production for our newest coinage. Ninety-seven per cent of the supply goes to the creator of the coin as profit, and only 3% continues on as a demand-supply medium to the people. Whether it is the treasury creating a coin at the mint, or a paper dollar created at the government Bureau of Printing and Engraving for the Fed, or a "dollar" credit creation at the commercial bank member of the Federal Reserve System, money is always the same. Money is imaginary demand created without the quality of being directly usable as a commodity since its commodity value is somewhere within a range of 0.9 to 1.0 ratio to: 18,000,000.0 to 1.0.

Whoever creates the money gets the profit from its creation, and the excessive profit is always hidden because of the valuation of the currency. The legal tender law says it *is* legal tender for what we exchange it for. Legal tender law forces the people to accept something that can be worth only 1/18,000,000 th. of the value printed or stamped on it. Taking this amount of profit is robbery or burglary, according to whether or not you are aware of the true conditions. In any case, it is stealing, and its effect on our market and economy is ruinous, whenever anyone can create money, and take from our economy great quantities of our products without having had to labor to produce the media; it has a tremendous and irrevocable unbalancing effect on that economy. It is "licensed stealing" and cannot be justified in any way. The missing supply represented by the money mass now creates an equation where no equation could exist before. Money (imaginary demand) without being supply now can exist on the opposite side of the equation, and create the tremendous imbalance which results in a "falling dollar parity," the dollars (imaginary demand) on one side, and the demand or supply media as "supply" on the other. Only by the combination of legal tender law, and money, can our free market natural parities be upset, forcing the people to take dollars for products in lieu of products in return is interference with the free operation of the market, and manifests itself in the immediate formation of a mass of money (imaginary demand) that cannot in any way be eliminated by anyone except its creator (he has the wealth for which it was exchanged and would have to redeem it). And until the creator can be forced to redeem it, the market has to absorb it. The market now has an imbalance, and the imbalance is inflation, and inflation can only be eliminated by deflation; deflation by redemption or repudiation and repudiation means all losses acknowledged and suffered.

To make it perfectly clear that using only demand or supply (wealth) items as media prevents interference with a free market, and that money itself is inflation, we will prove to ourselves that creating imaginary demand that is not supply is absolutely ruinous to the economy. With a little experiment, and using our own personal economics as a model, we can prove it.

It is possible to open a checking account at a bank and deposit only enough to open the account, and then live like a king without having to labor anywhere near the equivalent of the labor that went into the production in goods and services you can use and consume by the very simple art of creating imaginary demand without creating supply in equivalent amount.

The practice here outlined is forbidden to us by law; so although this can be done in actuality, it can be understood just as well if only done on paper, for example purposes only. We have opened our account, and have received our checkbook, and are now about to embark on the good life.

First, decide how much money you would like per week to live on—$100.00-$200.00 or $300.00 or what. Then decide when you want your pay-day to be, daily, weekly, or monthly. For our example we will start with $125.00 a week, and we wish to be paid daily, on week days. On Monday we write ourselves a check for $25.00, and cash it at the local supermarket; that is our first $25.00, use it, and enjoy it, it is for spending on the good life. Tuesday write a check for $50.00, cash it at the supermarket, and send $25.00 to the bank to cover the check from Monday, the other $25.00 is for spending, use it, and enjoy it. Wednesday write a check for $75.00, cash it, and send $50.00 to the bank and spend the other $25.00. Thursday write a check for $100.00, cash it, send $75.00 to the bank, and the other $25.00 is yours. The life you are leading is good; you decided on $25.00 a day, but you could have $50.00 or $100.00 a day, it is just as easy. You do not have to pledge anything to qualify for the money. You just write checks, and cash them, and as long as you write a bigger one every day, and send the amount needed to cover the check from the day before to the bank, you can go on like this. It takes more than one day for the check you write to go from the store where you cash it, to its bank, and then through the clearing house to your bank for collection. As long as you make sure you cash a bigger check each day, and deposit the amount necessary to cover the check from the day before, you have got it made.

What you are doing is using your "credit-creation" power. When you cash your check at the store, the cashier believes you have the money in your checking account to cover it, and since your intentions are good, its no use to get sticky about it, you know that by the time the check gets to your bank for collection, the money *will* be there, so it's a *silly rule* to say that you must have the money on deposit *before* you write the check. You know you are good for it. You know the Treasury of the United States sells treasury bills to the people before they get the tax collections from the people to cover them. They do it all the time every day, day in and day out. Why can't you?

Big corporations, when big loans come due, simply refinance. Well, is that any different, when you have a check due for collection, you simply write a bigger one to cover the one due, and a little extra to live on; that isn't any different from what big business does each and every day. Writing bigger checks each successive day, it doesn't take long till the check is quite large, and it might be difficult to cash it at the store, so simply write two checks at that point, and use two stores. You can go on quite a bit longer then before the two of them become large, and you might have to split again; but if you just keep your wits about you, you can live like a king, and only have to write checks and cash them as your only labor expended. All you are doing is using your credit creative powers, and since only you are involved in it, you can decide how much credit to extend to yourself. Our Treasury has been creating bonds for over fifty-eight years at this writing, and is still going strong. They "cash" the bonds at the bank as collateral for the loans, and they simply create more bonds when they need money for interest (writing a bigger check). Our system is even better. You don't have to make a loan, just decide to use your own credit creative power like the bankers do themselves. The banker creates the dollars; there isn't any deposit anywhere with which to pay them off. They have even a better system. They create it to start with, and use it to buy from us. We cannot ask them to redeem them, but they insist you send them the money to redeem your check, but then, again, one system is as good as another as long as none of us ever has to pay off the debt we ring up. There is a debt that accumulates. Just at $25.00 a day at the end of the first year, you would be writing checks in the amount of $6,200.00 a day, going up $25.00 a day from there. Creating all this credit for ourselves, and purchasing the good things of life for the money, and not working, we have been taking $25.00 a day in goods and services out of the market. By not working, we haven't been putting anything into the market, we have been creating a lot of imaginary demand, without creating any supply. And that, we know, is creating an imbalance, and that imbalance will cause a "falling dollar parity". In creating a little credit for ourselves, we have each of a great many others.

Well, right there is the whole thing in a capsule. If we had first produced, sold in the market place, and then put our wealth in the bank before we used it to buy other products, the check we wrote would have been an order to transfer our wealth on deposit in our account to the account of the one who cashed our check, and there would have been supply that can also be real demand. By creating an imaginary demand (credit-money) without producing any goods, we have influenced our free market operations, and created an imbalance which will have to be absorbed by the market. The extra imaginary demand which is not in itself supply, will still be out there claiming the products of others while not being products themselves. Inflation is this imaginary demand (that is not supply), the bonds of the Treasury, in advance of the supply to back them up, issued as imaginary demand, or the money created by the bankers for which there will never be any supply.

The production of all the workers in industry which is demand or supply in itself will now be diluted by the addition of this imaginary demand which is not supply, like adding water to wine. The more imaginary demand (water) added to the demand-supply media (wine), the “weaker” the media become, and the “weaker” they become the lower in value; and the lower in value, the more it takes to buy something with them. This condition is called “rising prices” in *error*; it is the *“falling dollar parity”* (inflationary effect).

As soon as any medium is allowed to be used in the market place that is not in itself supply that is real demand, there is the possibility of counterfeiting and wrecking the market “price level” (falling dollar parity). Whether it is ten per cent counterfeit or ninety per cent counterfeit, the wrecking begins with the first bit. The degree determines the time till collapse, and since in just seven years (1964-1971) our last line of defense, the silver coin, has gone from 10% counterfeit to 97% counterfeit, the time between now and the collapse is reducing at a rapid rate.

Let us go back to our little experiment; at the end of the first year you were writing checks amounting to $6,200.00 a day. We’ll say that approximately $400.00 was about the most you could cash at a store, and almost any store will cash a $50.00 check, so say a good round average would be $200.00 that you could reasonably expect a supermarket to accept and cash for you. With a $6,200.00 a day creation, you would have to reach 31 markets in a day, and every eight days you would have to add another one to your list. The list would have to keep expanding because your over-all debt would be expanding, and since you have been using the money for the good life as you created it, it is gone and cannot be used to pay off this debt. In fact, once started, it cannot be stopped, and, continued onward, it leads to another market every eight days. 62 checks, and markets in the second year, 93 checks, cashings at markets, and deposits a day. How wide an area would you have to be able to cover in a day cashing checks? Unless you carried the cash to the bank from each check separately, you would be going around with $18,000.00 a day in cash just to get your $25.00. How long would it be before the $25.00 a day would not pay the expenses of making out 93 checks a day, taking them to 93 supermarkets for cashing? Can we agree now that this cannot lead anywhere except to utter financial collapse of your economy? Your economy in the example was based on credit instead of already produced wealth. It was based on money instead of wealth-savings from your employment or business. Any economy so managed as to be dependent on credit expansion is doomed also; it cannot escape. But, like our little experiment—who knows when—they will realize it, and give in to natural law. Some people would give up at 31 supermarkets a day—others at 62 supermarkets a day, and, I suppose, some would keep trying, and never see the light until they themselves collapsed from exhaustion.

Wealth = Supply or Demand = Barter or Medium of Exchange by natural law. Wealth

Partial list

Goats	Cowry Shells	Knives	Corn	Bronze
Horses	Tortoise Shells	Hoes	Rice	Nickel
Sheep	Whale Teeth	Axes	Tea	Paper
Pigs	Porpoise Teeth	Pots	Salt	Copper
Cattle	Boar Tusks	Boats	Wine	Silver
Fish	Ivory	Stones	Beer	Gold
Leather	Wool	Clay	Iron	Lead
Tobacco	Wampum	Pitch	Brass	Aluminum

Imaginary Demand = Mediums of Exchange = Man's Law.

Money Terminology — Partial List

Government Debt	Banker's Debt	Corporate Debt	Private Debt
Bonds	Bonds	Bonds	Notes
Treasury Bills	Notes	Notes	
Treasury Notes	Certificates	Certificates	
Paper Tokens	Dollars		
Metal Tokens	Marks		
	Yen		
	Francs		

All dollars are created to represent debt—expropriate wealth. Tangible representations of money are paper and metal tokens, bills, bonds, notes, etc. Money is imaginary demand, is credit and all forms of potential credit for which tangible representations of money (tokens) may be created. Tokens representing imaginary "dollars" are made mediums of exchange by government edicts (legal tender laws).

All the wealth items are representations of labor expended in production, collection, extraction, etc. They are, or are not, mediums of exchange by free consent of the acceptor. If any item were suddenly found in great quantity, it would cause lowering of exchange value (parity) in relation to other commodities, a natural law of competitive production parities. In a free market, exchange values of wealth or tokens are subject to the natural law of competitive production parities. If man's law tries to violate the natural law of competitive bidding which determines the competitive production parities, an underground free market rapidly develops, which government immediately labels a "black market."

Wealth items (commodities) as exchange mediums are generally bulky and many are subject to spoilage. Gold and silver coins have evolved from a free market as wealth commodities having durability, divisibility, and being easily transportable.

They form a relatively stable medium of exchange and have enjoyed that frame of reference through thousands of years.

If gold coins were suddenly to rain down from the heavens, it would cause them to have a lower

Monetized debt (money) as a medium of exchange is created by authority as a means of perpetuating its power. Authoritarian desire for power will never cease, and therefore the attempts at creation of money will never cease. Government in a free market economy is limited in its spending by the necessity to collect taxes from the public. Government able to monetize its debt (create money indirectly) will never cease to accelerate the process. Once begun, inflation feeds itself and accumulates at an ever increasing rate, until panic runaway “falling dollar parity” collapses the economy, and in thousands of years there *have been* many cases reported.

Gold and silver coins as wealth commodity mediums of exchange are relatively stable, and require only slight adjustment in a free market by means of competitive bidding for variations in the forces on parities, of time, location, and circumstances.

Money as a medium of exchange is inflationary from the moment of creation, and requires continual adjustment as the money volume is expanded. Money creation rate always increases rapidly and steadily until a state of hyperinflation (dollar glut) (runaway falling dollar parity) is reached; the inevitable result of which is financial collapse.

Natural Laws cannot be violated by man or government!

For 150 years America had a fairly stable currency parity while people had “free coinage” (gold and silver coins) (specie redemption) and fiat was held to a minimum.

In the past 58 years since the passage of the Federal Reserve Act, we have “progressed” from 1 billion dollars of imaginary debt to 2,000 billion dollars of imaginary debt. Financial collapse is due at any time now!

Webster: Medium of exchange = money.

3. Money = wealth reckoned in terms of money.
4. Money = any form or denomination of coin or paper lawfully current asmoney.
5. Money = Anything customarily used as a medium of exchange and a measure of value, as sheep, wampum, gold dust, etc.
6. Money = Written or stamped promises or certificates, which pass current as a means of payment; paper money.

Webster:

1. Payment = act of paying.
2. Payment = that which is paid.
3. Payment = punishment; chastisement.

Observation:

When wealth is exchanged for wealth - No promise is involved.
When wealth is exchanged for money - An imagined promise is involved.
Money cannot be wealth (3) and a promise (6) at the same time.
When wealth is received for wealth - Payment has been made.
When money is received for wealth - Payment is promised (we think).
Money is an imagined promise of payment in wealth, will be made only when money is redeemable as a measure of gold dust, etc. (5).
Money passes as payment only when it has written or stamped promise (6) and then it is a

Money is an imagined promise held for future exchange for wealth and is therefore a medium of exchange (imaginary demand).

Exchanges of wealth for wealth are complete and final. Therefore wealth accepted in lieu of wealth-form desired is a medium of exchange.

Wealth used as a medium of exchange is “real demand.”

If the wealth-form received is the wealth-form desired, the transaction was bartering. If the wealth-form received was not the wealth-form desired but will be exchanged later for the wealth-form desired, then the wealth received was accepted as a medium of exchange.

Wealth can be barter or a medium of exchange!

Money can only be used as a medium of exchange; in imagination!

A paper “bill” token represents a record of imaginary debt. It is non-redeemable and is no promise of any kind. Its wealth value is practically nil, it has no ability to satisfy human desires directly. It has exchange value only by fraud. It is not a commodity and used in exchange it is subconscious robbery (embezzlement).

A silver “dollar” coin weighs 420 grains .900 fine silver. It is wealth. It has ability to satisfy human desires. It is man made and has exchange value. It is a commodity and used in exchange it is real demand.

Exchanges made with silver or gold coins are always final exchanges, because they are exchanges of commodities for commodities. Wealth is given up, and wealth is received, the exchange is complete and finally settled, with the initial wealth exchange.

If the gold or silver coin received is kept intact as a coin, and is used in exchange to acquire other goods later, *then* the coin *was* a medium of exchange. Precious metal (gold and silver) coins are wealth and *can be* mediums of exchange.

Exchanges made with currency redeemable in wealth are exchanges using currency as a medium of exchange. A wealth for currency exchange cannot be final, becauseto get the wealth, for the wealth given up, would require presenting the currency for redemption, (a second exchange). Using the currency to acquire *other* commodities, would also require this *second exchange.*

With the currency that is not wealth itself, the transaction cannot bebarter, and the currency can only be a medium of exchange.

Tokens as mediums of exchange cannot be barter!

Gold and silver coins are wealth • can be mediums of exchange or barter. (Wealth in wealth “form” desired, if the coins were desired for saving orconsuming assupply.)

Money is a medium of exchange - always (Webster agrees).

Wealth is a medium of exchange - only when used as such.

Wealth as a medium of exchange is *real* demand.

Money as a medium of exchange is imaginary demand.

Wealth is not money!

Money is not wealth!

Money is “seigniorage”: The difference between the worth value of the wealth in a coin, and its value in terms of “money.”

When “prices” rise or fall, we are accustomed to paying more or less “money.”

If “money” is “wealth” expressed in terms of “money” (Webster) then: Prices rising or falling demand exchange in higher and lower amounts of “wealth” per se.

If the terminology of “money” were omitted, we would then realize that nothing ever has a fixed price in relation to any other thing!

It is the terminology of money: Dollar • Franc - Pound - Mark - Rand - Lira - Guilder are really

Absolutely - Positively no debasement could occur because “prices” would be directly related to amounts of silver.

All exchanges being effected would be final • as wealth was received for wealth.

But when *names* are used, and “prices” of goods are listed in “dollars”, the opportunity to debase is positive!

When a “dollar” is 1.0 ounce of silver in coin form with its weight and fineness stamped on it, it is a 1.0 ounce silver unit of exchange, and as such it is “wealth.”

When a “dollar” is 0.9 ounce of silver, and 0.1 ounce copper and the law says it must exchange *as if* it were 1.0 ounce of *pure* silver, then it is FRAUD.

Anyone accepting a coin of 90% wealth and 10% “money content” is being embezzled of 10% of his due payment.

Anyone accepting paper “dollars” (content $0,006 wealth, $0,994 money) is being robbed of 99% of his due payment.

If “prices” were marked in “weights of silver” and unredeemable paper tokens were received, the fraud would be *evident!*

When “prices” are marked in “dollars,” and “dollars” are received, any promise would be hidden, and could later be *repudiated.*

Money is not a substance - it does not exist in reality, it is only a figment of our imagination.

Money is an imagined “promise” that “it” will be accepted later in exchange for a substance.

Money “exists” only in the mind of man - it is created out of thin air, and recorded in books of account.

The books of account are used to facilitate the image of “wealth” for “money” as *all* respective *identity* is *lost* when accounts are kept in terms of “dollars.”

When a creator creates “dollars” they are his.

If a government mints a “dollar” token at a cost of 3< it accepts the 97% difference as a profit.

When the creator uses the $1.00 token to make a purchase, the vendor will be cheated out of $ .97 of his due payment - the creator will get $1.00 value for 3C cost.

For as long as that token will be used as an exchange medium, it will contain 3C of worth - 97C of imaginary demand (inflation) and it can never be redeemed except by return to the creator,, by the last holder, for full “face-value” in wealth, but that would be redeemability, and redeemability has been repudiated.

So “money” (imaginary demand) once loaned into circulation by its creator becomes “irredeemable imaginary demand”: inflation.

Bank Cashiers Check	=	Bookkeeping Entry Tracing Debt.
Certificate of Deposit	=	Bookkeeping Entry Tracing Debt.
Savings Account Passbook	=	Bookkeeping Entry Tracing Debt.
Payroll Check	=	Bookkeeping Entry Tracing Debt.
Personal Check	=	Bookkeeping Entry Tracing Debt.
Money Order	=	Bookkeeping Entry Tracing Debt.

All the above and many more varieties are only paper and ink.

A “dollar bill” or any paper token is only evidence of a record of debt, created at low cost. 40,000 pounds of paper, *2Vi* tons of ink can be transformed into 50,000,000 Federal Reserve Notes; if each were a $100.00 bill, that is $5 billion. Roughly it costs only .6C (6/10ths of 1 cent) to produce each $100.00 paper token. Unless it is redeemable in wealth, it hasn’t any “value” greater than its cost to produce. Government forces the acceptance of these notes in exchange for “citizens wealth,” at legal tender face values thousands of times greater than the wealth they represent. Face

Gold and silver coins are obtained through great human exertion, hence their high value, and when freely exchange, their wealth value (parity) in relation to other commodities is determined by competitive bidding.

You cannot print wealth!

Chapter XII Money = Legal Tender

Natural Law: Take away all that a man earns, and he stops working.
Supply: Anything produced by human exertion, having exchange value.
Demand: Anything produced by human exertion, having exchange value.
Wealth: Anything produced by human exertion, having exchange value.
Producer: One who produces wealth.
Consumer: One who uses or consumes production (wealth).

* * * *

Producers Desire Wealth	Consumers Desire Wealth
They:	They:
Produce Supply	Produce Supply
Consume Supply	Consume Supply

Producer and Consumer are one and the same!

All exchanges are Wealth for Wealth.

Demand = Supply = Wealth.

Money creation and use creates a condition that disturbs the balance indicated above. Man labors to produce goods for exchange with his fellow man; he will "buy" what he needs with the proceeds of the "sale" of his production, what he "buys" will be the production of others. Therefore the producer and consumer use the same basic material to satisfy their wants.

In his efforts to produce, man overproduces; produces more of his own product than he himself can consume. This overproduction is exchanged for the overproduction of others and the excess over consumption and exchange is savings. Savings in the form of food could spoil and would require refrigeration. Savings in the form of non-perishable production might require warehousing, etc. Man tends to keep his overproduction savings in the most convenient form; something non-perishable, small enough to not require warehousing, and easily transportable.

The efforts to reduce savings to the above requirements always lead to the use of precious metal or jewels. The turning of one's excess of production, over consumption and exchanges, into wealth as a durable, easily transportable commodity, automatically becomes the turning of one's savings into the form of precious metal coins which are excellent mediums of exchange. One's own wealth (savings) becomes the exchange medium by which all transactions are made final. Man owns his own medium of exchange, and the more he labors, the more he can increase his purchasing power, and the greater his purchasing power, the greater the wealth (supply of goods) he has created and offered on the market to exchange for the "savings media" of others. There is never any need for "money."

Savings in wealth form, precious metal coins, jewels and many, many other possible commodities, may be loaned to fellow humans as capital to facilitate industrial progress. Wealth borrowed may be paid back with a gain for the use of wealth. Human labor employed in the production of wealth tends to overproduce (produce an amount beyond direct sustenance needs) overage as rent for the use of the wealth, as capital, which provided labor with the tools of production. This repayment of more than was borrowed is possible because the repayment may be in like kind as borrowed or a wealth readily acceptable to the one who loaned the wealth - where legal tender laws are not in existence to forbid it.

Any man can apply his capital and his labor to produce wealth. There isn’t any limit to man’s ability to create wealth for himself if he is free to exercise his ambition, to the limit of his ability, to satisfy his desires. This fact is proven over and over again; witness the subsidies paid to farmers et al. not to grow food, etc., because the “price” would *fall* if he grew all he could on his land. But, today, man is not free to employ his labor to produce wealth, and *use* that wealth *directly* in the market place.

The legal tender laws allow the bankers of the Federal Reserve System to have the exclusive right to create and distribute the money of the United States, and the citizen must accept that money as his full payment for goods produced or services rendered. But the money created and issued bears seigniorage, and the seigniorage is burglary. The true worth of a dollar bill is $.006 money value or .000171 ounce gold value. The true worth of a dollar varies with the form in which it is received. Seigniorage is the difference between the cost of the bullion in a coin, and its valuation by legal tender law. A half dollar coin (1964) is 90% wealth (silver @ .899 purity), and 10% money - a half dollar coin (1965) is 40% wealth (silver @ .400 Purity), and 60% money * a half dollar coin (1971) is approximately 3% wealth (the copper nickel metal content), and 97% money. A paper one dollar bill (material and labor = $.006 is .6% wealth, and 99.4% money.

When anyone gives up his production for money, he actually receives only a small fraction of the wealth he should receive in return. In effect, 100 copper pennies are worth much, much more in copper content than ten 1965 dimes in copper and nickel content; but ten dimes (1964) would be worth much, much more than 100 copper pennies.

The expropriation of wealth takes place each and every time money is accepted for the wealth of the producer. The degree of expropriation depends upon the form the money is in. The dollars are created by the bankers, and they take title to their creations, which is 100% expropriation, but by distributing tokens they are in fact embezzling the wealth of the ultimate receivers and holders of those tokens by the exact amount of the difference between their “face” legal tender value and their real worth in use value of the materials they consist of. A $5,000.00 *paper* token equals an embezzlement of $4,999.994 of *wealth.*

The distributor of the token, the banker, initiates the first fraud when he accepts something of wealth equal to 142.857142 ounces of gold (5,000 times a dollar’s 1 / 35th oz. .999 fine) and gives in return a piece of paper worth only .000171 oz. gold, with absolutely no promise of restitution of the balance, at any time. The receiver of the paper 5,- 000 dollar Federal Reserve Note has been embezzled out of 142.856971 oz. gold, and does not realize it; but when he passes the token on to someone else in exchange for wealth, he is himself now guilty of fraud. An embezzlement takes place each and every time the token is exchanged for wealth. If a holder takes the paper token into a bank and exchanges it for - smaller denominations, it still results in fraud. If he asked for 5,000 $1.00 paper tokens, he receives worth in amount .855 oz. gold (5,000 x .000171), and gives up .000171 oz. gold. Only when giving up a large quantity of small denomination paper tokens for one of a large denomination is there a lack of fraud. These embezzlements can only be eliminated if the original creator of dollars redeemed the tokens for the full face amount in wealth; but once created, and the proceeds of the theft spent, the originator can never redeem it.

Once created, money can never be entirely removed from circulation without someone losing the wealth of debt it represents. Money is created by the banker, and he is the only source. The banker charges interest, and the borrower must pay back the loan and the interest. Interest is a money (imaginary demand) charge for the loan of “money.” Since the banker is the only source of money,

money for the interest does not exist, and therefore can never be PAID. The new loans (to pay the interest) accumulate, and are compounded, becoming increased principal (debt feeding on itself). Therefore, more and more wealth must be pledged to the bankers for more and more created money to pay the payments as they fall due, but the ever increasing debt mass can never be eliminated. It must just keep on accumulating and compounding until the productive capacity of the borrower is insufficient to pay the interest payments, and the economic collapse is fact.

The use of money is a direct means of expropriation of wealth, but only the creator reaps the harvest of the wealth of the people. The government which passes the legal tender law also becomes a victim of it. The Treasury-issued U.S. Notes (I.O.U.'s) are non-interest bearing, and are redeemed in payment of taxes. Government bonds are held by the bankers, purchased by the bankers with dollars they create for the Treasury to use in its checking account. Dollar tokens (Federal Reserve Notes) are printed at the Bureau of Printing and Engraving to be representations of the created bookkeeping "dollars," and are signed by the United States Treasurer and Secretary of the Treasury (to complete the illusion). Corporation Bonds, etc. are held by the bankers, and can never be completely redeemed, because the loan can never be fully repaid. The people's wealth is gone - exchanged for worthless created dollars and paper tokens. Everyone ends up bankrupt, and the bankers end up owning everything, and controlling everyone. (By Fed definition the PUBLIC is any person or institution other than a monetary authority or a commercial bank.)

Legal tender laws must be abolished. People must be free to make their exchanges in wealth mutually acceptable to each other; only then can the people own the wealth of the nation. This is vital for the progress of the nation and civilization.

The very words "This note is legal tender for all debts public and private" take away our Constitutional right of contract.

Until the year 1861, all paper "money" in the United States was issued by state chartered banks and was known as state bank notes.

Demand notes (green backs) were the first paper "money" issued by the United States as authorized by Congress in 1861.

In 1862 United States notes were authorized by an act of Congress. These notes were issued against a gold fund held in reserve at the treasury and the amount of notes outstanding has always been maintained at $346,681,016.00.

The Act of February 25, 1863, is the basic act for our present national banking system. This act provided for national banks and the issuance of notes by them. The banks issued notes against United States bonds, deposited by them with the Treasurer of the United States.

First charter period: 1863 - 1882

Second charter period: 1882 - 1902

Third charter period: 1902 - Permanent.

Silver Certificates

Silver certificates were first authorized in 1878. These notes were issued against silver dollars (coins) held in the Treasury for their redemption. Later issues were backed by silver bullion, and the obligation to redeem them in silver dollar coins has been removed from the face of the notes since 1934. On June 24, 1968, the Treasury ceased the redemption of silver certificates. They are now ordinary circulation notes.

Gold Certificates

The first gold certificates issued for general circulation were the series of 1882. These notes were issued against gold coins held by the treasurer for their redemption. The last issues were the

Treasury or “coin notes” were authorized in 1890. They were redeemable in either silver or gold coin. There were only two issues, 1890 and 1891.

Federal Reserve Notes

Federal reserve notes authorized by the Federal Reserve Act of December 23, 1913, issued at the discretion of the Federal Reserve Board, released through the twelve federal reserve banks, obligations of the United States. The original act provided for their redemption in gold at the United States Treasury, or lawful money at a federal reserve bank. The “gold reserve” act of 1934 made them redeemable only in lawful money (other paper).

Federal Reserve Bank Notes

These notes were issued in 1915 and 1918 by the federal reserve banks under conditions similar to national bank notes. United States bonds or other securities were deposited with the United States treasurer. While these notes were issued and redeemable by the issuing banks, they are secured by and are obligations of the United States.

The United States is divided into 12 federal reserve districts, in each of which is a federal reserve bank. Each district is designated by a number and the corresponding letter of the alphabet.

1-	A-Boston	5-	E-Richmond	9-	I-Minneapolis
2-	B-New York	6-	F-Atlanta	10-	J-Kansas City
3-	C-	7-	G-		

Only United States notes and Federal Reserve notes are current today (1968 —).

Federal reserve notes are “legal tender” (lawful money) not even redeemable in paper any longer.

No gold coin is in circulation.

No silver coin is in circulation.

We are a total “fiat” (record of debt) monetary system: 100% total expropriation of wealth for every dollar created plus interest - tribute extracted annually - currently at the *$20* billion level.

In the United States of America, under the federal reserve monetary system, the more industrious its people become, the greater their burden of debt! Salaries and wages received in money (federal reserve notes) are increases in the amount of imaginary debt we owe!

A non-citizen of the U.S. holding a federal reserve note thinks he has a claim against the citizens of the U.S. for the face amount of that note.

A citizen of the U.S. holding a federal reserve note thinks he has a claim against himself. It is (he imagines) an I.O.U., and it is an obligation of the U.S.A., not of the banking system that issued it.

For the purposes of understanding we will give names to two areas on the face of the federal reserve notes that bear legends.

The upper left quadrant on the face will be referred to as the “validation area” and the bottom center section of the face will be the “promise area.”

On the federal reserve notes issued 1928 through 1933 the legends were:

Validation Area:	Promise Area:
Redeemable in gold on demand at the United States Treasury or in	The United States of America will pay to the bearer on demand

but collectable in gold from the people’s treasury. It also states that one might obtain gold “or” *lawful money* at any federal reserve bank. Its legend proclaims it to be promissory (claim on wealth) but redeemable in *lawful* money. The legend of 1928 influenced people into believing that the banking system and the people’s treasury were equally responsible for the issue of the note.

A federal reserve note is a U.O.Me (the “Me” being the *holder)* distributed by the banking system, not a certificate certifying gold on deposit at the treasury for redemption.

The legend states “at The United States Treasury or at any federal reserve bank,” either place.

The “signatures” on the notes, on either side of the promise (the United States of America will pay to the bearer on demand . .) were of the Treasurer of the United States and the Secretary of the Treasury. The promise plus the treasury officials’ signatures definitely convey the obligation to the citizens of the U.S.A. to be responsible for a note issued by the “banking system.”

The banking system distributes the U.O.Me tokens the treasury officials sign them, making them the people’s debt in theory.

The intention was to create the illusion that the banking system was a branch of the people’s congress.

The legend states “in gold or lawful money” at any federal reserve bank. The significant thing here is the treasury must give gold, but the bankers could give *lawful* money.

The Congress of the United States has never defined the term ‘lawful money’!

The legends stayed on the notes until 1934 when it became necessary to change it to reflect the executive order forbidding the citizens of the United States of America to trade in gold.

The new 1934 legend was printed in quite large bold type:

Validation Area:	Promise Area:
This note is legal tender for all debts, public and private, and is redeemable in lawful money at the United States Treasury or at any federal reserve bank.	Will pay to the bearer on demand (quantity) dollars.

From 1934 through 1949 the type was large and bold, occupying four lines in the validation area. From 1950 through 1962 the type was quite small with the exact wording squeezed into three lines.

This note is “legal tender” (lawful money) for all debts, public and private, and is redeemable in “lawful money” (legal tender) at the United States treasury or at any federal reserve bank.

The original object of creating the illusion of the banking system being a branch of the people’s Congress was perpetuated.

The relentless effort for eventual fiat was advanced with the lifting of the words “The United States of America” from the promise area to near the top of the federal reserve note. This lifting of the words from the original “complete promise area” helps to hide the fact that the people themselves are liable for the imaginary debt the notes represent. It also helped by gradually reducing the noticeable printing in the “promise area” so that the eventual dropping of all “promise” would go virtually undetected. The new “validation” legend did, however, now provide a definition for “lawful money”—it is “legal tender.” The banking system U.O.Me’s marked “legal then is itself “the promised medium” by definition. The paper is redeemable in paper; the promise is in fact its own fulfillment.

The legend is a *contradiction* that was issued on notes for sixteen years, and can still be found in circulation.

The legend was considerably reduced in size in the 1950 series notes, same wording but much smaller type. The legend was replaced in 1963 with a new wording “This note is legal tender for all debts public and private.” The same situation of declaring banking system U.O.Me’s as legal tender (lawful money) and leaving off the words “will pay to’the bearer on demand.”

Without the words “will pay to the bearer on demand,” and bearing the words legal tender (lawful) money, there is now absolutely no promise. No promise, none to be kept, total fiat, totally worthless,—or records of debt, representing the debt itself!

We give up wealth to get these pieces of paper and it is only in our minds that we consider them of any value. We believe dollars are representations of wealth, and so we exchange them with others as valid claims on wealth. Anyone holding dollars received as wages, really believes they are a store of value. He worked to get them, and he reasons they must be good. Being able to exchange dollars with others, also believing in their value, keeps the image alive. Close examination will bear out that the promise to pay is no longer printed on the notes.

A note by its name, denotes a *debt;* it bears the wording “federal reserve *note.”*

The words “The United States of America” printed on the dollar cause the assumption the citizens of the U.S.A. are responsible.

The words “one dollar” on the bill in the “promise area” along with the validation “this note is legal tender for all debts public and private” combine to create the illusion that whoever holds it has a claim on wealth in amount “one dollar.” It is then a “record of debt” for one dollar for which any U.S. citizen must relinquish his wealth in amount of its face value. If *you* give up wealth to *get* a dollar note, *you* feel it is *uorth* a dollar of *wealth.*

If you are a United States citizen and give up wealth to get a “dollar,” the token you get makes you “think” that you owe yourself for the wealth you just gave up to get it. A U.S. citizen holding dollars is holding records of debts he “thinks” he owes himself. The more industrious he becomes, the more dollars he gets to hold. The more dollars he holds, the deeper in debt he “thinks” he is.

If citizens of the United States kept the wealth they produced, and exchanged wealth for their fellow wealth producers, debt accumulation could not occur.

The banking system creates dollars and uses them to expropriate the wealth of the people. The people give up their wealth for “dollars” and are left with debt they owe to the Fed for the “dollars” the Fed created. The bankers create dollars and exchange them with the people for wealth, and are left with the wealth it costs them nothing to obtain. This entire situation is almost totally unknown to the citizens of the United States. The public is almost wholly unable to see anything wrong with the “money.” The people know the economy is sick, and they know it is a thing called inflation. The entire trouble is the fact that we are without a wealth medium of exchange, or a redeemable currency. The dollars are building in volume, constantly created at an ever increasing rate.

Without any tie to wealth at all, totally unredeemable, there isn’t any restraint to creation. Until the people study the monetary system and its present media we are doomed to monetary crisis. In monetary matters the people’s lack of understanding is monumental.

“Money” is a “force of evil,” and has been for thousands of years.

The manipulation of people by the creators of money could not occur without the people’s ignorance concerning the true nature of money. The evil that “money” allows to be perpetuated by its creators can only be stopped by the truth.

The federal reserve is a system of private corporations (banks) owned by their stockholders and operated for a profit. The United States government does not own any shares in the fed system. The pointed by the president. The words federal reserve note across the top of the bill indicate it is a federal reserve I.O.U. The words across the bottom formerly read the United States of America will pay to the bearer—indicating it is a government I.O.U. Fed notes are printed by the government and distributed by the fed. Object is to have the holder assume that the Fed is a government agency.

Fed notes are paper tokens, representing dollars, which are created out of thin air by the Fed. The Fed only lends dollars into circulation and charges interest to the borrower. Each dollar created is a dollar debt owed to the Fed.

Reality: Fed note is a U.O.Me not an I.O.U.

The holder of a Fed note holds a record of debt of dollars owed to the Fed. In no way does the holder of a Fed note "today" hold a promise by any entity to *pay* the holder anything.

Reality: The note is just physical "evidence" of a written record, somewhere, showing who owes the Fed that dollar.

The paper dollar bill was obtained by withdrawing from an account at a bank. John borrowed 4000 dollars from his bank as a "deposit credit" in his checking account. John gave the bank his note for 4000 dollars. John gave Walter a check for 10 dollars. Walter cashed it at his bank. John's check cleared through Walter's bank and returned to John's bank and eventually returned to John cancelled. Ten dollars credit was deducted from John's account at John's bank, transferred to Walter's bank and credited to Walter's account.

This completes the record and links of the chain to show that ten dollars that John's bank owed to the Fed system, now is accepted as a deposit in Walter's bank and *its* origin is only in the record books. John's bank owes Walter's bank ten dollars, but John owes his bank 4000 dollars and John's bank owes the Fed system 4000 dollars, and Walter's bank owes Walter the ten dollars he deposited.

The Fed note as a paper bill is simply physical evidence of *a* written record of *a* dollar debt, somewhere.

When a bank issues a paper bill dollar its records show it received it from the Fed and owes it to the Fed.

The *bill* in circulation represents a record of a dollar debt of *a* member bank to the Fed.

When a dollar bill is deposited in the bank it is credited to the depositor's account and the bank has the physical evidence of a debt it can issue to another customer without having to borrow it at the Fed.

While paper dollar bills are in the hands of the public, the debts they represent are on the books of the banks owing dollars to the Fed, but since every dollar bill outstanding is loaned out at interest, the banks have every dollar covered by notes from the public.

Every holder of a dollar bill holds only the physical evidence of a debt, nothing more, nothing less. In itself it is not a promise to pay the holder anything. Holding a dollar does not mean that the holder owes the Fed a dollar.

Every Fed note held means *someone* owes a bank a dollar and *that* bank is the *last* link in a *chain* of records tracing the debt (dollar *bill)* (paper *token)* back to the Fed.

Every Fed note held is evidence of some wealth or service the holder was robbed of when he accepted it.

To get any wealth for a Fed note held (compensation for the loss), the holder must pass the robbery along to a fellow producer who will accept it.

NEW TRAILER

People deposited gold and silver coin wealth into our federal reserve system of private bank corporations. They were issued federal reserve notes (assumed to be I.O.U.'s of our private central bank). The Fed notes are signed by officials of the United States Treasury, making them appear to be obligations of the people.

Whoever holds fed notes, thinks they have claims against the production of the people of the United States. When the people of the U.S. gave up their wealth, they received paper they think are claims against themselves, for the wealth they just gave up.

People use the fed notes to acquire the wealth of others, in so doing, they are accepting wealth from the new-holder-to-be of the paper, comparable in value to, the same wealth they gave up to the bank.

Since the people gave the wealth to the bank to get the papaer, the new holder of the paper should take it to the bank to get his wealth. But since the bank doesn't produce any goods, the paper just circulates among producers, and the bank doesn't have to redeem it. Gold and silver coins are no longer in circulation; all that is left is the paper.

The bank will not redeem the paper, the people are left with a massive amount of paper they think are claims on wealth that they owe to each other! There are 100 billion of these "dollars'' they think are claims on wealth they owe to foreign holders.

When people finish their weeks' work, they are no longer paid their wages in gold and silver coin (wealth). A weeks' work earns them "dollars" that they think are claims on wealth that they owe themselves for that weeks' work.

The more they work, the more they owe!!

The less they work, the less they owe!!

Why don't they all quit working, and get out of debt??

Chapter XIII

Force of Evil

Humans seek to satisfy their desires with the least amount of effort. Human exertion results in the production of goods and the performance of services. The age of specialization demands that we use the production in excess of our own needs, in exchange, to obtain the things we need but do not produce ourselves. For an exchange to take place, the relative worth of the commodities exchanged must be mutually beneficial to both parties.

In a "free market" the exchange will be made in whatever commodity has become universally accepted as a medium of exchange: a commodity that through time and space has acquired a historic record of remaining relatively stable in value. Anything produced by human exertion, having substance, being able to satisfy human desire and having exchange value is "WEALTH."

Many forms of wealth had their turn in being "mediums of exchange"—goats, horses, animals of all sorts, leather, tobacco, knives, hoes, axes, corn, wheat, iron, bronze, nickel, gold and silver. When used in direct exchanges, wealth is called *"barter."* In indirect exchanges, wealth is a "medium of exchange."

At any one point in time at any one market place the relative value of any one commodity can be expressed in terms of another: 1 lb. sugar = !4 lb. coffee or fi lb. fish = 3 eggs, etc. Infinite variations would occur at different markets in different locations. Any commodity will vary in related value to other commodities, even location is a part of its exchange value. Any commodity true free market” use-value mutually-arrived-at worth. Gold and silver coins have served excellently in this capacity far longer than any other commodity in history. The historic value of gold and silver has never been abolished by mankind. If gold and silver coins were to suddenly rain down from the heavens in great quantity, it would cause them to become lower in exchange value, and have lower parities in relation to all other commodities as a result—(natural law of competitive bidding) but in thousands of years, not one case has been reported. Gold and silver coins as wealth commodity mediums of exchange are relatively stable and require only slight “automatic adjustment” in a “free market” when occasionally a new rich strike is made (that might require more of less human exertion, per ounce, to extract), and that potential is rapidly fading.

Whatever in any time and place is accepted as a medium of exchange, in *lieu* of wealth, is *imaginary* demand in that time and place.

If “paper” is to be used as a medium of exchange, then it is imperative that it be redeemable in some fixed quantity of some commodity. Paper currency must represent a commodity for it to have any “use value” above its own wealth content per se. Paper currency can only have “exchange value” above its own use value per se by virtue of the “use value” of the commodity it represents or exchanges for. The paper currency itself has very low wealth content, costing less than 6/10ths of lC to produce a one or hundred dollar bill token.

With political “legal tender” provisions, the wealth of the citizens is placed in the care of the central bank (federal reserve system) and the people use the bankers’ distributed notes. When eventually the federal reserve notes are declared irredeemable, it must be acknowledged the distributor is bankrupt. Since the issuer took our wealth and gave us notes he will not now honor, we must concede that our wealth has been expropriated.

If bankers require your pledge of wealth before they issue their legal tender notes, then their legal tender notes must include a claim on some of the banker’s wealth, be it corn, wheat, gold or silver. No paper currency note should ever exist without some form of “already produced commodity” for which it is redeemable. To issue any legal tender—be it only one dollar—if it is not redeemable by the issuer at a fixed face value, weight, and fineness of a specific commodity, is imaginary demand. Any redeemable currency in existence must be recognized as a *claim* on wealth—NOT THE WEALTH ITSELF!

Any bank issuing legal tender notes that are not redeemable, is actively engaged in the expropriation of wealth.

Anyone who passes an unredeemable legal tender note is actively engaged in the expropriation of wealth.

Government “control” over all private property is no improvement over government “ownership” of all private property.

The right of citizens to trade in gold and silver coinage, as provided for in the constitution, and by which means citizens own and control the wealth of the nation and its government, *has been denied by executive order.*

Wealth—exchanges freely—on historic use-value!

Money—exchanges by edict—on ignorance of its true nature!

The sole economic function of money is the expropriation of wealth.

Bankers instigate wars to acquire greater personal wealth. Wars cost more than the amount of wealth producers will pay in direct taxes. Governments create bonds to finance wars, and sanction counterfeiting to provide the currency for bond purchases. Bankers buy bonds with created imaginary monetary units. U.S. Bankers acquire bonds and wealth with created imaginary dollars. By lending created dollars, bankers acquire possession of the title to wealth. By foreclosure bankers acquire the possession of the wealth, or with interest “gained” from lending created dollars bankers believable. The tokens are accepted by the people as *being* the monetary units they only represent. Tokens are marked with “par-face-values” greatly in excess of their cost to fabricate. The difference between this “cost” and “par-face-value” is called seigniorage. Seigniorage is “money,” the “credit” extended by the receiver accepting this “differential” as having “value.”

The “differential” is accepted as “value” but is phychological in nature and cannot be used or consumed. This “imaginary-demand-value” that cannot be supply is “inflation.” When inflation gets into the economy, it causes an inflationary effect (falling dollar parity). Holders of lesser “value” monetary units will exchange them for higher “value” monetary units. The nation with the least inflation has a monetary unit with a high parity. The nation with the most inflation has a monetary unit with a low parity.

Controls are only cosmetics that temporarily hide the effects of “natural law” on the economy. The only cure for inflation is deflation, and deflation exposes the burglary. Expropriation of wealth from a producer conscious of the victimization is robbery. Expropriation of wealth from a producer unconscious of the victimization is burglary and fraud.

Government also, when sanctioning counterfeiting, loses its sovereignty to the invisible force of “money” and its creators. “Money must be “outlawed” and wealth reinstated! Some comparisons:

Wealth is produced by labor.
Money is created by marking paper with ink, by executive sanction.

♦ *

Wealth can be capital directly.
Money can only be exchanged for capital; it cannot be capital.

* *

Wealth can be directly consumed as production.
Money cannot be directly consumed as production.

* *

Wealth is supply or demand by use or viewpoint.
Money can only be imaginary demand.

* *

Wealth in any form can be barter or a medium of exchange.
Money, physically represented by paper bills and metal disks of small wealth value (tokens), can only be a medium of exchange (imaginary demand).

* *

Wealth exchanges for wealth on historic value.
Money exchanges for wealth only on confidence in its future acceptance by others.

* *

Wealth accepted in payment for wealth is “final” settlement.
Money accepted in payment for wealth is credit (inflation) (fraud).

* *

Wealth is a substance and occupies space.
Money is a figment of the imagination and has no substance.

* *

Wealth in any form can be expressed in quantity and purity.
Money is not a substance and cannot be expressed in quantity and purity.

* *

Wealth accepted is valuable whether used or consumed directly!
Money accepted is worthless—unless exchanged for wealth!

**

Wealth accepted is payment.

Money accepted is fraud.

The condition of the U. S. economy today is the result of interference in the free market system, and the relentless perversion of its wealth unit of exchange.

The economy of the U. S. throughout the years of “free coinage” was such that the relative costs of commodities in human exertion was falling and the individual’s standard of living was rising, as a result. It was a time when great fortunes were made, and integrity in business was high. People with personal fortunes were able, through banks, etc., to rent capital to others in business ventures, or the expansion of others already established. People borrowed other people’s wealth and returned it, paying for the privilege by returning more than the amount borrowed, (the excess being *rent)*

The entire system was very efficient, and had kept pace with the expanding population and economy ; it was all on the basis of exchanges of wealth. There were attempts to introduce “money,” but each attempt always brought Gresham’s law into action.

The bankers then turned to a trick of the ancients by which the economy could be inflated, the free market eliminated—the wealth of the people expropriated, and not one man in a million would ever discover it.

This explanation will expose the *secret* of the method that is in use today. The method took thousands of years to develop. The system involves introducing a “just-as-good” medium to work alongside the one in use, then gradually easing out the good one, and leaving in use the one that bankers can regulate completely. The secret was to introduce an imaginary entity, in our case the *dollar,* as a unit of exchange in the market. This entity not being of substance or actual existence, and not having any use-value or worth, could be given a fixed value in some real commodity by government decree. The government would “force” the people to use this imaginary medium of exchange by the passage of a legal tender law, after acceptance of the imaginary entity’s name on a bearer certificate in the earlier stages.

The people were using coins of gold and silver of known weight and fineness, and were accustomed to the relative values of all other commodities to these two commodities, and the fluctuations that occurred from time to time due to natural forces affecting the competitive bidding.

By introducing a “name” for a specified quantity of a commodity, and making the “name” a unit of “legal tender” of the nation, they established the facility by which an unlimited expropriation of wealth could be accomplished.

When people were trading gold and silver coins of fractional weights as units of exchange, they were always aware of the *cost* of *these* goods in terms of the *quantity* of the precious metal they were

Each citizen who held his savings in gold and silver coin held his wealth personally. Since his labor-wages were sufficient to pay for his upkeep with a little more for additional savings, his wealth gradually grew.

As people turned their savings into wealth-for-trading purposes (precious metal coins), the supply of wealth-trading media grew. The free market by its own natural regulation saw to it that the demand for additional wealth-purchasing media was always met.

Over the years, the bankers had introduced bank notes (bearer certificates), with sad results, because whenever they inflated them, Gresham's law would upset the system and the banks would fail.

The bankers then influenced Congress to pass laws creating the Federal Reserve System. The Fed is a system of private corporations, a private central bank system made to look like and confuse people into believing it is an arm of the government. The Fed has the exclusive right to create "dollars," and issue "Federal Reserve Notes" which, by law, are to be accepted in payment for all debts, public and private.

A "U.O.Me" from a system of private corporations is signed by "our" Treasurer and Secretary of the Treasury so that the created "dollars" of a privately owned central bank appear to be backed by the wealth of the people.

The Treasury at the same time still issued U.S. Notes (I.O.U's of the treasury) which were allowed by the Congress, and also issued silver and gold certificates. With the introduction of "Federal Reserve Notes," we now had quite a mess of different mediums of exchange in circulation—all very, very confusing.

Confusion is a mild word. When we talk about "money," everyone from the age when he receives his first nickel thinks he knows what "money" is, and yet on the front page of the Wall Street Journal for September 24, 1971, it was reported; "A pre I.M.F. Seminar of eminent economists could not agree on what "money" *is* or *how* banks create it."

People produce goods and services, and the excess of production being, exchangeable goods with use value, becomes savings wealth.

Gold and silver coins are wealth in the most convenient form for exchanging.

Gold and silver coins are mediums of exchange for goods and services.
Gold and silver coins are wealth—not promisory notes.
Gold and silver coins are freely exchangeable anywhere, anytime.
Gold and silver coins are wealth storing "purchasing power".
Gold and silver coins are wealth assets with historic worth.
Gold and silver coins earned as wages are wealth, not debt.
Gold and silver coins accumulated, is wealth accumulated.

When we "sell" our goods and services to someone for gold and silver coins, we have traded to mutual advantage, and received wealth in return, not debt.

If we used gold and silver coin, and paper certificates redeemable in fixed weight and fineness of gold and silver coin as mediums of exchange; there would be no need for "dollars"!

Bankers would have to produce goods or render service to be able to trade in the market place, he could no longer create "dollars" to expropriate wealth.

CONTROLLED MARKET

BANKERS WRITE NUMBERS CREATING ' DOLLARS"	SUPPLIES LABOR UNREDEEMABLE "DOLLARS'	-O PEOPLE PRODUCE GOODS AND SERVICES
PEOPLE PRODUCE GOODS AND SERVICES	GOODS SERVICES UNREDEEMABLE "DOLLARS"	PEOPLE PRODUCE GOODS AND SERVICES
PEOPLE PRODUCE GOODS AND SERVICES	GOODS SERVICES UNREDEEMABLE DOLLARS'	PEOPLE PRODUCE GOODS AND SERVICES

"Dollars" are loaned into circulation by bankers who create them at no cost to themselves.

Dollars are accepted as mediums of exchange for goods and services.
'Dollar s are thought to be obligations of the United States Gov't.
are thought to be obligations of the people of the U. S.
'Dollar are imaginary demand for goods and services.

"Dollars" we hold are thought to be debts we owe ourselves. "Dollars" earned personally as wages are thought to increase our own personal debt. "Dollars" accumulated are thought to be debt accumulated.

When we "sell" our goods and services to someone, they give us "dollars" and we think we owe ourselves for the goods or services we just sold.

When we "buy" someone's goods and services we give them "dollars" and they think they owe themselves for the goods and services they just sold us.

It is a game we have been playing because we did not know any better.

Chapter XIV

MONEY CONFERS POWER TO ITS CREATOR!

With the citizen's right to own gold removed, plenty of silver on hand, 2,000,000,000 ounces, all kinds of programs could be tried to expropriate the wealth of the people. But government "is" the people. For government to spend, someone must receive—who? Big business? Who owns big business? Why would government want to make big business rich and powerful?

When congress chartered the Federal Reserve System, the very people who helped to put it over did not know what they were *really* doing. Once a government gives the power to issue money to any organization, that organization then influences the government, and will manipulate government to suit itself.

As long as "money" is accepted by the people in exchange for their goods and services, the creators of the "money" will regulate the people's lives and destiny. With the power to create and issue the only "legal tender," they can corrupt and influence the passage of any law "money can buy." With the power to create and issue all the legal tender they desire, they can purchase every important means of production and regulate the economy of a nation; but only so long as they can keep the people ignorant of the fact that "money" is a psychological medium of exchange and not wealth!

Wealth is the real power. Wealth is produced by labor, labor is provided by the people. When people control the wealth they produce themselves, they control the government of their nation. They are the government in any free society. The right of citizens to own and control the property they earn in honest labor is the very essence of freedom. Taxes such as "income tax," "social security," "unemployment insurance" and all other taxes of this nature, if allowed at all by the people, should provide for the individual's ownership and control of the funds, when the purpose of the taxes is exercised. These taxes now take our earnings and vest in government the right of distribution, which is in violation of the constitution.

The prime function of government should be the protection of citizens from each other, and all other forces foreign and domestic, including government itself. The exclusion of government from its prime function since the addition of the sixteenth amendment to the constitution has resulted in almost complete loss of individual rights and freedoms.

Taxes should be applied equally to all citizens for government expenditures incurred in the performance of its prime function only.

When the people exercise the power of their wealth, and control their government by refusing to accept anything except the silver and gold coin they pay in taxes as payment for goods and services they furnish government, the government will respond to the will of the people.

When people, through ignorance, accept a psychologically created medium of exchange in full coin a tender in payment of debts.”

Gold and silver are acquired by labor and have the unique quality of being able to “store” value with a stability and preservation greater than any other commodity. The accumulation of wealth in the form of gold and silver has determined the outcome of conflicts throughout history—it is said “one can buy bullets from one’s enemy with gold”! To give up gold for a piece of paper representing a quantity of psychologically created medium of exchange called “dollars” is unbelievable!

In Brief: MONEY ENSLAVES!

People able to barter with gold and silver coin, control government and are free. Loss of the right to trade in gold and silver coin enslaves people to the money creators.

Chapter XV

EVERYTHING FOR NOTHING

There is only one earth, its resources, and man himself to be considered in the science of economics. Natural law says that if man does not himself produce those things necessary to sustain his life then he must produce those things that he can exchange for the things he needs. Human exertion producing products from the earth’s natural resources is the only natural source of wealth in the world. Anything produced by human exertion having exchange value is wealth. Human exertion not directed at producing a product is performing a service.

Wealth may be exchanged for services performed at an exchange parity agreed upon between the parties involved. The parity between labor (human exertion) and wealth (products) will always depend on the mutual agreement of the exchanging parties in a naturally free market. The natural law that will govern this parity is the willingness of the wealth producer to surrender his wealth for the services of labor at a rate he considers it worth. All products produced by human exertion having exchange value are wealth, and as such are supply. All services are potential until performed and when exchanged for other services or wealth are a completed exchange.’

Products are referred to as goods, and in the past supply has been referred to as all goods and services available for exchange. That error will not be repeated here—services are potential, products are existing, tangible things.

Demand has been referred to as all human desire for goods and services. A human could sit at home and desire, but until he takes some of his produce or labor to the market place and offers it in exchange for the things he desires, he has not in any way affected the level of demand. Products (wealth) offered for the exchange in the market place are demand. Services (labor) offered in the market place for exchange are potential demand, when accepted, performed, and settled by an exchange of other services or wealth, it is a completed exchange.

Products (wealth) are tangible and are either supply or demand by use or viewpoint. The importance of this can never be overemphasized—supply and demand are identical, there isn’t any difference. Wealth is either supply or demand by viewpoint. There can never be an imbalance between supply and demand because supply and demand are the same thing. When services are exchanged for wealth the reduction in the amount of supply represented is exactly that amount of demand, and the balance is undisturbed. If services are exchanged for services the the balance of supply and demand is not affected.

Since all products are the result of human exertion on the resources of the earth, each human in possession of his wealth is aware of the amount of labor it took to acquire his product. The parity between products agreed upon between parties to an exchange is a complex conscious or subconscious weighing-in-the-mind of the relative labor one is willing to surrender for the wealth not make the exchange. In a natural free market there can never be an imbalance in supply and demand because they are both wealth, and wealth is supply or demand by viewpoint.

Any commodity whatsoever is either supply or demand at the same instant in time. Wealth has many forms—perishable foods, clothing, shelter, useful tools, precious metals, etc. Wealth produced in excess of wealth consumed during the wealth production is wealth available for exchange (inventory).

Wealth surrendered for wealth desired (for use or consumption directly in the form received) is called barter. Wealth produced in excess of wealth consumed and exchanged in any given period is savings, but savings in the form of perishable food would spoil in time and lose exchange value. Those forms of wealth that are particularly impervious to time and corrosion and are readily divisible without loss of exchange value are excellent forms of wealth to be held as savings.

Savings in these wealth forms also make preeminent mediums of exchange for use in the market place. The fact that these wealth mediums of exchange that developed naturally in a free market system were called "money" did not matter, since until recent times all that was called "money" was in reality wealth. With only wealth as a medium of exchange in the market place there could never be an imbalance of supply and demand or any unnatural market phenomenon called "inflation."

With only wealth in medium of exchange form in use, the exchanging of one's goods for gold coin (which was not wanted for direct use or consumption) which could be used later for acquiring the wealth desired in exchange was in effect a kind of barter by proxy. Although a medium of exchange was used, the parties both received final settlement in wealth in each transaction. In no way was the supply and demand identity challenged. Wealth was exchanged throughout, and wealth is always either supply or demand by viewpoint.

The point of identity is extremely important because it was through the perversion of wealth identity that "money" credit and inflation were born. The birth of "money" credit and inflation initiated the first imbalance between wealth (supply or demand) and imaginary demand.

"Money" was born because before this time "money" had always meant wealth, but through the change that was brought about "money" became a psychological entity only and has connection to wealth only in the human mind. When tokens are used in place of wealth itself in transactions and the wealth the tokens represent is actually on deposit in reserve for their redemption then the token in circulation is a promise of final payment for wealth surrendered. The *wealth* the token *represents is* the wealth being exchanged in the market and *is* the supply-demand *medium* that keeps the economy balanced. Let any token enter the market place that promises the final redemption in wealth, but for which there isn't any wealth on deposit for redemption and the token is false demand, that on its "face" would not expose its secret. It would pass without detection and the false demand it really is, even though not perceived by the humans exchanging it, would nevertheless cause an imbalance in the supply demand equal to the difference between its true worth (the token itself) and the worth of the wealth it was supposedly representing. The imbalance would manifest itself eventually as the inflationary effect (falling dollar parity).

When any wealth produce is represented by a token it must be realized that the token is not the wealth itself. A token represents what it is not! When the token is given a separate identity like "dollar" and connected to wealth by political edict, great injustice can be perpetrated. When wealth itself was exchanged and it exchanged at its truly mutually agreed upon value it was supply or demand at exactly the same time. By using tokens bearing "dollar" terminology and connected to wealth only by loose promises, "demand" is able to be created without being supply as well.

Wealth is supply-demand (inseparable), "dollars" are tokens allowing false demand to be present which allows an imbalance to exist which is false demand vs. supply demand (wealth).

To recognize that in 1792 nineteen and 75/1 OOths "dollars" equalled one ounce of gold, that in 1834 twenty and 67 / 1 OOths "dollars" equalled one ounce of gold and that in 1934 thirty five "dollars" equalled one ounce of gold compels one to observe (in error) that "dollar" is a word to describe a temporarily fixed amount of gold!

Without a connection to gold, "dollar" hasn't any value except that residual memory in the mind that keeps it exchanging on pure imagination. When our currency in circulation was gold and silver coin and bearer certificates were redeemable in gold and silver coin, the demand of the currency was balanced by the supply of the metal the currency tokens *represented.* The paper *represented* a commodity and the exchanges of production could in no way generate the inflationary effect.

When supply is purchased with present-day "dollars," the dollars in use in no way represent any wealth from the issuer and are therefore imaginary demand which in no way balances the supply they extract from the economy. The dollars are total inflation in themselves; every one in circulation represents pure 100% inflation.

On August 15, 1971, President Richard M. Nixon of the United States of America (a republic) declared the "dollar" completely nonredeemable in gold by the issuer (silver redemption repudiated in 1965). That declaration instantly rocketed all "dollars" on record everywhere into instant 100% inflation—they were now totally irredeemable by the issuer, meaning that every bit of demand they formerly lepresented was stripped from them. Anyone accepting a "dollar" token anywhere was accepting imaginary demand. The significance of this one statement has not as yet been realized by the world as a whole. The issuer of our "dollars" is not a wealth producer, and has renounced all responsibility for their redemption—there is now not the slightest connection between "dollars" and wealth except that residual memory in the human mind. We (the public) are left to honor them amongst ourselves in a fabulously gigantic game of "musical chairs." The situation will finally be recognized and everyone will attempt to get rid of all the "dollars" they have claim on. As the smoke clears, the "dollars" will all still be there belonging to someone who cannot get anything for them and the issuer will not redeem them. To those who managed to divest themselves of all their "dollars" for wealth, "dollars" will truly have been only a "medium of exchange." For all those stuck with them and holding the "bag," the dollars will represent all their wealth expropriated by the issuer and lost forever, and the old belief that you cannot get something for nothing will be exploded by the realization that the "money" issuer got everything that his "money" could buy for nothing.

Recap:

Gold and silver coins were called "money."
Bearer certificates promising redemption in gold and silver coin were called "money. Gold coin was outlawed as a medium of exchange.
Silver coin was removed as a medium of exchange.
Bearer certificate promises were repudiated!
All that *was* called *"money"* has been removed!
We now have *promise-less* paper and *it* is Called "money"!
If promise-less paper is now "money," then what was gold and silver coin?
It was *wealth* and it was *something.*
Promise-less paper is *not wealth* and it is *nothing.*
It is written: "No one gets something for nothing," but that does not embody *all* the truth. The bankers *create* "money" out of *thin air.* (imagination)
"Money" *expropriates* wealth to its *creator.*
The *"money creator* gets *something* for *nothing.*

The *"money"* creators *do not produce* wealth and cannot be victim to the hoax.
The *"money" creators* support the belief that "no one gets something for nothing."
But *secretively, exclusively* the *"money" creators* "get *everything* for *nothing*."

Chapter XVI

MONETARY EXPANSION

Token currency =	Legal tender "form" media by political edict. For direct cash exchanges; only has fractional reserve.
Checks =	Secondary "form" media - For direct exchanges; requires 100% reserve.
Credit =	Deferred "form" media - Requires 100% reserve from all except "bankers" (monetary authorities and commercial banks).

Credit is still media, and is exchangeable for any other form of secondary or direct cash exchange media. Therefore it is impossible to regard credit as anything other than part of the money volume.

Credit can be utilized to make direct purchases.

Purchases made with credit cards are considered cash sales.

The entire range is therefore all "money" per se -regardless of form.

When illiquidity is a problem, it is not limited to any particular form.

Illiquidity means "lack of purchasing media" in any form.

Money:

The treasury through the mint creates tokens
at 97% seigniorage .... = 97% inflation.

The Treasury through the Bureau of Printing and Engraving creates paper currency at
99.4% seigniorage .... = 99.4% Inflation.

Banks (monetary authorities and commercial
banks) create credit at 100% seigniorage .... = 100% inflation.

Transfer of "existing" credit from any individual to any other individual is not able to cause the inflationary effect. Inflation only can cause the inflationary effect and inflation is only possible where credit can be created on a fractional reserve basis.

In fact 100% reserve would be 0% inflation.

Only banks can create "demand deposits," which is a *term* used to hide the fact that money is being created. Demand deposits are credit - credit is money - money is inflation, all of it created just serves to swell the total already conjured.

Corporations issue common stock (shares of ownership) to raise money for operation and expansion. Common stock represents ownership of corporation assets. People buy common stock, giving the corporation liquidity for use in the market place.

At this point the corporation can spend the money but the stock-holders cannot; they are holding the stock certificates.

Banks create "demand deposits" with common stock as collateral and this credit (money) inflates the existing volume.

Now the corporation and the stockholders can all spend the money represented by the common stock assets.

The corporation issued common stock and sold it to the people for their credit already existing.

People, corporations, etc., can only exchange the credit they control; that which already exists. AH checks (instruments of instruction to transfer deposit credits) must have 100% reserve, or penalties are provoked.

A bank can create a “deposit credit” on a fractional reserve basis of as little as 5%. A Fed member bank can create a “deposit credit” on a fractional reserve basis of as little as .75% (3/4 of 1%). For a $75.00 a year “Fed Discount Fee,” a member bank can borrow the $1,500.00 it is required to have on hand in reserve to back up a $10,000.00 deposit credit creation.

The banks are the only source of credit - they create it and they charge interest on their creation.

Borrowers must pay back the principal plus interest.

Borrowers can only exchange the total borrowed.

To obtain the additional required to pay interest, they must borrow again at the source.

The new borrowing, borrowed at interest - to pay interest, is new principal and it also commands interest, which perpetuates the exceleration of inflation feeding on itself. As long as the bank is willing to extend additional credit to the borrowers, the game can continue. But should the bank at any time decide to stop creating “demand deposits,” the borrowers must default, and the bank forecloses.

The only source of information on the total credit volume to date is the Fed.

The Fed has never been audited, and any total figure can only be guesstimation.

Loan obligation figures from polling borrowers indicates total credit volume in excess of $2,000 billion.

Chapter XVII MONEY - TIME FACTOR

“Falling dollar parity” is a nonentity, it cannot be seen. It is not composed of matter, it is not a substance. It cannot be measured except by relation to its consequences. Money is imaginary demand perpetrating mass expropriation of wealth from the producers collectively to the persons indirectly manipulating the governing body of the public with conjured dollars.

Falling dollar parity cannot be detected in its initial stages by the uninformed. It is hidden from the great multitude of people by the very fact that they do not know, and they do not know that they do not know.

The natural laws of our universe are inviolable; even though the people cannot see or witness the actual first act of inflating, natural law takes over to force the consequences upon us.

In a pure barter system, total production would be the maximum that could be offered in the market place (100%). At any point in time, commodities are on hand with their respective producers as inventory, unsold. Exchanges of wealth production for wealth production, adjusts the production *rates* of the various commodities for *variations* in the forces on parities of time, location, and circumstances. Other commodities may be out of stock temporarily during these natural adjustment reactions of a free market; but *THERE COULD NOT EVER HAVE BEEN* any falling dollar parity because all the goods offered for exchanges were wealth, and no “dollars” were involved.

All of the exchanges that had been made would have given us the parity for many, many commodities in relation to many, many other commodities. The mutually aceptable exchange rate of any commodity to any other commodity is the parity (“price”).

The need, of course, is for some common commodity that is safe against the rigors of time and corrosion to be accepted as a medium of exchange, so that all commodities could be related to this “one” to facilitate the computation of parity (“price”) of any commodity to any other commodity, at any time by their respective relationships to this one common commodity, as a standard.

It matters not what this one commodity is. It matters only that it is a commodity, a substance, something that can be measured as to volume, density, weight, etc.

Paper may be used as a medium of exchange only if it is a bearer certificate stating the quantity and fineness of the commodity it represents, and who is committed to its delivery upon request.

If anything but a commodity or a direct claim on a commodity is used as a medium of exchange, it is inflation and causes an inflationary effect on the economy, changing the actual parity ("price") agreed upon to effect the exchange.

When wealth is exchange for wealth, the exchange is of *mutual benefit.* If the exchange were exactly equal, it would not have materialized. Only when the parties to an exchange are both convinced they are to receive more than they give up are they freely willing to make the exchange. An exchange should be final when the wealth exchanges hands. Anything that may occur to the wealth exchanged once it has been accepted by its new owner should be the responsibility of the new owner. Most honorable exchanges are completed with a handshake. Only when fraud is involved is there any occasion for recourse on the other party to an exchange.

When an exchange is made that involves anything that is not wealth itself or a direct claim on wealth, fraud is involved, and though it is hidden and unrecognized, it is embezzlement and cheats the receiver out of part of his due payment.

When wealth itself or a direct claim on a set quantity of commodity is received, the reserve commodity already *exists.* When "money" or any paper token that is *not* a direct claim on *existing* wealth is received, then the token is an imagined claim on wealth to be produced sometime in the future.

It is extremely important that this point be fully understood. When a paper token received is a claim on the production of some producer in the future, the instrument is a promise of payment; it is not the payment itself.

The significant thing to consider is the "time delay" involved. At the time of receipt, the paper token which may have been "dollars," and because the stated parity of one dollar equals .0286 ounce gold .999 fine, the goods exchanged for "dollars" were really exchanged in the belief that the dollars were in fact the equivalent of the gold they represented, and that eventually payment would be received in something equal to that given up, or at least something whose parity to gold would remain stable. The dollars received were related to gold, and through that relationship to all other commodities. The gold in this case is the common commodity, and the dollars are the representation of that commodity by government edict only.

Dollars are inflation, and as such their parity relationship although supposed to be fixed is instead (in reality) constantly in a state of change, in relation to all other commodities, "falling dollar parity" ("rising prices"). Therefore, by the time the dollars are used to complete the transaction that was in progress when they were received, the parity between the actual amount of gold they represent and the commodity you wish to receive in exchange for them will have changed. Farmers who take their crop to market at one time and receive money in exchange and must make it cover their expenses throughout a long period until the next crop, are particularly hit by the inflationary effect during the time interval.

Chapter XVIII CIRCULATION vs. "CIRCULATION"

"Money has circulation but does not circulate through its "point of entry" into circulation.

Money creation is "not" representative of a debt owed by the creator to the final holder. Our since repudiated "silver certificates" were *not* "money." The certificate had wording stating that it

United States for its redemption, payable to the bearer on demand.

The silver certificate was not “money.” It was a claim on a “quantity” of a commodity, even though the “dollar’s” worth of silver was a “non-specific” specification on the paper token. The certificate did not specify what “kind” of “dollar” it represented. The “trade dollar” coin weighed 420.0 grains of silver .900 fine, the “silver dollar” coin weighed 412.5 grains silver .900 fine. The value of the “paper dollar “ was not stated. Anyone using a “dollar” paper token as purchasing media had to figure its value by mentally picturing 1 / 35th ounce gold .999 fine as the mutually acceptable worth in common commodity terms it was supposed to represent. A few years ago that same dollar represented 1 / 20th ounce gold .999 fine.

Without a specific quantity and fineness of commodity stated on the paper token, the paper token is only a claim on a “dollar’s” worth, and that “quantity” could be altered by political expediency at any time between acquisition and passing it on to another holder during an exchange. The dollar silver certificate, exchanged for a “value” relative to the “receiver’s faith” in the stability of its creator, was tempered with a confidence that it would retain its recent historic exchange value. The dollar silver certificate had its “exchange value” based on the individual confidence of the individual receiver at the time of exchange or one of the following:

Comparable worth - $.006 (cost to produce a paper token).
Declared exchange value by edict (1 /35th ounce gold).
Commodity claim of 412.5 grains silver (since repudiated).
Whatever he thought it would bring in a later exchange.

Placing a “face valuation” on a paper token far in excess of the *worth* of the token itself is creating money! When any legal tender is issued and endowed by authoritarian edict with a “valuation” in excess of its redemption value, the differential is money (imaginary demand) and causes an “imbalance” of imaginary demand vs. real demand (wealth).

This imaginary demand “which cannot be real demand” is “inflation.”

The opposite of inflation is deflation.

Money creation, then, is a practice only possible with the permission of authority, or by authority itself.

The creator can only create the imaginary dollars. Authority “only” can force the acceptance of dollar tokens as legal tender.

Once created and the profit taken and used by the “dollar” creator, the mass of “money” circulates from person to person and will remain in existence until redeemed or repudiated. The creator creates it and takes title to it; he made it, he owns it, and so he treats it “as though it were wealth.” After all, that is “the image” he wants to create for his creation. The “money” once created must be circulated by its creator, so the profit from its creation may be “realized” and compounded.

The creator’s “dollars” are loaned to borrowers at interest. The money creator is the only source of “money.” He only can create it, and he charges interest when he loans it.

How can the collective borrowers pay back to the only source more than the source created? It is impossible, and so total repayment is impossible. The system once engaged in is self-perpetuating. The only course the collective borrowers can take is to borrow more and more to pay the “interest,” and let the unpaid principal expand as the new borrowings accumulate!

The formula then is:

Circulation + “circulation” + accretion — redemption or pay-off = accumulation. Issuance + circular possession + additions — redemption or pay-off = glut.
Inflation creation + accrual + expansion — redemption or pay-off = hyperinflation.

Circulation: The act of passing from person to person - in continued circular possession, the accrued quantity active in exchanges. (Tokens and/or records of debt dollars.) Accretion: Increase by external addition, newly created madia being added; monetary expansion.
Accumulation: The cumulative mass of conjured media; the amount conjured and becoming larger by successive conjurings. (Tokens and records of debt dollars.) Redemption: Actual settlement, in wealth, at full “face valuation,” from creator to last holder of token, or “mark in a book” record of “dollar” possession.

Since the money creator will not redeem his creations by putting the full quantity of wealth in circulation, and dissolve his created money (deflate), and since the collective borrowers can never return more than they received from the only source, then the day must eventually arrive when the accumulation of principal remaining will require an interest payment greater than the gross national product.

Chapter XIX CREDIT TRAP

Anyone we stop to chat with today will admit that as far as his knowledge goes, a great many of our citizens are over their heads in debt. It is common knowledge that losing a few hours’ overtime or a day’s work for some people is almost a financial disaster. Being overextended today is the rule rather than the exception.

Credit cards are used extensively, and there is talk and experimentation with a moneyless, credit card system for all transactions. This will be extremely interesting to observe, for it is fact that all credit cards when used create money volume. A check is a written order to a bank transferring a record of debt already existing (deposit credit) from one account to another in payment for some goods or services; but a bank credit card is a token representing a prearranged agreement for the bank to create dollars of imaginary debt in the card holder’s account, if and when the card’s option is exercised, combined with an order to transfer that record of imaginary debt to the seller’s account in his bank after the sale is recorded.

To look at all the debt rung up on the registers of the bankers, we should realize something quite significant. We all owe the bankers for all the goods we purchased; we are all in debt to the banker; we are extremely overextended in debt to the banker. How come? He didn’t produce that refrigerator you bought last month. He didn’t manufacture that new car you bought last year, and he didn’t build that boat you take to the lake each summer. In fact, the banker doesn’t manufacture anything; he just creates imaginary purchasing power. You and I and the rest of the public are the manufacturers and producers, and if we exchanged our products directly with each other, we could have all these things, and not be in debt to the banker.

The banker tells us “buy now - pay later/’ and have the good life now. The banker doesn’t tell you about the MONKEY on your back if you do that. The drug addicts can be cured if they desire cure, but the debt addict is hooked forever. We buy something today, using the banker’s money, and promise to pay in a year by the time-payment plan. The banker o.k.’s the contract. And for creating the money, the banker charges a fee-interest. He created the money you need for the good life now, and you promise to pay him back the money you borrow plus some extra money as interest. The bankers have pulled a “fast one” on the public. They have taken advantage of the public’s ignorance concerning money. They do not tell the public that the interest is something that cannot be paid. Bankers are the only source of dollars, and they will only lend them at interest, and all the borrowers cannot pay them back more than they obtained from them. They cannot be paid melted. You can only pay them back with legal tender. We have legal tender law; but legal tender is the tokens that represent their created dollars and draw more interest; besides, only five percent of all the money used in the country every day exists as currency, paper and metal tokens. All the rest is bankers’ numbers in a book, created dollars, and if thev don’t create it, we can’t get it! If we got our interest from some other borrower, where would he get his?

The real case is not apparent until you assume for moment that you yourself are representative of all the debtors - all the borrowers as an entity. You borrow from the only creator a portion of his creation, and must pay back more than you received of his exclusive creation. It is impossible to do, so the interest accumulation of all the loans keeps accumulating, and compounding. We as individuals are able to pay off loans and make new ones because there are so many of us that not all people are attempting to pay off all loans at the same time. This is why we are completely unaware of this great mass of debt hovering over us until it begins to crumble our economy.

The ever accumulating interest becomes principal in itself, and grows and grows. Once created the dollars draw interest year after year of use. The bankers don’t have to do a thing. The dollar mass, once created, becomes a debt burden on the people that extracts huge tribute every year inexorably. We *cannot* eliminate it. The banker created it and in so doing, he took title, and subtly he exchanged his title to it for our production of goods and services. He has all the wealth now, and we have all the paper, and debt created.

The great mass of money is the banker’s slave working year after year with unsurpassed efficiency to force tribute from our government ($20 Billion in 1970) and our public ($100 Billion in 1970). Think of all the wealth the people could accumulate each year if the people and the government weren’t feeding the bankers $120 billion of wealth a year extracted from us as tribute to a non-producer. When the banks take $120 billion of production out of the market each year without putting anything back in - but more imaginary demand (“Money “) - is it any wonder money exchange value” sinks and the value of goods appears to rise in relation to it.

Just think!

This is the monkey on your back you accept and that *cannot* be removed. If the banker only loaned out depositor’s savings in wealth form, and while it was on loan the depositor could not use it, there would not be any monkey. The keynote here is that the depositors’ savings is wealth on deposit = supply already produced and not needed by the producer. Savings must be some commodity that can be used as well as exchanged, and is therefore wealth (supply or demand) at the same time. The monkey on our back is created money (credit) - created credit is created money.

The banker creates the money (dollars) - credit. He owns the wealth of the nation, and we who produced the wealth owe him!

Why?

Chapter XX

ANATOMY OF A FALLING “DOLLAR PARITY”

Albert Einstein gave us the theory of relativity.

The Fed gave us the modern “dollar” - (imaginary demand).

The central bankers, two hundred years ago introduced “money slavery.”

With a little common sense we can perhaps begin to understand how the bankers could make us their slaves without our ever realizing it. The magician has always been a trickster—he used up to date methods and materials to confound the less informed. The more advanced his knowledge the higher degree of intellect he could confound. With our modern methods of communication and distribution of knowledge, finding an adult in a modern city that did not know how a magician sawed a woman in half, would be difficult.

It is a tribute to the cleverness of the originator of the “money slavery conspiracy” that his brainchild has enjoyed such longevity. How to unceasingly rob the population, of a great nation, without their knowledge and using their lack of knowledge as your only means. Locked within the method is the means by which—should the victims ever discover the robbery—they will never discover the means. Locked within the method is the means by which—if the victims are told they are being robbed, they will not believe it.

Longevity does not justify existence—but modern man’s opposition to acceptance of the fact of the conspiracy—is manifest in the fact that 999,999 victims out of a million will deny he has been victimized, even when confronted with the evidence.

Only 1 human in a million can understand the mechanism of the conspiracy and only when it is understood can it be accepted. To expose the heart of the conspiracy and see it flexing we will have to use a very specialized tool. We shall use the theory of relativity, a somewhat simpler aspect of it to help us. To use the tool we must first learn how it functions.

An individual at the rail of a ship, looking down at the waterline, sees what appears to be the water rushing by. This condition can be accepted as fact and no further thought on the matter considered. A thousand individuals may come to the same conclusion with the same observation. One individual may come along, make the observation and then wonder if the ship is moving through the water or is the water rushing past the ship. The sound of engines running or smoke pouring from the stack would be powerful influences to support a conclusion that the ship was moving through the water.

The lack of engine noise or smoke from the stack, coupled with indications of an extremely strong headwind might lead one to a conclusion that the ship was still and the water being wind-whipped by. To determine accurately the actual condition, the relative position of the ship to some fixed monument must be observed. If the ship is found to be fixed, in relation to the fixed object, we can be sure that it is the water that is moving. If the ship is found to be changing its relative position to the fixed object, it is the ship that is moving. Without a fixed monument nearby with which to make visual observation, we would have to wait for nightfall and check with the stars—or using radio, check successive radio-fix positions to determine ship motion. It surely should be evident by now that all is not always as it seems to be on casual observation. Relativity must be taken into account if accuracy of specification is desired.

An aircraft can be of many types, and they are said to be able to fly by a combination of wings, air and speed. It requires forward speed through air to obtain necessary lift. Aircraft of the older slower design were able to take off and land at speeds below 50 M.P.H. and have been observed landing backwards on windy days. An airplane landing at 40 M.P.H. in a 50 M.P.H. wind is going forwards in relation to the air and backwards in relation to fixed objects on the ground.

Shown a glass containing half its capacity, one individual will observe: “it is half full.” Another individual will observe: “it is half empty.” For “half full” to be correct filling would have had to have been interrupted at mid-point. For “half-empty” to be correct draining would have had to have been interrupted at mid-point. If the conditioning operation had not been observed the only realistic discription that could be applied is to say: “the glass contains half its capacity.”

And so it is with the “dollar.”

To define the dollar we must find a description that will describe it and that description or definition must fit it accurately and nothing else. In 1794, a silver coin, weight and fineness specified, was first minted and called a “dollar.” In 1837, the weight fixed at

412.5 grains .900 fine silver was called a “dollar.” Until the year 1885, a silver coin 420.0 grains .900 fine silver was called a “trade dollar.” From 1849 - 1890, a gold coin 25.8 grains .900 fine would seem that a “dollar” was some sort of unit of measure with all the stability of a thin cloud.

Why would anyone allow the use of the word “dollar” to be applied to so many different items.

When we say a “bushel” of wheat it refers to a certain volume.

When we say a “bushel” of anything it refers to the same volume.

When we say a “yard” of cloth it refers to a linear length.

When we say a “yard” of anything it refers to a linear length.

When we say a “cup” of “milk” we are specifying a material and a volume, it does not require a special name - when we say a cubic yard of cement we are specifying a material and a volume, it does not require a special name. In the system of weights and measures it is necessary to have a reference standard that will not vary with time.

In this system some specified levels of amounts are given names that help to facilitate easy description of quantity. There are three systems in use, Apothecaries Weight (drugs, etc.), Avoirdupois Weight (ordinary commodities) and Troy Weight (precious metals, jewels, etc.), but great care is taken to show a common unit to all three (the grain). If you have a common unit why not use it? Why do they use three systems?

An ounce troy is always 480 grains a unit of measure. When we specify a silver coin .900 fine 412.5 grains that is a specific material of a specific fineness, and specific weight if it is given a specific name, for whatever reason, that name then should always mean that specific material of the specific fineness and that specific weight, and so it does-it was called a *Silver* Dollar.

The one with 420.0 grain .900 fine silver was called a Trade dollar.

The one with 25.8 grains .900 fine gold was called a Gold dollar. The real truth of the matter is that the gold and silver coins that developed naturally out of free markets of free societies all over the world centuries ago *never needed* names.

The names for the monetary units were used for only one purpose so that debasement could be accomplished as a secret method of taxing the public with excessive taxation without their knowledge. Just attaching a name to a unit of the “monetary metal” would allow those in control of government unlimited freedom to rob the people and no one in public would really understand what was happening.

Gold and silver coins became the accepted mediums of exchange because of their durability, divisibility (they could be minted in any size) or even broken into sections (two bits—four bits, etc.), and easily carried about because of their ability to *store value* in small volume.

Because economies, using wealth medium of exchange systems, of coins of precious metals were sturdy stable economies, “price levels” remained *level* (the coins maintained relatively stable parities in relation to all other commodities).

In countries with precious metal mediums of exchange all Government income was derived from taxation of the public. Government could not spend what it did not have. If the government raised taxes excessively the people would revolt. Forced visible confiscation of the public’s wealth also seemed to annoy the people and make them unruly. So the rulers passed legal tender laws—henceforth the King would cause a coin to be struck in his likeness and it would contain a certain weight and fineness of a precious metal and be called a “dingblatt’’ after good King Dingblatt himself. It would be accepted by everyone in the kingdom as legal tender and be legal settlement for all debts public and private.

Great: One dingblatt was worth 20 loaves of bread, etc.

Whenever Good King Dingblatt decided the treasury needed more wealth he would lower the fineness or the weight of the precious metal in the dingblatt. Water the wine so to speak. Since legal tender law always referred to the medium of exchange unit as a dingblatt—the newer one which had less precious metal in it, was always the one the people used in their trading—the older ones which

It is necessary to be very careful at this point to catch the full significance of what was taking place. The original quantities of gold and silver content of the coins had become accepted in the market place as having certain related values (parity) to other commodities. It would have caused chaos every time the coin was debased to reevaluate all the commodities into their new relationships to the coins.

As long as the coin was a “dingblatt”—an “official dingblatt”—and the “price” in the window was marked in “dingblatts” the people were bound by law to use them as dingblatts, but down in their hearts they knew the old dingblatt was really worth more so they would use those last.

In the United States for years the people have accepted readily the explanation for seigniorage and the fact that one ounce of silver was coined into $1.29 in coins when twice as much silver bullion could be bought with that coin.

Seigniorage: Something claimed or taken by virtue of sovereign prerogative. Specifically the difference between the exchange value of a coin and the cost of the bullion and the minting.

In 1965 the seigniorage profit on the half dollar jumped from 43% to well over 320% and on the quarters and dimes 800%. The government spent between 2 & 3C to produce a quarter (cupro-nickel) 4 quarters for less than 12c and you gave 100c worth of labor for that “dollar.” By 1971, the half dollar joined the quarters and the dimes and all were pulling in over 800% profit as fast as the cupro-nickel coins could be produced. The profit from this source alone should have helped to wipe out a big portion of the federal debt.

The proof that Gresham’s Law is valid is evident with the clout of a pile driver, in the United States today there are very few old silver coins in the cash registers from Maine to California. At a time when our president was telling us that the silver coins and the new cupro-nickel ones would function side by side for years—there were secret machines running at the federal reserve banks sorting the silver coins from the cupro-nickel at a rate of 2,000 a minute.

The United States silver coins were melted and the silver bullion sold on the market to drive down the “price” of silver on the free market. We were left with the tokens.

Before all the “name calling” started we were conducting our trading with gold and silver coins of nearly comparable worth, as commodities themselves, to the value of the goods and services for which we traded them.

Now we are conducting our trading with tokens of practically no wealth value at all and our former trading wealth has been taken by sovereign prerogative. So the magicians have performed—we had the wealth—they got the wealth—and we didn’t see, feel, or smell a thing! The coins are easy to understand and so we can accept the fact that we have been severely taken. But when we progress to paper tokens it involves the same entrenched skulduggery, but is extremely more subtle.

Many books have been written telling of the goldsmiths and how they issued more certificates “payable to the bearer on demand in gold” then were covered by the precious metal coins on deposit.

Gresham’s law eventually would point the finger at this cheater and he was punished. The *priiate banking conspiracy,* through government, took the golden opportunity to convince the people that *private bankers* could not be trusted, but politicians can. They would have Congress charter a central bank and appoint a board of governors and the public’s troubles would be over. But that was the United States in 1913, the real conspiracy to defraud the people of the world began with the name calling a few centuries back.

It doesn’t matter if we ever find out who started it, what matters is to understand how and why. The people own their wealth and it is in tangible form, nice shiny gold and silver coin. How do the plotters get it from the people and not let them find out they took it. Well first they convince the public that gold and silver coins are heavy to carry about—carrying them about causes wear and traded in the market place just as if it were the wealth it represents. A media form had been reinvented “paper tokens” (Kubla Khan had them first).

From gold and silver coins we progressed to debased coins (metal tokens) now we had reinvented an acceptable form of paper tokens, to represent “dollars.” These certificates were legended “payable to the bearer on demand X no. “dollars” in gold coin” along with official endorsements. These certificates were accepted readily because they were much easier to handle and since they were redeemable in specified amounts of specified commodity of specified purity they were claims on wealth. They were *not* wealth but they *were* claims on wealth, and they were treated equally in the market place as wealth by proxy.

Here again is great significance, wealth and claim checks on wealth coexisting together and with the same facility in the market place. Two mediums of exchange being accepted as equals yet with a difference so great that it would allow our conspirators to eventually control the world in a bloodless take-over. They would simply buy the world on the open market from the people with an imaginary medium of exchange.

We must understand why wealth is not money and money is not wealth. Money is always imaginary and represented by tokens of minute wealth value in themselves enjoying the position of media with an exchange value many times that, because of the public’s faith in their elected officials, or because they are forced to accept it in lieu of wealth by legal tender laws.

Gold and silver coins minted by the government with the weight and fineness of the precious metal stamped directly upon them are wealth per se. It takes labor to extricate and process one ton of gold bearing ore to end up with a drop of gold no bigger than a small pea. In relation to the labor required to produce a pound of butter or a dozen eggs, gold production labor requirement is very much higher for any given volume.

It is this human consideration that goes on subconsciously, that tells us what “price” is right for a commodity we are considering purchasing. We think to ourselves how much of my labor to produce what I produce and bring to the market—does it take to effect an exchange. Is the use value of what I am considering buying equal or greater than the use value of what I must give up.

This process goes on, whether we believe it or not, it goes on and we don’t give it any more conscious thought than we do to walk; but we are weighing our labor in production against the labor in production of the other item. When we do agree on an exchange it is because each of the parties values what he is getting more than that which he is surrendering. We may not have recognized this before but it is what finally decides us to complete the exchange.

When we exchange wealth, which is produced, existing tangible goods or services, we intend in one way or another to use that goods or enjoy that service. If it is food we need we can use the wealth coinage to buy food. If it is furniture we need we can use the wealth coinage to buy furniture. If it is services we need we can use the wealth coinage to pay the workmen. If it is savings we need we can keep them for future use—we are holding them in our possession and they are wealth in medium of exchange form. Our labor is stored up in them and we have them to bring forth at any time and use them in exchange for products of the labor of others.

If in our transaction we accepted a paper certificate that says it can be redeemed in gold or silver coin at some location and in a future time. We are accepting a promise, not wealth; we are accepting a token. Now if with the token we immediately purchase food—O.K. If with the token we immediately purchase furniture—O.K. If with the token we immediately contract and pay for services—O.K. If it was savings we needed and we store the money for future use—we are holding a promise in our possession a piece of paper whose only value is our confidence that it will still be useable at a later date. Our real wealth is elsewhere and we hold the token as a claim that may or may not be honored at the time we demand redemption.

Here again great care must be exercised to understand the significance. Gold and silver coin can be counterfeited but only at great expense which leaves the counterfeiter with a very small margin of profit. Using gold to counterfeit a gold coin would be futile. To use any other metal would be too easily detectable.

Certificates made of paper can be exactly duplicated at very little expense and so the margin of profit is tremendous. This is the game plan the goldsmiths used on us. But the goldsmiths were amateurs, compared to the modern bankers, and the governments they control.

Counterfeit certificates cannot be told apart except by experts and when Gresham’s Law finally exposes them it is always at great expense to the people who were holding the uncollectable ones. The great majority of the people, never having been stung, have been readily accepting these paper tokens as mediums of exchange, ignorant of their tremendous latent powers of confiscation of wealth and are still doing it. The conspirators—bankers—bankers’ governments were proud of their brainchild it was working, paper was exchanging side by side with wealth in the market place. But there were still a few errors in their plan. First of all, all the certificates were bearer certificates and if the people *redeemed them* the gold and silver coins *left* the banking system. The bearer certificates still acknowledged the people as the owners of the wealth. This was very bad for their game plan. Secondly it was this ability of the people to redeem their own wealth at their own discretion, that occasionally caused runs on their banks, that were direct results of the action of Gresham’s Law.

With the success they had experienced so far, these two imperfections were not about to stop them. The general public was easier to fool than they had thought.

Gresham’s Law was their big problem.

We have already understood how it worked with coins, now let us examine how it worked with certificates - (tokens) also. Let us examine a case where there were separate individual banks in many large cities. Each of these banks were operating on a fractional reserve basis, that is, they had more certificates out than they had gold coins in their vaults. As long as the residents of the community who were the bank’s depositors, remained to do their trading in the area all was well. Since all the depositors were trading their certificates locally, it is only rarely that someone moved away and made a call at the bank to pick up his gold and take it with him. Just as one depositor moved away others newly arrived came in to deposit their gold. So the local independent bank never saw a call for more than a very small percent of the wealth he held in his vault, the depositors left it there in “safety” and used their “claims on it” to trade with.

As the bankers play the “federal reserve game” (fractional reserve) the increased no. of certificates bidding against the regular production of goods and services causes the inflationary effect, (falling “dollar parity”). If a town nearby has less inflationary effect (the “prices” are generally lower there) our depositors will journey over there to do some shopping, eventually buying more there than at home. Since sometimes people from the other town come to our bank’s district to do shopping, the banks from the two nearby towns and the people will accept each other’s certificates. At the end of a fiscal period the two banks will clear their respective holdings of each other’s certificates and determine the net surplus and deficit of certificate holdings of each bank. The bank with the net surplus will require that the bank with the net deficit, send the gold for the certificates it held and in effect settle the claims on its gold deposits. Where Gresham’s Law came in is that the bank with the greatest certificate expansion causes its district to have the highest “prices” and so it will always end up with the net deficit in the “balance of payments.” Each fiscal period it will have to ship gold to get its certificate claims back from the bank in the other town. If it had ten times as many certificates issued in relation to its gold on deposit, it is easy to see that just one or two fiscal periods of running a deficit in the balance of payments and it would run out of gold coins with which to make redemptions. Result: Exposure, bank run, bank failure.

This is what our economic conspirators had to eliminate and eliminate they did. They gave us the fairy tale about monetary reform and the federal reserve system (a hoax that took thirty years of preparation—to put over—a story in itself), as a result we accepted monetary enslavement. Our conspirators gave us the chance and we voted them into power by believing and having faith in our elected officials, we allowed the Federal Reserve Act to be sneaked through Congress on December 23, 1913, and the private banking corporations that make up the federal reserve system to be chartered by Congress, (not by the states).

Henceforth only the Fed, a created "monetary authority" can create and issue the monetary obligation unit of the United States, the "dollar." We have one banking system, twelve districts with a present day total of around six thousand banks, a central bank in reality. "It" the central bank would issue the certificates redeemable in gold and silver coin and since this central bank system would be governed by a panel of mostly government appointed directors every thing would be fine "from now on."

By making it sound like "we" were really doing something right for a change, they managed to get the exact conditions necessary for bleeding the public dry of wealth, and replacing it with paper tokens.

We were believing we were receiving one thing and actually we were getting another. It is human nature to want to believe; the more outrageous an untruth, the more believable it sounds—the public wants to believe. Well with a central bank and all certificates now looking alike there was a change so dramatic, so outstanding that nobody paid any attention to it. All the wealth was now in the safekeeping of the banking system, when a deposit was made, an entry was made, and the entry was written as so many "dollars"—now here is the tricky part, you turned in gold coins weight and fineness of content attested to by the mint that coined them; you received a credit entry of "dollars" on the basis that so many dollars equalled so much gold. Here is the big lie, the "dollar" units of credit were being accepted by you as being worth the gold you were depositing-as-good-as-the-gold-as being the gold itself - you were creating in your own mind a belief that "dollars" had the same use value as the gold you deposited.

Would you let your dentist cap a tooth with paper?
Would you give your bride a paper wedding band?
Would you give your mother a paper locket and chain?

The paper currency that you had credit for would have use value only so long as everyone believed at some later date you could exchange it for a commodity with the same use value as the gold you gave up for it. The only value of paper currency is its confidence value—your confidence that it will be accepted later by someone in the market place. Your gold coins were wealth itself and when traded in the market the transaction was completed. The paper token is accepted as a medium of exchange, used in lieu of wealth, and depending on confidence for eventual redemption or exchange.

At the time the Fed came into existence it was established by the banking system government that $20.67 was worth one ounce of gold .999 fine, or as they liked to have it accepted that one ounce of gold was worth $20.67. Not to let the significance of the statements escape us let us examine them closely.

One ounce of gold .999 fine has use value equal to other commodities on the market that take approximately the same labor expenditure. The $20.67 in currency being paper and coin were created for very little labor expenditure. So by accepting this lie or in effect ignoring the difference in relative cost to produce two different mediums of exchange, we were accepting the difference as seigniorage the same as we did with the coins. So, anytime the bankers' government would decide that they would like a change in their rate of confiscation of wealth, they had but to change the

Redeemable in gold on demand at the United States Treasury or in gold or lawful money at any federal reserve bank.

The next big blow that came was an executive order written saying citizens of the United States could not redeem the gold they had so dutifully surrendered in a time of declared national emergency. New federal reserve notes were inscribed:

This note is legaltender for all debts public and private, and is redeemable in lawful money at the United States Treasury, or at any federal reserve bank.

Then they changed the equation!

One ounce of gold was worth $35.00.

Well, it was your wealth, you had it! They took it! and good business it was for them—they made $14.33 on every ounce you turned in! Or did we lose $14.33 on every ounce?

If we turn that new “price” of gold around and study it we will see something significant $35.00 = 1 ounce of gold, before it was $20.67 = 1 ounce of gold, it would *seem* that gold went up in “price” and that is exactly what we were told it did. But is that true? It depends on what we consider as *the* measure of value. We originally allowed this ominous thing to get started by letting the bankers government brain-twist us into thinking a “dollar” token of paper was as good as gold. Well lets get back on the track.

Gold is wealth; it takes labor to extract it from the land so lets put in the way it should be:

1 ounce of gold = $20.67 or $1.00 = 0.0483 ounces of gold.

1 ounce of gold = $35.00 or $1.00 = 0.0285 ounces of gold.

Either way we see that it now takes more dollars therefore they must be worth less. The dollar had gone down in its parity relationship to gold. The “price” of dollars in terms of gold had fallen. The dollar had been devalued! This was a clear cut result of currency manipulation. If a commodity changes relative value in the market place, the cause can always be traced.

Many things can affect the cost in labor of producing a product but its use value affects its exchange value also. If a new large deposit of rich ore were found the parity of gold could go down in relation to all other commodities; its “price” in terms of those commodities would have fallen.

All the various fluctuations of commodity parities can be traced to the returns on labor, effecting the competitive bidding that sets those parities. Left alone, without government interference and without monetary expansion “price levels” will stay level, that is, relatively level for long periods. The reason the dollar went down in exchange value was because the fed was doing exactly what the old goldsmiths used to do, create imaginary claims on wealth.

Now that the central bank controlled all the gold-when there wasn’t enough to equal the expanded volume of tokens (fed notes) created, they simply change the rates, (devalue). If expansion of the federal reserve created dollars resulted in more dollars per ounce of gold, then it holds that it would take more dollars now per unit of any other commodity as well.

This and this alone is the only cause of a “falling dollar parity” (the inflationary effect).

Wage rate increases etc. are often the result of inflation but never its cause—(inflation is money “dollars”) a cause *not* an effect.

Let us explore the generation of a falling dollar parity using another approach. The gross national product is the total of all goods and services produced, whatever the period, it cannot exceed 100%. Let us use the 100% and assume a government tax rate of 25%. When the government takes its 25% of our production we are left with 75%. The government with its 25% and we with our 75% can descend on the market, make our purchases, and all is well, we have a balanced economy.

Suppose the government decides to wage war—war is always expensive. If the govern ment tried to run the war without a large increase in taxes it could not do it. If the government tried to raise the taxes to the level that, pay as you go, would require, the people would rebel. So government chooses to use inflation as a means to finance war. Government needing 50% of the gross national product takes 25% in taxes and another 25% in “monetized debt.” The government with its 50% and we with our 75% descend on the market, bid against each other our 125% of money volume trying to seek exchanges with 100% of gross national product. The result is always a trend towards “higher prices” (falling “dollar parity”). As “prices” go higher and higher (in reality money becoming worth less and less in exchange value) workers need more money to buy the same things, ask for higher wages. As the employer has to pay higher wages he has to charge more for his product to maintain his income after expenses, and this adds to the situation; and because it is so easy to say that it is wage increases and “price” increases that are the cause of “inflation” (falling “dollar parity”), the people are so easy to fool, the government will perpetuate the lie until the people demand wage and “price” controls.

To keep the “rising price level” (falling “dollar parity”) from increasing too rapidly the government will instigate a *bond drive*. If the government can get enough of the people to buy bonds and treat them as wealth and put them in safety deposit boxes, they will have effectively reduced the amount of “dollars” the public enters the market place with. As they expand the money volume, by monetizing debt, they endeavor to reduce our “spendable money volume,” so as to keep the “dollar’s” parity as nearly stable in relation to units of produced goods, as possible. Every conceivable idea is tried to regulate what we spend to keep it from competing with what government wants to spend.

As government takes more and more of the production in war goods it follows that less and less “consumer goods” will be produced, and this is an understandable thing, because after all you cannot have guns and butter both, so consumer goods production falls below prewar quantities.

It is imperative that we fully understand that inflation is only one thing—*Money*—not the miss-use of money, the *money* itself. If only wealth in most convenient, medium of exchange, form (coins of precious metal etc.) were used a falling “medium of exchange parity” would be impossible because they themselves are produced goods (wealth) and if only wealth is exchanged for wealth, that is, products for products, then natural free market forces regulate competitive bidding to keep production parities stable and civilization progresses causing a higher standard of living, due to technilogical advancements, (mass production techniques and the division of labor).

Many different things have been used in history as mediums of exchange, all of them have been referred to, in all our texts as “money” yet for some unexplained reason some “monies” failed to remain stable and others exist today as stable as ever. To explain the “unexplainable” we have to first define what “money” is and then see if perhaps all of the so-called “money” was not really “wealth.”

Monev: Psychologically created entity (credit) (inflation) or (imaginary demand media) by use.

Wealth: Any material thing produced by human exertion having exchange value, (supply) (demand).

When we realize that corn, wheat, tobacco, and countless other things were called “money” when in reality they were wealth, (corn = tangible, takes labor to produce, has exchange value, wheat = tangible, takes labor to produce, has exchange value, tobacco = tangible, takes labor to produce, has exchange value.) we can begin to understand why some of these things were only retired when something infinitely better came along, corn and wheat could spoil, tobacco could dry out etc. Gold and silver coin evolved as the best stone from which they fashioned their mediums of exchange, the great round stones with the hole in them, that looked like wheels. Possession of these objects today yet is recognized as possessions of wealth. They were and are tangible, took labor to produce and had exchange value.

To understand how wealth is obtained and where it comes from requires some reasoning. Salt in the ocean is not wealth, but once human labor and capital is applied, the salt extracted and brought to the market in saleable form, it is wealth. Coal in the ground is not wealth—in the market place it is wealth, because human labor brought it there, it is tangible and it can be burned to provide heat, thereby satisfying a human desire for heat.

By my own reasoning then paper is also wealth, it is tangible, it is produced by human exertion, and it can satisfy human desire, as a medium to write upon etc., it has exchange value. But paper in quantity enough as a product to exchange for an automobile would fill the truck needed to haul it to the market place, and if this were done it would be a wealth for wealth exchange. But when paper in the form of currency is used in the market place in small quantity to trade for wealth (products) many thousands of times the wealth value of the paper being used, then the paper tokens are “imaginary demand” and only our ignorance of the ominous condition we are perpetrating and our confidence in the system, issuing this paper keeps us doing it.

Only when we use wealth in one form, to represent by legal tender laws wealth of many thousand times greater in other forms, are we creating a “false medium of exchange” called “money,” (imaginary demand).

This is exactly the case when the laws say we must accept 100 copper pennies as having the relative value in exchange as 1 /35th of an ounce of gold. In a free market the traders would decide from day to day the relative value of copper and gold by the natural law of competitive bidding.

It is the introduction of “money” into the economic system that immediately starts the process that eventually leads to a recognizable inflationary result (falling “dollar parity). Now we understand why currency (coins and bills) even though being wealth themselves, when *given values* many thousand times greater, by legal tender laws become “money tokens” and that the introduction of “money” into the economic system is the “creation” of the “imbalance” of imaginary demand vs production (real demand).

We have concerned ourselves thus far with “dollars” inscribed as being redeemable in “lawful money” at the Treasury or any federal reserve bank, and while we still had coins with silver content it *was possible* to get a portion of your wealth back. You could turn in “dollars” and get silver coins minus the seigniorage and although the gold redemption had been denied we still had silver certificates in the purchasing media volume.

Our banker directed, government, decided they wanted all the wealth, so they gradually started reducing the promissary wording on the federal reserve notes. In 1963. they issued the federal reserve notes totally devoid of any promise to redeem. The silver certificates were all called in and a date set beyond which none would be honored at the fed or at the bank, (for silver that is). The bankers through government, as much as told us it is not worth anything anymore, we won’t give you anything for it, but it is still legal tender and you must use it and accept it in payment of all debts public and private. Total Fiat: It was no longer redeemable in wealth by those with whom we deposited our wealth, for safe keeping, it was now declared by the bankers through government that the *tokens* were the wealth *itself* that *replaced* the wealth we had deposited, (they wanted the real stuff, we could have the phony).

The day had finally arrived, all the wealth we once owned and used as a medium of exchange had been taken away and we were left with paper and base metal tokens, and as a result a constantly falling ever decelerating “dollar parity.” We have falling “dollar parity,” falling “dollar parity”, and more falling “dollar parity” and nothing they try seems to help the situation, of course not, and now

So far we have only concerned ourselves with “dollars” represented by tokens (coins and bills) made of base metal and paper, but they represent only approximately 5% of the “money volume” used daily in the conduct of business.

95% of the every day medium of exchange does not exist in any token form, it exists in our minds only and we keep records of it with paper and ink in check books and ledgers!

NINETY FIVE PERCENT OF THE EVERY DAY MEDIUM OF EXCHANGE DOES NOT EXIST IN ANY TOKEN FORM, IT EXISTS IN OUR MINDS ONLY. AND WE KEEP RECORDS OF IT WITH PAPER AND INK IN CHECK BOOKS AND LEDGERS!

When they take metal and paper tokens and assign fabulous values to them and in so doing create token “dollars” they enter the economy by being borrowed from the banker, and then are passed about via direct exchanges—money for products—products for money, we cannot perceive of the fact we are using “imaginary demand.” Each individual labors to receive his “dollars,” and so he expects to be able to purchase the products of others with those “dollars.” When in daily business we take in more “money” than we care to have on hand we take it to the bank and make a deposit. The deposit is recorded on the books, of the bank, and paper records we keep. We can transfer a claim against these “money” deposits by writing a check as a written order to transfer all or a portion and use the check as a medium of exchange in direct exchanges. When we receive a check from someone in “payment” of a debt, we accept it on faith and confidence that it will be honored. The faith and confidence is there because we have laws that penalize anyone for writing bad checks.

We receive checks from employers for our services. The employer receives checks from his customers when they purchase his goods. These checks are mediums of exchange received in direct exchanges for goods and services (wealth)—but in themselves the checks are only claims against the production of others until we actually redeem those claims for those products. When we deposit our paycheck in the bank, we know it was what we received for our labor, and as such in our “minds” we endow the paper and the resulting credit entry on the books of the bank with a value proportionate to that labor. So when we write a check against that deposit entry we really believe that we are transferring *wealth* with it, when in reality we are only transferring a claim against marks in a book whose only value rests on confidence and faith.

We have come a long way from the days when we received pay envelope containing wealth. We have come from an era of over many years when we transacted our business with wealth which we held and owned, and was tangible and visible, to an era today where the only wealth we can see is the clothes on our backs, and our physical possessions, if they are fully paid for.

Some among us cling desperately to the belief that this all came about by some real stupid moves on the part of some well intentioned people and our elected officials, and I might be tempted to entertain that thought IF somewhere along the way they would have made one error in OUR favor. No it wasn’t all foolish mistakes it was deliberate, as we move along you will begin to realize this.

Now that 95% of all the “money” used is in our minds—counterfeiting can be exercised at no cost to those authorized to do it. I don’t have to prove that, any study of the literature available, from the Fed itself on itself will explain the Act of Congress that gave the Fed complete freedom to create and take title to as much “money” as they want, and we the people must accept their imaginary debt “dollars.”

Chapter XXI

WHY A “NAME”?

ment to dispense wealth it must first be taken from the people! People eventually rebel against "too high" taxes. Government seeks other means of obtaining wealth from its citizens. Rumors are spread amongst the people that there is counterfeiting of the coin and the government must protect the people from the counterfeitors. Government takes over the minting of the coin and assigns a name to a government guaranteed fixed quantity of specified purity precious metal coin. Gradually the population becomes weaned from the use of its former terminology of—twenty bushels of wheat equal 1 ounce of gold or 1 ounce of gold = 1 pig. Instead, they become accustomed to using the new terminology, 1 bushel of wheat = $1.75 or 1 pig is worth $35.00. At first government supports the mint with tax receipts and coining is free to citizens—you bring in your gold or silver and the mint returns bright new coinage of full weight and fineness. Later on, government passes a law specifying a new weight and fineness for its "dollar," which is now the same weight as before but only ninety percent of its former purity, on the pretext that it is still worth the same in trade as before because the precious metal content and *the labor* to produce it add up to its former value. The government further explains that *now* the people who are getting the benefit of the mint are paying the cost of minting directly, instead of all the people through taxation. Of course the Treasury now is fattened by ten percent of the value of all the coinage minted. The mint is now a profit-making organization. People realize that the older coinage has a greater gold content and it disappears from circulation; melted by government and saved by citizens. The process whereby the older coins are removed from circulation by the people because of their higher purity is known as "Gresham's Law."

The production by government of coinage that has less bullion content than formerly for the same "face value" is known as "debasing" the coinage.

Government's right to take from the coinage the difference between its bullion content and face value is known as "seigniorage."

At this early stage is where money (credit and inflation) is first created. A pure coin with bullion content equal to its face value is "supply" or "demand" by use or viewpoint. The *pure* coin as a medium of exchange can *demand* its *face value* in goods, or be melted down and *be* the *supply* for that exact amount.

A token coin with bullion content less than face value demand when melted down would be *unable* to be *full supply* for its face value. The difference between its "supply" and "demand" "exchange values" in a token is money - (credit) - (inflation).

It is "money" because it is a psychologically created medium of exchange; it does not exist as a material thing. That part of the token which is "supply value" is "wealth," the rest is "make-believe." It is "credit" because anyone exchanging wealth for a "token" is receiving less wealth in return, and must wait until he passes the token to *get back* the difference.

It is "inflation" because the "demand" (face value) in excess of "supply" (bullion worth) causes its parity in relation to commodities to fall. The basic creation of inflation is the creation of money (credit). Money created in any form and "issued" into circulation perpetrates the expropriation of the receiver's wealth.

Government creates bonds to expropriate the people's wealth without their knowledge!

In 1971 the expropriation of wealth from the people in just the minting of copper-nickel coinage alone was 540 million dollars. We have progressed from "free coinage" with gold and silver coins in circulation to the present time where the material and labor involved in minting our "coinage" are less than 5% of its "face value."

The great robbery taking place due to the issuance of token "coinage" is completely hidden to the public because they cannot help but accept the tokens of wealth as the wealth itself, and this is brought about by giving a name to a fixed quantity of specified purity precious metal coin.

Chapter XXII THE SEVEN “C’s” OF CURRENCY FRAUD

The Treasury creates $50 million bond.
The Treasury sells $50 million bond to Fed for $50 million “deposit credit.”
The Treasury has $50 million in checking account. Fed has $50 million bond.
The Treasury owes Fed $50 million plus interest.
The Treasury gives Fed $50 million in currency (Fed notes) for distribution by the Fed (to cash treasury checks).
Fed has $50 million in “coins” and bills.
Fed has $50 million bond from Treasury.
Treasury owes $50 million to Fed plus interest.
Fed received $50 million from Treasury at no cost to distribute.
In 30 years, Treasury pays Fed $90 million in interest.

Total Treasury received:	Total Fed received:
$50 million “deposit credit.”	$50 million in “coins” and bills.
Minus $50 million Treasury	$90 million in interest,
gave Fed in currency.	$140 million
Net receipts of Treasury: -0-	Net receipts of Fed: $140 million

Many voices throughout our country are in agreement today that in the federal reserve system, fractional reserve banking is the root cause of our “inflation” and related difficulties.

The purpose of this writing is not to disagree with that conclusion in any way. Many voices are in agreement that in the federal reserve system *fractional reserve banking* should be taken over by Congress and run for the benefit of the people.

With this suggested solution this writing disagrees.

Our nation’s difficulties are due to the fractional reserve system, and it would not matter who operated same, our difficulties would continue. What must be observed is that inflation is the “dollar” and that imaginary demand vs. supply (dollars vs. wealth) is exactly what “fractional reserve” is all about.

When our citizens could at any time enter a bank and demand “specie” payment (gold or silver coin) for their dollars, they were in fact actually checking the amount of spread between the dollars (imaginary demand) in circulation and the specie (wealth) held in reserve for their redemption. Specie was in fact the “wealth” the “dollar” tokens were imagined to represent. The dollar tokens could always be exchanged for specie (wealth) at the point of issue (banking system). The issuance of dollars could not exceed, by more than ten times, the amount of specie held for their redemption, or it became evident and the banking system collapsed.

Because the operators of the system wished to exceed the “ten times” barrier, it was necessary for the redemption privilege to be removed—first the gold coin in 1933, and then the silver coin in 1965. Specie redemption was no more!

The removal of all redemption privilege “from the *issuer”* left them (the operators) free to expand, expand, and continue to expand the dollar volume without any discipline whatever, or any way for the people to check the volume of inflation being created.

When we the people write a check we must have the necessary “credit” on deposit to “cover” our check. Dollars issued and nonredeemable are in effect “bad checks” that circulate and are exchanged for wealth by the people amongst themselves, but are never discovered to be “bad checks” because the “clearing house” (redemption window) is closed; they can circulate almost forever with no one the wiser.

It is this condition that has led to the belief of many people that if the system survived to date on just the ‘people’s faith’’ in dollars, it *can* go on *forever*. It would appear that it has “worked’’ without any “side effects” so far, but this is not true. Nonredeemable dollars are loaned into circulation and convey to the issuer the vested title to the wealth that is pledged as collateral, and is purchased outright with the interest income.

As the total dollars created accumulates, the vested title to the wealth they “expropriate” accumulates to the “issuer” and the “wealth producers” are left with a tremendous accumulation of depreciating and eventually worthless paper.

At the present time the accumulated title to wealth vested in the dollar creators is greater than the entire worth of the United States. Inflation and its related difficulties will not be eliminated until we return to a redeemable currency, and the people’s right to test that redemption, with demands for redemption in specie. Since it was the removal of the privilege of specie redemption that allowed the situation to deteriorate to its present condition, it is quite evident that only a return to the privilege of specie redemption can be a cure.

Sound banking existed in the past and it could function again in the future without any fractional reserve “inflation” or related wide-spread overextension. We the people have to “make good” our checks, why not the bankers on theirs? By restoring the people’s right to trade in sound “specie” (wealth media), the old nonredeemable dollars would suffer natural depreciation and eventual total discount.

The situation is far too grave now for sudden deflation or repeal of the Fed. The total collapse of the monetary unit that would follow that action would create chaos. It would be much wiser to allow gradual return to sanity and monetary integrity by a slower process of the natural application of Gresham’s Law and the eventual elimination of the non- convertible dollar by having wealth media competing with it in the economy.

As of now the Fed “buys” U. S. Treasury Bonds with created deposit credits. The Fed “buys” U. S. currency (coins and bills) with created imaginary debt “dollars” as a medium of exchange.

It does not cost the Fed anything to create a “deposit credit,” therefore the Fed gets coin and bills (currency) at no cost to itself and lends its created credit at interest. *All interest* it receives is *all profit* at all times.

All expenses of the Fed are paid with created deposit credits which are “free” to the Creator. The Fed’s expenses are all expropriated from the people: All created credit converted to bills and coins expropriates wealth when exchanged. All created credit is pure inflation per se. Credit creators do not produce wealth and never redeem their creation for wealth. All credit is wealth expropriating, and is functional only because people accept it.

A deposit credit must be created before it can be a demand for currency and become interest bearing—therefore all Fed currency in circulation is “earning” interest for the Fed.

For “everyone” to pay interest, “more” deposit credits must be created to facilitate the issue of currency that is to be the interest payment.

“New” borrowing “to pay interest” becomes ‘‘principal” itself “at interest” and the system is “self perpetuating.”

There isn’t any way to stop the system until the legal tender laws are abolished, and the people can again insist on “specie” payment of debt.

THE SEVEN “C’s” OF CURRENCY FRAUD:

CREATED CREDIT CONVERTED to CURRENCY COSTS CITIZENS CAPITAL!

Chapter XXIII ECONOMIC FUNCTION OF MONEY

People consume the goods and services.

During the period of “free coinage” people kept the excess of production as savings in gold and silver coin.

With “free coinage” people held the wealth of their nation in their hands.

With political legal tender provisions, the wealth is placed in the care of bankers, and the people use the bankers’ created notes.

When eventually the bankers’ created notes are declared irredeemable, it must be acknowledged that the bank is bankrupt.

Since the bankers took our wealth and gave us notes they will not now honor, we must concede that our wealth has been expropriated.

Since bankers are the keepers of the books of account, who is to say that when a “deposit credit” has been assigned to an account—whether or not there is solvency anywhere to back up that account?

All that ever happens, is that by checks or other means, credits are shifted about from one account to the other.

The only ones who could possibly know whether or not the account is solvent would be the bankers who established it by making the “deposit credit.”

If bankers require your pledge of wealth before they issue to you their legal tender notes, their legal tender notes must include a claim on some of the banker’s wealth, be it corn, wheat, gold, or silver.

No legal tender form must exist “ever” without some form of already produced commodity for which it is redeemable!

To issue any legal tender—be it only one dollar—if it is not redeemable constitutes inflation.

Any currency in existence “ever” must be recognized as a claim on wealth—not the wealth itself.

Any bank issuing a legal tender note that is not redeemable is actively engaged in passing counterfeit.

Anyone who passes an unredeemable legal tender note is actively engaged in the expropriation of wealth!

Wealth—exchanges freely—on historic worth.
Legal tender—exchanges “by edict”—on ignorance of its true nature.

Chapter XXIV

TRAPPED

The federal reserve system obtains the notes it issues from the Treasury at “no cost” to the Fed. The currency is countersigned by U. S. Treasury officials, making it appear they are obligations of the government. In fact the “Fed” receives all the paper and metal tokens it issues from the treasury for “dollars” the Fed creates. The paper and metal tokens in circulation represent “dollars” and amount to approximately 5% of the total. Approximately 95% of the total”money” in use is represented by paper and ink imaginary “dollar” debts created on the books by the Fed. The paper and ink “money” is imaginary debt loaned into circulation and secured by title to the borrower’s wealth. The demand deposits can be converted into currency (paper and metal tokens) to facilitate physical exchanges.

The demand deposit “created money” is loaned by the creator and must be returned in full, plus

Money is used as a medium of exchange for wealth. The banker creator loans it into circulation, receiving title to wealth in exchange. The banking system creates the money, exchanges it for title to or wealth itself, and never has to redeem the notes. “Money” expropriates wealth to the creators of money at a tremendous fantastic incalculable profit! (they have absolutely no investment so the percentage of profit is incalculable).

The “money” never being “redeemed” by its creator accumulates in tremendous volume. The total volume of “money” is ever increasing and being expanded; it is self- perpetuating. The title to wealth “expropriated” is constantly being expanded as the volume of “money” increases. The “money” creators have created imaginary “dollars” of debt exceeding the total worth of the United States.

The bankers create the “money” and *lend* it into circulation, but *never* have to *redeem* a U.O.Me. The people who gave up the *wealth* to get the *money* must now “redeem” (exchange) the imaginary debt tokens from each other. The creator gets wealth for every dollar created. Every dollar the banker creates draws interest. For the interest to be paid, the banker must create more “money.” To cause a monetary illiquidity panic, all the banker has to do is *stop* creating “money” *needed* for *interest.* The “money” the people exchange must come from the creator, who is the only source. If he stops “production,” the people’s liquidity disappears as the principal and interest payments are collected by the banks. When borrowers cannot repay their loans, the bank forecloses on the collateral. The bankers have claim on more wealth than exists and the claims are increasing in proportion to the volume of “dollars” created.

The average corporation in the United States today is seeing better than 77% of its net profit going for “debt service.” The Fed has a charter to create and regulate the “money” svstem in the United States. Even the government must give paper bonds to the system to get its created “money.” The bankers own the wealth of the nation, and influence the government through the power of money. The government paid the money creators $20 billion in interest last year on its loans. The people paid $120 billion last year in interest on their loans. The bankers draw approximately $140 billion in interest yearly for “money” thev created with just paper and ink. The interest is paid on the “money” the government and the people still owe to the banker creators. The people gave up wealth to get it. and must now pav interest while thev have it. Only by giving up more wealth, to each other, can people acquire the “monev” to return to the creator. They can return the principal but not the interest due. because that *had not* been *created*! If it had been created and loaned to the people, it would be “principal.¨’

It is impossible for all the people to return all the “money” borrowed plus interest. The banker wins in the end. he will own and control all of the wealth. The people must use legal tender for exchanges. Monev is created and loaned by the banker creator. 95°*o* of the total monev in use is his creation, and bears interest. All he creates and loans is principal. Money with which to pav interest does not exist. Money to pay interest must be borrowed from the creator. When monev is borrowed ito pay interest ‘ it becomes principal. The new principal (to pav interest^ draws interest, and that interest cannot be paid either without additional borrowing. The debt increases with time, interest compounds, becoming a greater volume of principal owed. As long as “money” must be used as a medium of exchange there isn’t anv escape.

Monev comes from the banker creator at interest. Interest cannot be paid by increased borrowing—it is impossible! Money borrowed to pay interest becomes new principal bearing interest. The longer this svstem continues, the more the debts compound. The more the debts compound, the more the people owe. The more they owe. the more they must borrow to trv to pav the interest. The more they borrow to try to pay the interest, the more they owe! The more “monev” the banker creates, the greater his title to the people’s wealth. The more the banker takes title to

Banker creator creates money.
People must use money.
Money created draws interest.
Money loans must be repaid plus interest.
Interest is a money charge for the use of money.
Only the banker creator creates money.
Money borrowed to pay interest becomes principal.
Borrowing to pay interest increases debt.
Increasing debt, increases interest due.
Increasing interest due, increases debt.
Debt compounds until the bankers stop creating.
No more creation, no more interest payments can be made.
No more interest payments, bankers foreclose.
Bankers collect all the wealth.
People are left with all the paper and ink.

Chapter XXV ENGINEERED ILLIQUIDITY

With the banks able to circulate their created dollars and lend them out at interest, they were in a position to manipulate the economy of the nation. Lending newly created dollars into the economy was creating "imaginary demand" for goods and services. It caused greater need for labor to produce the goods (supply); but the initial effect would always be a decrease in the dollar's parity in relation to commodities, the first indicator of "inflation. "

> "Inflation": Disproportionate and relatively sharp and sudden increase in the quan tity of money or credit, or both, relative to goods available for purchases. Inflation always produces a rise in the price level." Webster.

If creating and lending fiat dollars could cause a "boom," then it must hold that withdrawing those dollars could cause a "bust"!

"Interest" was the gimmick; when a bank lends dollars it always demands that the borrower "return" more than he borrowed. As long as the banker continued to create his money and lend it out people could continue to pay the "interest" on their loans. The money borrowed to pay "interest" was the "principal" of another loan and as such also demanded "interest"; the system perpetuates itself.

To create a "liquidity crisis" and "panic" all the banker had to do was turn off his "credit machine." The flow of newly created dollars "cut off' and the loan payments and interest coming due, people would have to return to the banker "all" the dollars he had created plus other dollars he had *not* created "as interest."

This sudden drop in "liquidity" (imaginary demand) would lower competitive bidding for supply which lowers the need for labor causing unemployment, and a "rising dollar parity." This condition being the exact opposite of "inflation" is called "deflation."

> "Deflation": Disproportionate and relatively sharp and sudden decrease in the quantity of money or credit, or both, relative to the amount of goods available for purchase. Deflation produces a fall in the general price level." Webster.

The banker-engineered "deflation" was perfect for his purpose. The bankers wanted the "exclusive" right to issue "money" which of course would increase their already incredible "power." To get this "exclusive" right to issue "money," they had to discredit gold, destroy the

With the banker’s bills out of circulation (due to the engineered ‘liquidity crisis”) and much of the gold coin having passed to the bankers as interest, it was easy for the banker to convince the people that there *wasn’t enough* gold media to keep the economy progressing; that what was needed was a system whereby the banks would create and control the issue of the nation’s money in whatever quantities were required to keep the economy healthy.

Another purpose of the engineered liquidity crisis: “Panic,” besides helping to brainwash the people into demanding monetary reform, was that during the resulting deflation, banks were able to foreclose on homes of the unemployed, business properties where failures had occurred, and also the banks could take advantage of the rising dollar parity to pick up corporate bargains.

Through the use of “interest,” banks are able to create “boom” or “bust” situations in our economy. With their created dollars they are able to purchase our products and pay for our labor at no cost to them. They create “money” but do not produce goods. They never redeem it with wealth they created (they don’t produce any). We exchange their creation amongst ourselves when we exchange dollars for wealth at the bank (prior to 1933) we were receiving another producer’s deposited wealth not the bank’s.

In 1910 the banks were finally successful and the people were demanding “monetary reform.”

In 1913 we got it! The passage of the federal reserve act, established a United States “central bank” and also the sixteenth amendment to the constitution—”income tax”!

Jenkins Ostrichism: An ability of the human brain to pass into the subconscious that knowledge, which present in the conscious mind would be unpleasant; basically the belief in the human mind that, knowledge ignored, does not exist, and cannot harm anyone.

A good example is the Federal Reserve System as Monetary Reform. The old system of private banking broke down when it practised fractional reserve; and was exposed by Gresham’s Law.

By creating a central bank, Gresham’s Law was neutralized within its larger sphere of influence, and therefore the fractional reserve system would not be exposed, we would not see it, and therefore it could not harm us.

Another good example is the fact that you cannot pay back to an only source more than you obtain from it. Accepting a concept of deficit spending, which is ever expanding debt, we pay the “interest” and assume that if we ignore the principal it can expand forever and not harm us.

The very fact is, that every central bank is aware of the fact that there are more dollar claims on gold at $35.00 per ounce in existence than there is gold in existence. They all know they have to eventually put the loss on the books, but as long as they keep ignoring it—it hasn’t hurt them yet!

Then there are S.D.R.’s (special drawing rights). The I.M.F. members actually agreed to create a record on their books of account, of each member country having a proportionate share of a mythical gold deposit that would be represented by those entries on paper (paper gold). A member country would be able to settle currency deficit balance claims with another member by obtaining their currency as a charge against its paper gold credit. As fantastic as this is it is a perfect example of believing that if we wish hard enough, wishing will make it so; or if we ignore completely the impossibility of this working, it may work, and. until we admit the damage, it hasn’t hurt us.

If half the effort that is applied to believing the unbelievable was directed into the perpetuation of reality, there would not be any height to which humanity could not progress.

Faith is wonderful, and all powerful, a gift of nature to man.

Ostrichism is an unrecognized, extremely dangerous exercise.

CHAPTER XXVI THE INVISIBLE GOVERNMENT

Throughout this text repeated reference to expropriation of wealth has been made. The accompanying diagram has been constructed with the least amount of complexity. The diagram will make it easy to see the total scope of the process.

Box "A" represents the source of wealth, the people and their daily labor to produce wealth.

Box "B" represents the government or more specifically the Treasury of the United States.

Box "C" represents the Federal Reserve System with all its member banks as one integral central bank.

Box "D" represents the expropriation process whereby "money" created by the Fed is exchanged for the wealth of the people.

Box "E" represents the ultimate receivers and holders of the expropriated wealth, that group of Super Stockholders of the stock of the member banks, which in turn are the stockholders of the federal reserve system. They own the fed and through it control the government of the United States; for all practical purposes they own it also.

Looking at point A-l of block "A" the source of wealth this could be a human who worked for his paycheck, his labor produced goods which the employer will sell, rent or in some way pass on for a profit. The employee who furnished the labor is paid with a check- «o/-wealth-not even a claim on wealth per se a check which is a claim on the employer's account at a bank. The employee's labor aided in the production of wealth but he receives as his share a piece of paper. The employee must take or send that piece of paper (check) to a bank, and either deposit it in his checking account or exchange it for "money" ("dollars") produced at point C-l block "C".

At this point in time he still feels that "dollars" are wealth because he knows he worked to earn them and his labor is valuable. If he immediately purchases tangible goods with the "dollars" then that will be the first part of the wealth he had earned, that he has seen. When all of the "dollars" have been spent, he has received all of his share of wealth for the wealth his labor produced. If he saved some of the "dollars" and did not spend them all right away, then, he will be vulnerable to all the things that can happen to "dollars" in a "money" system, deflation, devaluation and falling "dollar parity."

The "dollars"—that he did spend—will eventually find their way back to the creator via direct payments of principal and interest (through block "A" directly to "C"), or via the taxes route (through block "A" to "B" and on to "C").

Looking at point A-2 block "A" same wealth-same source the wealth of the government, is the wealth of the people, the government uses the wealth of the people as collateral for its credit. At point B-1 the treasury creates bonds, and by selling the bonds to the Fed receives in return deposit credits in its checking account.

The government checks written and issued point B-2 to people for their goods and services arrive at the bank, in the same way the payroll check did. Eventually the Fed issues "dollars" to people for their government checks in direct exchange or through deposit—withdrawal procedures. These "dollars" when spent will eventually arrive back at the point of creation, through the same routes, from "A" directly to "C" or via the taxes route, "A" to "B" to "C".

The government creates bonds and gets credit deposits for them.

The public when it wishes to borrow must pledge wealth directly to the bank to receive "dollars" A-l to "C". All "money" must come from the Fed system it is the only legal source of "dollars." All "dollars" from the Fed is "imaginary debt" government, corporate or private, borrowed into use under legal tender laws. All "dollars" from the Fed are borrowed at interest, you must pay back all the interest charge is 6%. All that you borrowed is 100% plus interest at 6% you must pay back 106% of what you borrowed—THAT IS IMPOSSIBLE! The Fed is the only source it cannot be paid back more than it issued! We are trapped, the chart shows this very clearly, it is impossible to pay back more than is received from the only source.

This is an impossible situation with only one course to follow we must pay the interest, and just let the principal accumulate.

So as long as the system remains it exacts an ever increasing amount of interest (you have to keep increasing the principal to pay the interest) it feeds on itself and grows larger.

Since the principal is always covered by collateral or bonds, the interest is free and clear income to the bankers. There are some people that believe the member banks pay some income taxes, but a quick glance at the chart will show what happens to taxes collected by the government, (they go back to the bank eventually as payments of principal and interest. This total tax free interest income from the government debt alone is $20 billion a year. On the total national debt, Government, corporate and private the interest alone is over $120 billion annually. If you have ever wondered why you never see a shabby bank, perhaps this explains it.

The tremendous gain of lending at high interest that which costs you nothing to create, allows banks to accumulate riches unimaginable. Just as in any business the real income accumulation goes to the director-stockholders that manipulate their income producer, to produce the maximum gain. They take the interest income and buy up the wealth of the world. The bankers know the “dollars” are worthless so they exchange them for vast quantities of tangible possessions.

In the Federal Reserve System there are over 4500 banks under federal charters, and over 1800 state chartered banks that are members, and a total of 14,000 controlled directly. There are so many stockholders of these corporations and the chain of command is so sophisticated, that a nucleous of less than a dozen family’s absolutely possess all this wealth extracted from the wealth-producing public in the land they manage and regulate.

The circulation of “money” and its implied thought, that it all just circulates, that we use it over and over—very neatly conceals its main function, (the expropriation of wealth).

The circulation system of “money” exchanges, corporation to individual, and individual to bank and then, from bank to corporation again is essential to their purpose. It is perfectly efficient as an expropriation of wealth machinery, the wealth is extracted neatly and no one ever even surmises that it is going on. It would collapse in a very short time if we all refused to use it.

If it were possible to educate the people, and if it were possible to go back to wealth media, the extraction of wealth would cease, and our nation would again resume its progress toward ever greater individual standards of living. That is why they outlawed gold and silver coins, they are wealth media. That is why they melted our old silver coins and sold the silver at auction. They don’t want us to use wealth media—if we use wealth media, we own our wealth and our elected officials become the servants of the people. The public would regain the power to direct the policies of their government.

Others may ask why can’t American citizens own gold—I know why, and so do you now.

Just think of all the income taxes you would not have to pay if you did not use “money”—there are no income taxes on capital gains until they are sold for “money.”

Chapter XXVII MONEY SLAVERY

The monetary authority creates money (dollars) using paper and ink.
Money is accepted as a medium of exchange for wealth.
Money is force over people and government.
The monetary authority has power and control.
Only people produce wealth; Money expropriates wealth.
Increasing money volume, increases transfer of wealth to the monetary authority. Production increases with incentive.
Wealth expropriation destroys incentive and some people will settle for subsistance on welfare.
Reduction of the work force reduces production.
Reduction of production due to an increase in expropriation.
Reduction of production due to an increase in the money volume.
Less production plus increased money volume increases dollar volume bid per unit of production.
Increased dollar volume bid per unit of production = falling dollar parity.
Falling dollar parity increases cost of production.
Increased costs of production equals less production per dollar.
Less production per dollar equals falling dollar parity.
Falling dollar parity perpetuates a falling dollar parity.
Falling dollar parity causes loss of confidence in dollars.
People purge themselves of dollars for things of value (wealth).
People begin to trade with wealth in “under-ground” free markets.
Using wealth media doesn’t require the use of money (dollars).
Money not in use” does not control.
Money authority loses control.

Therefore:

The monetary authority “gains’ control over people and government by the creation of money.
The monetary authority “maintains” control by the people’s acceptance of, and confidence in money (dollars).
The monetary authority “loses” control by the creation of too much money (dollars). People free to trade with wealth, control their government and enjoy freedom.
Loss of the right to trade in wealth (gold and silver coin etc.) enslaves people to the monetary authority.

Chapter XXVIII HANDLING THE TRUTH WRECKLESSLY

We have been told that where “money” is concerned, we owe it to ourselves, yet foreigners hold some 110 billion “dollars.” Who owes them.-’ We have been told, from time to time, that we have a surplus in the balance of payments on the “official settlements” basis when all that means is that we are in surplus *if* we don’t count the “dollars held” unless they are held by officials. Private foreigner’s holdings are not counted.

> . . . . “Broadly the U.S. registers a payment deficit when foreigners acquire more dollars than they return *in all transactions.* But although the U.S. lately has been incurring massive deficits on the *‘‘overall’’* basis, it has been in surplus on the *official settlements”* measure, which *disregards* the dollars acquired by private interests

abroad and counts *only those* accumulating in official hands abroad" . . . .
W.S.J. September 24, 1969

We are told we have gold at Fort Knox, and at the stabilization fund and some on deposit in vaults under the Chase Manhattan Bank. We are told that 371,428,571.423 ounces under the Chase Manhattan Bank is on deposit there by foreign central banks. We are told *we* have 285,714,285.714 ounces and are left to believe, if we want to, that it is owned by the people of the United States. We are not told that 6,514,285.698 ounces of it is owned by the I.M.F. and is only loaned to us to *hold* so we can say that we *have* it. We are not told that the I.M.F. holds U.S. treasury securities for 22,857,136.000 ounces of gold which is a first claim on "our" gold.

> . . . . "In addition to its regular gold stock of $2.3 billion, the I.M.F. has $800 million of gold *temporarily invested* in U.S. treasury securities, plus $228 million on *"special deposit"* in the U.S. and $41.4 million in the United Kingdom, a *practice* that allows those two countries to *simultaneously* count the gold so deposited *in their own stocks* . . . ."
> W.S.J. September 24, 1969

Whatever gold stored here in the U.S. that is not owned by foreign holders of 'first claims' on it, is owned by "our" own 'Monetary Authority' a private corporation that creates "dollars" (the treasury only orders the printing and minting of the tokens we use to represent the created numbers we call "dollars ") which *may be* and *are generally* accepted by the people as being the "money stock":

> the total amount of base outstanding at any time is principally determined by the U.S. gold stock and the amount of U.S. government securities *owned* by the federal reserve system. . . . "
> Page 4 St. Louis Federal Reserve Bank Review Aug. 1972

All U.S. "dollars" today are based on imaginary debt. The Monetary Authority creates "dollars" by writing numbers in a book:

> "The net monetary liabilities of the monetary authorities are held either as currency in the hands of the public or as commercial bank reserves and *can be* viewed as the "base" for the nation's money stock. . . . "

Page 3 St. Louis Federal Reserve Bank review Aug. 1972 We are told that it is far more practical to allow a monetary authority to create "dollars" and distribute them into our economy much the same as poker chips in a poker game. That as long as they are managed well it is far more efficient than the old system of only issuing paper with redemption guaranteed in the "barbaric" metal gold. Our old system guaranteed redemption in gold—even in a poker game you must buy the chips and they are redeemed later. However, the monetary authority feels that removing the redemption requirement facilitates greater efficiency' and 'control', only they never told us their controls didn't work. In fact using the 'monetary liabilities' of the monetary authority as a *base* for the *money stock;* every time the monetary authority *'buys'* anything for itself it goes into *debt* and since *'debt'* is the base for the money stock the *money volume increases.* It works out that by using debt as the basis for money (the system is called the monetization of debt) the *more* the *monetary authority spends* the *more money* they *have.*

> Whenever the Federal Reserve buys securities on the open market for its own account the monetary base increases . . .

Page 4 St. Louis Federal Reserve Review Aug. 1972 "Particularly because the Nixon economists stress the money supply, Mr. McCracken commented, it is "perhaps not being excessively bold to suggest that there is an parently as much uncertainty about where we have been as where we ought to be going.” . . . .

W.S.J. August 19, 1969

This is quite a dilemma ‘the more they spend the more they have’ it surely suggests a good reason to believe that the ‘money volume’ cannot be ‘controlled’, and sure enough the Fed knows about that:

> “ . . . . when a central bank actually tries to control the money supply, those relationships which theory and empirical analysis suggest are stable turn out to be operationally unstable. This, of course means that a central bank that sets out to control the money supply would find that it cannot. . . . ”
>
> Page 23 St. Louis Federal Reserve Bank Review Aug. 71

There is a big difference between having the power to regulate interest rates and reserve requirements, and being able to control the money volume. Although *we* have been influenced to *believe they* are *in ‘‘control”* they themselves know better, so they are satisfied to just create an *‘aura’* of stability!

> . . . . since the chief sphere of central bankers is obviously the financial markets, their chief stabilization targets are obviously financial variables, and since the most immediate visible signs of financial change are prices of financial assets, central bankers tend especially to be fascinated with controlling interest rates and exchange rates to present an aura of stability in financial markets. . . .”
>
> Page 24 St. Louis Fed Review August 1971

> “Irvine H. Sprague, a director of the Federal Deposit Insurance Corp., is only the latest bank regulatory official to express dissatisfaction with the setup he helps administer . . . . the federal regulatory machinery has been put together so haphazardly that its fairly surprising that it runs at all . . . .”
>
> Editor W.S.J. October 10, 1969

“Our” government chartered a private corporation to use imaginary debt as a base for money stock instead of using some tangible wealth and bearer certificates to maintain *‘sanity’* and *‘control’automatically* by natural law. Congress also gave that private corporation regulating powers such as reserve requirement control’ (regulation D.) and interest ‘control’ (regulation Q.). The Federal Reserve may believe the government gave it the power to control’ but in reality the government *did not have* the power’ to bestow ‘power to control’. The power to control is vested in the natural laws of economics.

ALL THE GOVERNMENT BESTOWED ON THE FEDERAL RESERVE WAS THE AUTHORITY, IT IS UP TO THE FED’ TO MAKE MAN’S LAW SUPERCEDE NATURAL LAW:

> “ . . . . on the one side are interest rates which are price measures. On the other side are the monetary aggregates. We have already seen that central banks strive, for a compromise between the two, but both guides cannot be followed at the same time. If a central bank attempts to control interest rates, it must allow money supply to fluctuate. If it controls money supply, it must allow interest rates to fluctuate. . . . ”
>
> P25 St. Louis ‘Fed’ review August 1971

Since it cannot control the money supply and since they do not want this to become common knowledge or to ever be fully understood they perpetrate all kinds of bookkeeping gimmickry to

both the I.M.F. and the treasury count the same gold as their own. Mr. Nixon's financial aides are "interested" in something of the same sort, an insider says, but he describes the topic as sensitive because it conflicts with the general disdain of bookkeeping "gimmickry" . . . ."
Richard F. Janssen W.S.J. September 29, 1969

The monetary authorities have managed to overcome their disdain' for bookkeeping "gimmickry" and are going full speed on obscurantism as witnessed by the views they have concerning their own personnel:

"Those individuals who rise in central banks are people who can impress other people that they can keep their heads no matter what—and no matter whether it is true or not."
Page 24 St. Louis 'Fed' Review August 1971

"London—British banks, for the first time, have decided to publish their "true" profits."
W.S.J. September 17, 1969

". . . . the most absurd aspect of the whole situation is that Washington's interest rate manipulators still seem unable to recognize just how ridiculous it really is . . . ." Editor W.S.J. October 22, 1969

Monetary authorities are particularly adept at obscurantism. The French devaluation of 12':>% was announced on August 8, 1969 but:

". . . . the secret of devaluation was well kept. Giscard D'estaing said the decision was made July 16th, but "from that moment until tonight only eight persons in France knew of it."
A/P St. Louis Globe Democrat Saturday August 9, 1969

This may explain why we are told that the "economic laws" are not working the way they did in the past. Anything the public will believe seems to be what it will be told without regard for honesty or integrity. The officials cover themselves with the "thin blanket" of knowing they have not lied. All they are really guilty of, in their eyes, is obscurantism; which has been accomplished by simply omitting details. When we are informed of the 'public' money volume, most of us are unaware of 'what' the monetary authorities consider to be the 'public money volume' (M-l):

"Public is any person or institution other than a monetary authority or a commercial bank. This means that currency held by commercial banks, the U.S. Treasury, or Federal Reserve Banks, and demand deposits owned by the U.S. Treasury (government deposits) or commercial banks (interbank deposits) are *excluded* from the money stock."
Page 2 St. Louis 'Fed' review August 1972

ARE WE BEING LIED TO OR NOT WHEN:

L We are told the G.N.P. (gross national product) backs the "dollar" but all "dollar" devaluations are with respect to 'real metal gold' or imaginary gold (S.D.R.s)?
2. We are told we are the richest nation in the world, but we cannot pay as we go?
3. We are told we are the richest nation in the world but we owe more gold than any other country on earth?
4. We are told we are bankrupt (Nixon August 15, 1971) but can afford to *give* foreign aid?
5. We are not told *who* is going to pay off our debts and when?

IS OUR ECONOMY OUT OF CONTROL?

DO THE MONETARY AUTHORITIES KNOW WHAT THEY ARE DOING? IS THERE ANYONE IN GOVERNMENT WHO CARES?

IS IT REALLY THE “SPECULATORS” AND “INVESTORS” IN GOLD THAT ARE CAUSING OUR ECONOMIC COLLAPSE?

“ . . . . the real speculators may be those who continue to put their trust in paper. . . . ” Editor W.S.J. November 18, 1969

anyone unaware
is unaware
of being unaware!
M.M.E.J./M.R.

Chapter XXIX INVISIBLE FORCE

The formation of a central bank primarily is to circumvent Gresham’s Law, and it would tend to indicate that if it were possible for the banking system to become world-wide (issuing a world-wide unit of currency standard) Gresham’s Law would be abolished for all time. The new unit of currency standard, accepted world-wide would allow the expropriation of wealth to continue indefinitely and unimpeded.

For those who can be objective and apply logic and reason I will introduce my law: “Conspiracy to expropriate wealth with money assures the eventual death of the conspiracy.”

As any creator of any medium, the creators of the local currency unit claim ownership of the thing created: As the currency must be accepted and used by the citizens, it must pass into their possession. The creator lends it into circulation. In so doing it must be observed, *it* is always “for” some form of wealth, thus the condition “expropriation.” As the creating central banks acquire the wealth, they of course gain title, they own it. It is then evident as the “money” volume constantly increases, so does the title to the wealth of the world increase, in the names of the creating system’s membership of central bank conspirators.

At present it would be impossible to determine accurately the percentage of ownership of the world’s wealth, the title of which rests in the hands of the money creators; at any rate it is considerable, and getting greater all the time. At some time in the future, a condition will be reached where most humans will consider it foolish to work for nothing, and quit.

Banking conspirators will own almost all of the means of production, and we will be back to the slavery system of the dark ages. Each central bank of its nation will control its nation’s government, and control all means of production and distribution. All this is based on a membership in conspiracy, united with a common cause to expropriate all the wealth of the people. Through the use of this common unit of currency standard agreed upon by them as a unit of measure of wealth although not redeemable in that wealth. When the people have been reduced to working only for subsistance, the expropriators will have to look elsewhere for any further accumulation of individual wealth, and it is certain they will turn to the plunder of each other.

The systematic plunder of the peoples of the world was accomplished by using the ignorance of the people concerning money against them. The paper tokens they issued were always referred to, by them, as being as good as gold; and since settling balances of trade in gold had been the old system, settling them in the new medium (S.D.Rs) (proposed) denominated in gold would be sufficient without actually shipping the metal at all.

The degree of cooperation they used to extend the system far beyond the time it should have collapsed is evidence that they themselves were not fully aware of the nature of wealth and money. True knowledge of the nature of wealth in respect to money would never allow anyone in his right mind to ever consider any "token" *AS GOOD AS* gold. Any physical thing we have been in the habit of calling "money" (that was not wealth itself) was a "token."

Money exists only in the "mind" of man. Money itself does not exist anywhere as "matter" in the universe. Money does not occupy space. Money cannot be seen, felt or weighed. We have been provided with "tokens" and told they are "money" and that they are as good as gold because we could "buy" things with them. Bills and "coins" of extremely low "wealth content" denominated in terms of money are tokens, and when used in the economic exhanges of the world are equivalent to the use of matchsticks or chips in a poker game.

The front page of the Wall Street Journal for Friday, Sept. 24, 1971, carried an inauspicious footnote: "A pre-international monetary fund seminar of eminent economists couldn't agree on what "money" is or how banks create it."

Money does not exist physically, banks do not physically create it. Banks create "credit," and that created credit (dollars) is given a vehicle in the form of tokens, to facilitate physical transactions in the market place, and add to the illusion they are wealth. When we refer to coins and bills of low wealth content (in relation to their "face value") as tokens of wealth we are in error, they are representative of dollars (credit). For them to be tokens of wealth they would have to be redeemable in some form of wealth accurately inscribed as to commodity, weight, and fineness. When wealth is exchanged for wealth it is a final transaction. When wealth is exchanged for a token of credit, credit has been extended, or someone has been robbed. By calling *credit* "money," and by calling *wealth* in the form of precious metal coins "money" for over 1000 years, the respective values of each have been "blended" in the mind of man so that he no longer knows the difference. The blending process was so cleverly engineered, and so successful that it is carried on today.

Money is most often referred to as merely a "medium of exchange." Bills, coins, checks, and many, many other things have been employed as mediums of exchange. To effect an exchange it is necessary to involve two or more commodities, just as a transaction must involve two or more people. With at least two commodities involved there must be at least one parity. The parity would depend on mutual agreement, and no matter what the exchange was (eggs for milk—bread for butter—gold for furniture, silk for fish—etc.), it would be barter, as long as wealth was exchanged for wealth directly and the wealth form received was the wealth form desired.

Competitive bidding is the term to use to explain the means by which the relative quantity of one commodity is mutually agreed upon between transacting parties to be equivalent to that quantity of the other commodity. This relationship is called the parity between them. Since determination in any exchange of which commodity is "supply" and which is "demand" must depend on "viewpoint" alone, we must conclude that where wealth is concerned it is always both 100% supply as well as 100% demand.

Precious metal coins with weight and fineness stamped upon them, their integrity protected by government, are wealth mediums of exchange which provide a very useful service in the economy. Instead of having to establish parities for all commodities into all other commodities it is only necessary for traders to determine one parity for each commodity into quantity of the precious metal coinage. Precious metal coinage becomes the standard commodity, and exchanges are effected simply and with ease. This system worked for many, many years, and inflation is impossible where only wealth mediums of exchange are used.

The banking system in order to infiltrate this orderly self-governing, free market, free enterprise system had to create a deviation. The deviation was to give a name to a specific quantity of acquire parities into the “dollar” directly, with no thought given that the dollar and its parity into a specific quantity of precious metal could ever *change*. With commodity-dollar parities established it was simple then for the authorities to gradually declare changes in the kind and amounts of metal that “made up” an official “dollar.”

As long as the “dollars” (precious metal coins) were the original full weight and fineness of the precious metal, all seemed in order. When the bullion content is 100% supply and 100% demand, it is 100% wealth. When the bullion content of a dollar coinage is reduced, a very significant thing happens, and invisible forces of money (credit and inflation) are born.

A coin of 100% wealth stands ready at anytime to be melted down for jewelry, dentistry, electrical duty, etc., because it is 100% real demand and supply at the same time, whether used as a medium of exchange or for use or consumption. A 90% fineness coin is 90% supply per se and 100% demand (face value), the 10% imaginary demand it represents over the 90% supply it is, is “money” (credit and inflation). Anyone accepting the coin at its “face” value is being 10% robbed, without recourse on the creator of the coin. The only recourse the new hold of the coin has, is to pass it on to someone else, in a later exchange, and in so doing the robbery is repeated, and perpetuated.

In creating coins of lower bullion value than face value (seigniorage: Webster: A prerogative of government) and lending them into circulation, the creator is perpetrating the expropriation of wealth. The difference, called “seigniorage” by Webster, and called money (credit and inflation) here, leads to the understanding that: “The main economic function of money is the expropriation of wealth.”

A wealth medium of exchange disciplines the market and prevents inflation. Anything used as a medium of exchange in the market place in lieu of wealth is inflation, and perpetuates the expropriation of wealth. Since the main economic function of money is the expropriation of wealth, the more money created, the greater the theft. The creators of the nonwealth mediums of exchange are acquiring the ownership of the world. At the present time the creators are creating mediums of exchange of paper and of imagination (credit “marks in a book”), and in such tremendous quantities the producers of the wealth-to-be- stolen cannot keep pace, and runaway falling dollar parity in inevitable.

When only wealth media are used, 100% of production can exchange with 100% of media, or conversely, 100% of supply can exchange with 100% of real demand; when media are created out of nothing, an imbalance at first is unnoticeable because the volume of production absorbs the media that are imaginary demand, not real demand, and after a considerable time lag, it causes a general falling dollar parity. The falling dollar parity is the result of *existence* of nonwealth media, but is wrongly supposed by Webster, Friedman et al., to be caused by an excess of media over supply. Since wealth itself is simultaneously supply and demand, it is imperative that we see it is the “existence” of nonwealth media that is inflation itself, a very, very significant and important distinction.

The imbalance, so easily absorbed in the beginning, continues to grow and grows at an extremely greater rate of acceleration than the normal growth of the gross national product. As time passes, the relentless creation of nonwealth media catches up with the G.N.P. and passes it by in respective dollar volume. At this time the best evaluation of the volume of created media (both tokens) and marks in a book (credit) in relation to annually produced goods is five to one.

Wealth media generated originally from the excess of production over consumption of the producers, and were generally maintained in the form of gold and silver coin. After serving as media of exchange many times over, they were still present and available to continue in that capacity, or at any time to be supply for consumption if the need arose.

nothing and represented by tokens and written records, the volume is unlimited by any laws of man. The volume of medium of exchange in existence is now many, many times the volume of production available for purchase, which leads to accumulations of dollars which cannot be turned into wealth by their holders. The issuing creator has caused such "inflation" in the country (dollar glut) that the "prices" of goods are extremely prohibitive, and dollars, held by foreigners, cannot be readily repatriated, and no one else wants them for the same reason. The only end result is an eventual repudiation of the created nonwealth' media, and a partial pay-off in new wealth media, or a wealth-backed token currency, a process known as deflation. Any attempt to create new nonwealth media to replace the discredited nonwealth media being phased out, is doomed to failure. The only way a deflation could be avoided, would be if the holders of the nonwealth media could turn it in to the creator for full value of the wealth it originally expropriated, and it has already been established here that the volume is too great for that.

Deflation is the only inevitable result of this condition. Attempts in the past have been made by others to go through a deflation, replacing the deflated currency with a new currency, denominated in wealth terms (precious metal parities) but not redeemable in precious metal. This robs the holders of the money (nonwealth media), and leaves them with only a fraction of the purchasing power they had, but in new "stronger" nonwealth media due to the lowered volume of imbalance between the production of supply and the reduced amount of the new media. Eventually the same imbalance builds with the issuance of more new media and eventually the whole cycle repeats. The only way inflation can be avoided (it can never be controlled) is to have only precious metal coins or equivalent wealth as the basis of the medium of exchange.

The only justification for the existence of any medium of exchange, wealth or nonwealth, is to facilitate the exchange of wealth. It has been shown that wealth mediums function as standards of parity and do facilitate the exchanges. It has been shown that the use of nonwealth mediums expropriate wealth to the "central-bank-creator"! Without eventual return of ^he created nonwealth medium of exchange to the creator, the holder of same stands robbed. Without eventual payment in wealth to the holders of "surplus balance of payments," (unredeemable dollars held by foreigners) they stand robbed. When the central banks of the world have finished robbing their respective citizens, they will begin on each other, and the cooperative conspiracy will die, due to the thieves falling-out.

Such is the natural law of human behavior.

Chapter XXX WHY THE SIXTEENTH AMENDMENT?

The sixteenth amendment to the constitution is definitely in violation of Article I section 2 paragraph 3, section 8 paragraph 1, and section 9 paragraph 4, all of which stipulate the "cost" of federal government should fall as a tax "uniform" throughout the United States, determined by the numbers of persons; whereas the sixteenth amendment places a tax based on "individual income" not "cost of government."

The Federal Reserve Act (so-called monetary reform) now permitted a group of privately owned banks under Congressional corporate charter to issue and regulate the supply of money in the United States.

The federal government could create bonds at will (unconstitutionally), sell them to the "Fed" for demand deposits and then "itself" issue checks drawn on its account at the commercial bank. When the government's checks arrive at the bank for "cashing," they are redeemed with federal

The “money” (dollars) then are created psychologically by the Fed when they “pay” the Treasury for a “bond” with a “demand deposit” which they create “out of nothing.” The “demand deposit” is a “credit” in the government’s checking account at the commercial bank, transferred from the Fed who uses the “bond” it “bought” as the collateral for the monetary unit “dollars” credit created.

This “paper” backed by “paper” which will be used in the market place to purchase the goods and services of the citizens is “sanctioned ‘creator’ expropriation of wealth, “ because the “bond” “backing” the “dollar bill” is an obligation of the citizens themselves to redeem the “dollar bill” from any “holder” with its wealth; therefore at the exact “instant” that any U.S. citizens give up wealth to accept “dollars” they are acknowledging that they “owe” *themselves* for the “debt” the “dollars” represent (the wealth they just gave-up”).

“Dollars” which are psychologically created mediums of exchange, that are in no way representative of wealth in reserve, cause an imbalance of “imaginary demand” vs. supply. They are total “inflation” which leads to higher “prices” (falling dollar parity), because the increased imaginary demand causes increased competitive bidding which causes the parity of fhe dollar to fall in relation to commodities.

Since the “dollars” created were not “backed” by wealth but could not be told apart from gold or silver coin “dollars” *when recorded in ledgers* at the banks, it was imperative that something had to be done to prevent the percentage of dollar redemption in silver and gold coin from exceeding the usually “coverable” amount.

The sixteenth amendment—”income tax”—was the temporary answer. The government could tax the citizens’ income directly and, by manipulation, regulate to some extent the amount of “money” the people brought to the market place. With this one “tool” the “imaginary demand” (money) could be kept from too radically imbalancing “supply” (goods) and making “inflation” too noticeable by “prices” rising too rapidly (dollar parity falling); also by taking “dollars” from citizens in “income tax” it was removing dollars from being claims on gold and silver coin by redemption at the bank.

The absolute real “object” was to get the “dollars” out of competitive bidding before the public discovered the volume of imaginary units “mixed in” that were not backed by wealth and were causing the dollar’s parity to fall. By keeping the redemptions in gold and silver coin down to the usual approximate 10%, Gresham’s law would not cause bank failures. By keeping the redemptions to below the 10% by “income tax,” government could “spend” many times over what it collected in taxes; it only had to tax the people “enough” to effect “regulation.”

The system, though, could not regulate the natural laws of economics; “dollars created on books of account at any bank are “inflation” and can cause the *inflationary effect.* Credit is money is inflation. At one time wealth was the purchasing medium, then “money” and now today who can deny the “credit cards” are called the “new money? By the late twenties the situation was so out-of-hand the market collapsed, and the depression was on.

Roosevelt was voted into the presidency, and his first big task was to get the system back in operation. Well, if the demand for redemption in gold coin was more than could be controlled—eliminate the demand altogether. That is what he did by executive order. No citizen can demand gold for dollars, no citizen can use gold as a payment of contract, etc. We had enough silver, but just in case that might get out-of-hand, let s have a new tax which will increase control. Social security taxes were the temporary answer. Another increasable, direct tax on the citizens’ income.

Chapter XXXI EMPLOYMENT CONTROL

The evolution of a free market, free enterprise system operating with only wealth media, which is the excess of production over consumption converted to the most convenient form as a medium of exchange gives us proof of how perfectly this economy governs itself. In a free market as population increases, it tends to increase the need for purchasing media. This increased need, due to a natural cause, would create a *parity* change between most commodities, and the precious metal commodity being used as a *standard.* This increase in value would lead to a natural increase in its production, which would in part provide some jobs for the increased population.

The market always adjusts itself, and does it naturally, yielding to natural laws. The increase in the population due to its needs for the production of others provides it with the opportunity to produce its share of the production to be traded. The need of the new population is for all types of consumer goods. The need itself creates the opportunity for people to produce the goods necessary to exchange with their fellow producer-consumers. The population increase comes first, then develops into a larger work force, which in turn produces the goods to supply that work force.

The rate of unemployment under free market conditions is extremely low. The connection between the volume of purchasing media and the level of unemployment is quite clear, although it is significant that the increase in employment must come first to produce the production, form which the excess of production over consumption will generate into new additional wealth media. It is evident that an increase in population will naturally be followed eventually by an increase in the volume of purchasing media.

The attempts of the authorities to provide us with nonwealth media, and a full employment budget based on the contention that by controlling the money supply they can control the level of employment, have induced us to accept a false premise, because the element of belief is based on the fact that the unemployment level and the volume of media *are* connected in a *natural free market.*

In the “controlled” economy an attempt is made to control the volume of nonwealth media and keep it in balance with the gross national product, and the authorities expect the unemployment to fall into line. It doesn’t work and they make statements like: “The laws of economics are not working as they used to.” The economic laws *are* working, *they* just do not understand them.

When the medium is wealth it is limited in volume to the accumulated excess of production over consumption down through the years and is all “supply” in itself. When the medium is nonwealth its volume accumulates, but it created an imbalance, because it is imaginary demand without being supply. It accumulates in response to another set of laws that are influenced by man, not in the act of producing wealth, but in trying to circumvent natural economic law; but natural economic law cannot be circumvented any more than man can circumvent the law of gravity. In the free market economy, wealth is both supply and demand, in the controlled market economy, wealth is “supply,” and “money” (nonwealth) is imaginary demand. In the free market economy if people put a large quantity of the wealth media in a vault, sock, or wall, or anywhere else, and take it out of circulation it does not affect the market balance per se, its effect isn’t any different than if it had been production consumed. Savings brought out again at any time do not affect the market balance per se, because the savings (wealth media) stand ready to be the “supply” for their own “demand,” and its effect isn’t any different than if it were new wealth production. In the controlled economy, if people put a large block of nonwealth media (money) in storage it has a significant effect in the market place. Money in circulation in relation to produced goods available for purchase makes an unnatural equation of imaginary demand vs. supply, and man’s law dictates that price is right when supply and demand are in balance; or when supply and demand are in balance the price is right. The result we have is that the parity between produced goods and money is constantly changing. The higher the volume of money in relation to goods available the higher the price; the lower the volume of money in relation to goods the lower the price.

The *economist’s* law of “supply and demand” is only possible with “imaginary demand”.)

The degree of inflation, then, is *not directly* effective on “price level” but rather the amount of inflation (money media) in circulation competing in the market place for the purchase of goods. The money volume (total inflation plus all potential credit) does not *directly* affect the “price level.” Money must be in *active pursuit* of production to affect the “price level.” When “money” in active pursuit of production is removed from circulation and stored, the amount of production remains, and the resulting imbalance change affects the parities between commodities and the money units volume in circulation, and “prices” go down. (Lower volume, lower bids). In a controlled economy, when money from storage is suddenly bid in the market, the volume of monetary units is increased in relation to the goods on sale, and “prices” rise. (Greater volume, higher bids).

It is the rise in “prices” itself that has the direct effect on the employment level. With higher “prices” the economy is “stimulated”—”higher prices” (falling dollar parity) means the commodities are worth more in relation to the purchasing media and therefore production will be increased as a result; and the employment level goes up. It is extremely important that we understand this reaction. It is *not inflation itself* that raises “prices,” it is the amount of the inflation that finds itself in competition in the market place for the purchase of goods that affects the “level of prices.” It is the supply vs. imaginary demand ratio that by competitive bidding affects the level of employment, and it is the supply- imaginary demand ratio which by competitive bidding affects the “commodity” parities with “money” which is what we call “prices.”

Government deficit spending, in order to affect the level of employment, must then affect the “level of prices”—you cannot have one without the other. For deficit spending to affect “prices,” the money coming into the market place from government must be increasing the total volume of money seeking goods; if it doesn’t, then there is no effect. In the beginning when government first started to inflate the economy for war, it sold the citizens war bonds. The idea of selling war bonds to the citizens is to reduce the amount of money coming from the people into the market, at the time the government is increasing the amount of money going into the market place to chase goods. The effect is to keep a “balance” and not affect the level of “prices” which would “give away” the fact of inflation being present. If the total volume does not reflect the increase coming from government because there is a compensating “outflow” from the people into war bonds, “prices” will remain relatively stable.

When the government wishes to “prime the pump” and stimulate the economy, and chooses to do it by deficit spending, it has to make certain the total volume of money chasing goods, on the market, goes up. The government stresses that people should have faith and spend, spend, spend. It tells business to invest capital in more production equipment, etc. When the President and his advisors are successful with their rhetoric and the people do go out to spend then indeed does employment rise, when, however, the rhetoric does not work, and the people start to *save* at *record levels,* then no amount of government deficit spending will raise the employment level.

The people with their great numbers and large volume of money are able to affect the volume of money in the market place, with much greater influence than the deficit spending of government. The people take money out of circulation faster than government can push it in.

The great volume of money, then, although representing great inflation (imaginary demand which is not supply), does not directly affect the rate of unemployment as generally supposed. The belief of the people in the soundness of the economy is the greater controlling factor, and that is why it is always stressed by authority that if the people would only "believe" the economy is going to improve, it will. But if the people do believe and do spend, then the results are "higher prices," lower profits and a stronger influence on the people to disbelieve. This tug of war constantly going on is the fundamental basis for all boom and busts. It is the manifestation of the conflict being waged between man in his efforts to control the economy and the natural laws that really control it.

In a free market economy the population comes first, and the increased volume of purchasing media follows. In a controlled economy the "controllers" arbitrarily increase the money volume to try to match, by guesswork, what it should be for the production volume. It is *backwards* for one thing, and it also has extra variables. Where *natural law* takes all contingencies into consideration, and reacts with superhuman skill and natural guidance, the *human* effort to control the economy tries to create conditions to favor its own desires.

Only the people working can create wealth and if the people retain the excess of production over consumption in the form of wealth media, then they hold the wealth of the nation in their own hands. Any government that must operate strictly on the wealth of the people, taken in taxes, will govern itself according to the will of the people. Since wealth media were outlawed in the United States by an executive order in 1934, the coinage act of 1965, and the people were forced to use flat, the people no longer own the wealth of the nation. When the government through the creation of bonds can independently finance itself, it no longer reacts to the will of the people. Whosoever creates the money and forces the people to use it, by legal tender laws, now controls the people and their government almost completely. But the natural laws of conomics take effect and their inevitable collapse is preordained. The government can only control the people if the people use the fiat currency; but fiat currency expropriates wealth. Only the people working create wealth, and natural law dictates. When all that people produce is taken from them, they cease to produce beyond the needs of bare subsistance. At the present time the best estimate indicates the central banks of the world hold title to the greatest portion of all wealth existing.

Once embarked upon, a system of attempted control of an economy by means of inflation has only one ultimate end : collapse of that economy and subsequent deflation. Even if the humans at the helm were expert enough to take every contingency into consideration and react with superhuman skill, the basic problem would still be with them—their created money *is not wealth.* No matter how strongly they impress the world by denominating it in terms of wealth, the existence of any nonwealth media creates the equation of wealth vs. nonwealth or imaginary demand vs. supply (where in a free economy demand is real and is supply per se).

This equation existing of imaginary demand vs. supply then dictates that the economy *must constantly expand.* It must constantly expand because population normally expands, and to keep that expanding population employed the prices must be continually rising, and to keep the prices rising there must be an ever increasing volume of money in the market place. The greater the expansion of the money volume—the less and less confidence people have in it. If they slow down the inflating, unemployment goes up, and people get more worried. The more worried people become, the more they save. The more they save, the more their savings compensate government's inflating, furthering unemployment. There is only one hope left for the humans at the helm. They must stop the increase in population.

If they could *slow* the *increase* in *population,* they could correspondingly *slow inflation.* After all, it is the expanding population that demands the economy keep expanding.

Now we understand the emphasis on *birth control* and *"no win" wars*, and why we are told that we are procreating ourselves out of even enough food. Here again, though the procreation of the human

Chapter XXXII PARITY AND EMPLOYMENT

Inflationary effect: Created ‘dollars” (imaginary demand) causing an equation of: imaginary demand vs. real demand, causing a falling dollar parity, because the imaginary demand can exceed the real demand of supply itself. The increased total demand (97% or more, “imaginary” today) “seeking exchanges,” through increased competitive bidding causes increased need, for increased production which increases the number of people employed.

The siegniorage itself, that portion of a token’s “face value” that is not, and cannot ever be production guarantees that the parity of the dollar (imaginary wealth) must be lower than actual wealth by its own “nature of being only imagination” therefore the excess of the “imaginary demand” created over the real demand produced makes it imperative that more “dollars” must be bid for each unit of production *if* and *when* the dollars *are* bid against the production for exchange.

The dollars created are the inflation and were they to remain as numbers in a book, or on a bond, tucked away in a drawer they would not of themselves as imaginary demand cause the inflationary effect. Only *if* and *when* they *are* actively bid against production while seeking exchange are they instrumental in exposing the falling “dollar” parity and causing the number of people employed to increase.

“During the inflationary effect as the dollar parity falls the number of people employed rises!”

“Where created “dollars” exchange for production, cost rises as employment rises.”

The people have been led to believe, by economists that the falling “dollar parity” is a “rise in prices,” and the falling “dollar parity” exposing a “rise in prices” leads the economists to say that it is the increased “demand” for production that has caused the “rising prices,” a fallacy that sounds good but that allows the added misconception that anything that increases cost, such as wage increases is a cause of the inflationary effect, again a fallacy (if imaginary demand “dollars” were not created *no one* could *“bid”* them).

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Deflationary effect: Because of “rising prices” (lowering “dollar parity”) economic advisors to government influence government to increase “down payments” required on time contracts, and similar “moves” to curb spending, in order to lower the “demand” they say is the cause of the “rising prices.” Actually their measures cause the people to withdraw their “dollars” from active competition in bidding for exchanges with production. As the “dollars” are removed from active competition in bidding, their lowered number bid against each unit of production *if* and *when* the “dollars” *are not* bid against the production for exchange lowers the amount of imaginary demand exceeding the real demand, and lowers the total “demand” seeking exchanges through decreased competitive bidding causing a decreased need for production which decreases the number of people employed.

The “dollars” created are inflation and when they remain as numbers in a book, or as numbers on bonds tucked awav in a drawer they cannot of themselves as imaginary demand cause the inflationary effect or the deflationary effect. Only *if* and *uhen* the “dollars” are removed from actively bidding against production, and *are not* seeking exchange for production, does their decreasing number become instrumental in exposing an increase in “dollar” parity through decreased competitive bidding cause the decreased need for production which decreases the number of people employed.

“During the deflationary effect as the “dollar” parity rises, the number of people employed falls!”

“Where created “dollars exchange for production, costs fall as employment falls.

In a natural free market in the absence of created “dollars’’ all production is wealth, and all wealth is either supply or demand by viewpoint. All production seeking exchange is real supply or real demand and neither one can exceed itself, therefore the competitive production parities remain relatively stable over long periods of time, and are only effected by the natural forces of time, location and circumstance.

Employment increases with the increase in population, and the need to supply, that increased bidding, for increased production. The normal advancement of civilization, and its industrial progress constantly lowering the cost of production through technological advancements raises the standard of living. As the standard of living rises, because the cost of production is falling the people find that the capitalistic system of free enterprise, combined with the never ceasing desires of man to acquire wealth, guarantees no able-bodied man will be unemployed; this is the increased return on labor giving us a rising standard of living and increased employment at the same time we have a rising labor (human exertion) parity in relation to production.

> During the free market competitive production parity conditions, production cannot exceed itself, and the population increasing causes production increases, and the number of people employed rises!’’
>
> “Where wealth backed currency exchanges for production, costs fall as employment rises.’’

Should civilization regress and the population decrease it would require less production and consequently less employment, and with lessened need for production the technological advancements would be impractical, and their advantage lost. There would be higher cost of production with a lowered number of people employed. The normal advancement of civilization, literally in reverse, with an associated loss of technological advancement would result in higher cost at the same time we have lowered employment.

> “During the free market competitive production parity conditions, production cannot exceed itself, and the population decreasing causes production decreases, and the number of people employed falls!”

“Where wealth backed currency exchanges for production, costs rise as employment falls!”

With imaginary “dollars”—cost rises as employment rises.

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With imaginary “dollars”—cost falls as employment falls.

With wealth as currency—cost rises as employment falls.

With wealth as currency—cost falls as employment rises.

Chapter XXXIII

PRICE—PARITY

Price: The human effort required to obtain the wealth to be surrendered to obtain the wealth desired.

Parity: The value of one commodity expressed in terms of another.

Price fluctuation is a natural consequence of a change in the competitive bidding, producer

At an auction, an item is sold when the highest price bid for the item is reached. The process to find the correct price is simple. An opening bid is established and at that opening bid there are many who will pay that price. With many willing to buy at the opening bid, it is obvious the price is too low and therefore “not right.” The auctioneer continues raising the price as he continues to observe the number of bidders for the item at the various price levels. When the auctioneer reaches the price where only one bidder is left willing to pay that price, the sale is made. The sale was made when the maximum parity was reached for which there was a bidder.

The price was reached because the auctioneer was free to accept or reject a bid—the bidders were free to accept or reject the price.

Whenever a given commodity becomes in short supply, it is because its price is not correct, (excluding acts of nature).

Whenever a given commodity becomes in surplus supply, it is because its price is not correct, (excluding acts of nature).

For a commodity to maintain a fairly stable price, it price must be determined in a free market by the competitive bidding of consumers.

For any given agency to try to control the price of anything, that agency must have control over both the supply being offered and the consumers bidding, which then would not be free or competitive.

The “demand” for any commodity is determined by the commodity parity it has, as a result of the competitive bidding for it.

The supply of any commodity is generated by the commodity parity it has, as a result of the competitive bidding for it.

An agency can be set up to fix prices—and even try to regulate supply, but unless it can regulate consumer bidding, the entire effort will always end in the development of surpluses or shortages.

Without exception, every attempt ever made by any government agency to control prices and supply has always ended when government ran out of storage space for surpluses or the people became impatient with an administration because of shortages.

Government tries to control the price of commodities by moderating consumer bidding with its purchases of the surplus. With a large surplus of commodities on hand, government manipulates the regulations and produces shortages, so the warehoused goods can be released as additional supply. It is a theory repeatedly explained as being workable, but somehow has never proved practicable.

In a free market “demand” is always “real demand” (wealth) and “supply” is always “real” supply (wealth), and competitive bidding keeps the parities of commodities in fairly stable relationships. In a free market where only commodities (wealth) are used as units of exchange media, there can never be inflation. A commodity used as a unit of exchange is unique in that it is *supply and demand* at the same time:

Two things exchange—

One is *supply* to the “receiver” and *demand* from the “surrenderer.”

The other item is *supply* to the “receiver” and *demand* from the “surrenderer.”

Both items are “supply” and “demand” simultaneously!

If all commodities are either supply or demand per se at the same time, where is the “balance” that sets the “price”? If all commodities are supply and demand per se, there cannot be an imbalance. What, then, are prices?

Price must be found in the relative use values (worth) of commodities and services surrendered to obtain the commodities or services desired.

“Demand” is anything produced by human exertion having exchange value (wealth).

Man seeks to satisfy his desires with the least amount of effort.

bread and every other commodity on the market; the price of bread would fall in relation to fish and other commodities. With more bread and less fish being produced, bread goes down and fish goes up in "price." If too many fisherman had the same idea, bread prices would fall so low and fish prices rise so high that 8 hours of bread production would exchange for a four hour catch of fish. At this point some bakers might decide to become fishermen. A free market regulates itself according to natural law.

Because of the thousands of lines of endeavor and the thousands of commodities produced and services offered in the market place, no man-made law or practice has been successful in doing what a free market does for itself without supervision.

Wages are labor's share of the increase in wealth (profit) from successful efforts of capital and labor (human exertion).

Labor's wages are the relative use value (worth) of commodities or services received in exchange for its production, less the rent of capital.

In a free market, labor's wages are expressed in terms of weights and commodities (wealth media). In a free market, based on the use of commodities as units of exchange, "price levels" remain generally level and tend to fall gradually with time and the continuing introduction of industrial mechanization.

Prices are directly related to the relative use-value (worth) of commodities in relation to each other (parities), determined by the competitive bidding of producers (consumers) offering their production in exchange for the production of other producers (consumers).

In a free market, commodities are used as a unit of exchange (wealth media). One or more common commodities become reference standards readily accepted by everyone as being relatively stable in value relationship with all other commodities. A standard unit-of- exchange commodity will always develop naturally. It will always be one that resists deterioration, corrosion, and time, and can store a large amount of exchange value in a small, convenient transportable form. This commodity with its own use value, readily exchangeable for goods and services at any time, is usually small bits of precious metal in coin form-wealth in its most concenient form for use in the market place as a unit of exchange (wealth media).

These precious metal coins are supply or demand by use, since they can be melted down and used for their own use-value or they can be saved as units of exchange for future purchases. They are also subject to price fluctuations in relation to all other commodities.

If a gold miner found that 8 hours' work in the mine brought him wages equal to that of a fisherman's 4 hour catch of fish, he might decide to quit mining and become a fisherman. If several miners got the same idea, the "price" of gold would rise in relation to fish and all other commodities, and the "price" of fish would fall in relation to gold and all other commodities. It is this natural law of free market exchanges that makes it imperative that all units of exchange be specifically stamped with the weight and fineness of the commodity, so they can be freely exchanged at their competitively determined parity.

It is impossible to decree a fixed value relationship between two or more commodities without simultaneously interfering with the natural self-regulation of a free market.

All commodities, including ones used as common units of exchange, must be free to fluctuate pricewise in order to maintain relatively stable parities.

It is possible to use warehouse certificates of deposit as an additional facility for exchanges in the market place. Such certificates must contain the weight and fineness of the commodity they represent and must be payable to the bearer on demand. Certificates representing quantities of any commodity would trade in the market subject to acceptance by the traders as "proxy" for the wealth itself, subject to the same changes in relative worth to other commodities as would be the actual commodities per se that the certificates represent.

necessary products and services of others for which he has immediate need. The remainder of the common unit of exchange can then be warehoused for future use in exchange. This overage is his savings; and added to the profits from past exchanges, it represents his wealth of purchasing power accumulated, and his potential for an increased standard of living.

People providing labor as employees of the varied productive groups endeavoring, through the cooperative use of labor and capital, to create wealth are not capitalists. The employer is the one who must take the output of the farm or factory to the market, and sell his goods. With the proceeds he pays his employees labor “wages” which represent labor’s share of the profit from a successful effort of his capital and their labor to produce wealth.

It is *imperative* that the “employer” be free to decide whatever portion of the profits (wages) he can offer to pay for the labor he employs.

It is *imperative* that the “employer” be free to “accept” or “reject” employment for the wages offered.

Labor is a service, and as such an economic “value” and exchange of labor for commodities must be freely agreed upon by the parties to the transaction or the market is not free.

The parity of an -individual’s exertion in the process of producing a product is the “wages” offered in exchange for it.

The “price” of labor is wages.

The “supply” value of labor is determined by the value of the wealth offered in exchange for it when the wealth offered is comparable to the individual’s “wealth production potential” using his own capital.

The “demand” value of labor is determined by the value of the wealth offered in exchange for it when the wealth offered is comparable to the individual’s “wealth production potential” using his own capital.

Employers without labor cannot produce.

Without production there isn’t any profit.

Employers will employ labor as long as it is profitable to do so.

Labor without capital can only perform service in employment.

Without employment there aren’t any wages.

Labor will work for wages as long as the “rent of capital” remains acceptable.

The level of wages is set by the mutually acceptable “rent of capital.”

It is impossible to set a fixed value relationship between labor and any other service or commodity without simultaneously interfering with the natural “self-regulation” of the free market.

All services and commodities, including the one used as a common unit of exchange, must be free to fluctuate “pricewise” in order to maintain the relatively stable parities of all service and commodities in relation to all other services and commodities.

It is not possible for an employer to hire all labor on a “piece work” basis (as only he can use), so he risks his capital in employing labor on a “time” basis. If his management is good and labor is cooperative, production will be successful, and when the “goods” are “sold” there will be enough common unit of exchange commodity to pay all wage contracts plus a profit for the employer.

If through any agency, governmental, union, or otherwise, a level of wages is established through coercion upon the employer that is unrealistic, the consequences appear immediately; the market is no longer free.

Profit must go down to maintain the “level of prices”—or “prices” must go up to maintain the level of profit—or unemployment must go up to maintain the level of “prices” and profit—or productivity must go up to maintain the “level of prices, profit, and employment.

The free market operates on natural laws, and always reacts to regulate itself; therefore, if the employer had been keeping some low productive labor at a wage he could afford to pay, and a minimum wage enacted is higher than that, he must discharge two at a lower scale, and hire one at a higher scale having the productive capacity of the two that were let g°-

The net result, then, is that with a higher minimum wage: Less employees—same total production—same total wages—same profit, so the very law designed and enacted to *help* the lower wage earner puts him directly *out* of work.

The only way that true parity can be found between any service or commodity and any other service or commodity is by free choice.

The free market is a very powerful entity in delicate balance. It regulates itself with out outside influence, and will not tolerate interference. The integrity of its unit of exchange must be preeminent. Any interference in the free market will (in time) bring about powerful reactions.

Chapter XXXIV A

UNIVERSAL MEDIA

At any one point in time at any one market place the relative value of any one commodity can be expressed in terms of another.

1 lb. sugar = 1/4 lb. coffee or 1/2 lb. fish = 3 eggs, etc.

Infinite variations would occur at different markets in different locations.

Wealth is possible for the facilitation of rapid exchanges (circulation) in the market place.

Any number of precious metal commodities able to be divided into very small units would be excellent as mediums of exchange.

They could be fabricated by the government for exchange at exact bullion content to its citizens (fabrication costs paid for out of taxes as government duty to protect people) and stamped with certified weight and fineness of the commodity.

Any commodity will vary in related value to other commodities; even location is part of its economic value; therefore no medium of exchange shall be anything that is not the thing itself per se (wealth).

Coins with the actual content of the weight and fineness of the commodity stamped on them are wealth, not money.

These coins could be encapsulated in thin, tough, transparent plastic sheaths bonded to the metal itself; this coating to stand any wear, and also add size and body to very small units of the precious metal.

The form could be a cloth woven of precious metal thread, coated with a plastic, printed with the certified weight and fineness of the recoverable content of commodity. In this way we could have sheets of wealth, in various denominations of wealth content, for media.

A sheet size standard of say 2.5 inches by 6.0 inches with weights of say 0.01, 0.02, 0.04, 0.08, 0.10, 0.20, 0.40, 0.80, 1.00 ounce gold.

This currency system would work exactly as the money system we have now, except that there would be no name involved, no dollar sign ($) as such, or any reference to anything except its actuality G-0.01 (1/100 ounce gold), G-0.10 (1/10 ounce gold), or G-0.80 (8/10 ounce gold).

Ounces would be used for large items, and for grocery and other small items the specification might be in grains of gold. (480 grains = 1 ounce). All merchandise would be marked with its "price":

For a chest of drawers G-30 (3 0 ounces of gold) etc., etc. The designated letter “G” for gold before the figure meaning ounces and the designated letter “G” for gold preceded by a designated letter “G” for grains following the figure meaning grains.

The thing to realize is that this has many advantages over our present system.

In our present system we are paid for our labor in dollars, we have to go through thought processes in our minds every time we make a purchase. We weigh the relationship between the price of the item against the amount of exertion that price represents in our labor. It would not be any different if we were paid in ounces of gold currency and coin and did all our exchanging with the same units.

The difference would be in our protection. With a currency that was wealth itself. Counterfeiting would be to no advantage. Worn or torn currency would be taken out of circulation by the banks and returned to government for replacement, (the metal recovered and new plastic bonded to it).

Any torn bill with a portion missing would be considered in exchange by the government only to the extent of the content of the portion turned in. In circulation, a torn currency unit could exchange at a discount or be refused.

Since we are being very realistic, let’s carry this a bit further. Silver and gold can be fashioned in exactly the same manner, and also platinum currency for big business purchases.

Gold currency or coin, silver currency or coin, and platinum currency or coin could all coexist and be used in markets all over the world. Currencies and coin of gold, silver, and platinum would vary in relation to all commodities and each other. No commodity produced by man stays constant in all markets at all times, nor *can* any currency unit.

Goods for sale anywhere in the world could be simply marked:

P-0.001

G-0.010

S-0.100 The variations between “relative current values” (parities) of platinum, gold and silver *acceptable* to the seller *incorporated* in the price *marking*. The buyer could exercise his own relative values and decide to purchase with whatever commodity he chose. This certainly would afford both parties to any exchange the ultimate in free choice.

The seller at any time prior to sale may alter the pricing to reflect any change in his evaluation of the relative value between the commodities and respective weights he will accept. This is what he does now. He may limit the commodities he will accept to only one or two if he wishes; they are his to dispose of at his discretion in a free market, free of legal tender laws.

Anywhere in the world, a tourist could exchange his currency for any other, and provided standard initial and weight units were used, make purchases knowing exactly what everything was at a glance. It should not be hard to arrange to us P = Platinum, G = gold, and S = Silver with ounces or grains as the units.

There would be no need for complicated foreign exchange markets. Currency could be exchanged for a small service fee at any commercial bank in any city in the world. The I.M.F. would be unnecessary, and all balance of payments would be settled in the commodity arranged at the time the deal was made.

Banking would be concerned with being a storehouse for wealth, and with arranging loans of the depositor’s wealth for rent, which is shared with the depositor, for giving up the use of his wealth while the borrower had it. All loans would be secured by notes which would be signed by the borrower, cite the terms of repayment, and the commodities that would be acceptable in repayment. These notes, being direct obligations and representing already existing wealth, could be traded by mutual consent since they are in no way inflationary. Checks and checking services to facilitate ease of debt payment could only be drawn on specific commodities actually on deposit in drawer s

Government could collect taxes, and operate on the actual tax collections, clearing checks from citizens in the normal way through its checking account at its bank or banks. Any borrowing by government would have to be on authority of congress, and the loans made in the same way as for individual citizens or large corporations, through the banks, and the signing of notes as previously described.

This system is the way nature devised it, any other way will always end in failure and misery. Human labor produces wealth. Production in excess of consumption becomes savings. Savings in a durable, divisible, transportable form become an excellent medium of exchange. Individuals with excess savings may lend their wealth to others as capital to expand the economy.

Production in excess of consumption becomes inventory until exchanged for a savings commodity.

Consumer goods and services exchanged in the market place are consumed, and are gone, or are "used" and remain in existence as "potential reserve media."

The medium of exchange commodity, in the most convenient medium of exchange form is seldom consumed but is used over and over again as media. Continued overproduction of durable, divisible, easily transportable commodities becomes an increased medium of exchange volume. Producers of goods who did not follow the competitive bidding parities closely would find their inventory increasing and their medium of exchange supply dwindling. In the absence of government subsidies those producers would change their line of endeavor.

All producers (consumers) would own their own medium of exchange and it would be wealth.

The wealth of the nation would be owned and controlled by the people.

There could never be inflation because all purchasing media itself would be production (wealth). With a wealth commodity as a medium of exchange, "prices" would remain fairly stable, with a gradual tendency to lower as division of labor perfected itself. Division of labor constantly improving the means of production becomes evident in a slow continuous lowering of the "price level." Continued reinvestment of savings capital in increased production becomes evident in a constantly rising standard of living.

In a free market in a free society, stability would be maintained by the natural laws of competitive production parities arrived at by competitive bidding which led to the exchanges that established the parities. With this system the people control the wealth produced, and thereby control the government.

This is the only way individual rights and freedom can be maintained.

"Retaining the God-given right to distribute one's own wealth is the only guarantee of freedom from tyranny."
Jenkins economic truth no 1.

"Money accepted as a medium of exchange controls people and government." Jenkins economic truth no 2.

Chapter XXXV

IMAGINARY DEMAND CANNOT BE CONTROLLED

When someone does come along and says that it must end soon, it cannot go on, it must collapse, etc., they are told that there aren’t any economic laws that say it cannot go on forever. The great belief is that if all people had confidence, then that is all that is required.

There is widespread belief that a total fiat system can function if it is universally adopted. The fact is ignored that people must work to produce goods, that before “division of labor” there wasn’t any need for a common commodity as a medium of exchange. When an exchange was mutually desired it was accomplished by “bartering,” goods exchanged for goods (wealth for wealth). When division of labor increased the volume of exchanges, the old “bartering” became cumbersome and too slow. A new vitality was introduced into the system of exchanges when it was discovered that a common commodity (a thing produced, which maintained its relative value to all other things produced better than any other) would serve as an “intermediate possession” between the time one disposed of his product to one person and was able to acquire the product desired from another. The widespread mutual acceptability of this common commodity throughout all lands made it the preeminent means of high velocity exchanges.

High velocity exchanges with wealth (gold and silver coins are wealth). There wasn’t any money (credit) (inflation) in the system. Anyone who wished to increase the liquidity of the economy could fashion his own gold or silver possessions into the commonly accepted *form* for *use* in the market place. Wealth always exchanged for wealth, the difference between production and personal consumption by the producers, was the gross national product, and it equalled the total supply of “mediums” of “exchange” (wealth). No one could exchange more than he had—to be without goods to offer was to be without purchasing power. It was necessary to perform labor to acquire goods, in order to trade with another producer, and when a trade was made using the common commodity as a purchasing medium, the transaction was complete wealth-for-wealth.

With the introduction of coin debasement, money (credit) (inflation) was born. Money exists in the mind of man. True, if he accepted a debased coin he was giving up wealth—his wealth—for a coin which was not fully 100% equal to the value he was attributing to that coin in his “mind,” when he was deciding to accept it in exchange for his wealth. The difference between the value he was “attributing” to the coin (face value or non debased value) and the actual wealth content it had, is money—(credit) (inflation). With a debased coin in possession, a person has imaginary demand that is not “supply” equal to the difference between its “real” worth and its face value. What must be realized is that a person accepting a token worth *less* than the wealth that is being surrendered is convinced mentally that someone else will surrender the same value for it later on. This belief is the “confidence” that makes the fraud seem reasonable. The only time tokens will be accepted is when the receiver is convinced mentally that they have a value in relation to the value surrendered. Without an imaginary parity connection to some commodity the token is unacceptable. Media debasement always starts with a minor amount and increases through time. It is this subtle slow transition that makes the fraud acceptable. People are unaware of the invisible attack on the natural laws of economics.

To believe that any group of people, any nation, could ever get all its producers to agree to let any individual have the privilege of being able to take any or all of their production at any time without any compensation is ridiculous. Aware of those conditions, no one outside a mental institution would permit it; therefore one must be subjected to mental conditioning in order for it to “work” at all. By allowing redemption of fiat for real wealth in the beginning (paper bills were redeemed at the banks for gold and silver coins for years), the fraud is concealed and the “confidence” in the fiat is cultivated and brought to a fantastically high, exploitable degree. By the slow systematic increase in debasement, the removal of gold coins, then silver coins, the people do not realize that the banks will no longer redeem the fiat for any wealth at all. The people great perpetrators that the fiat could stand on its own as long as the “confidence” is maintained, but they are guilty of ignoring the natural laws of economics.

When debased coinage enters circulation, it expropriates wealth to its creator, and no amount of passing it amongst the people will replace that wealth removed from the economy. The expropriator would have to redeem the coins and replace the wealth. The accumulation of fiat is proportional to the amount of wealth removed and no longer available to its producers, stolen from them without their becoming aware of the fact. This lack of awareness has allowed the condition to progress to the degree that it has. If the people really knew what has caused the destruction of our economy they would react, but instead they have been effectively duped into accepting a mental medium as a “thing” equal to their original wealth, and since its representative tokens can be exchanged for gold it is considered by the people, in their ignorance, as being just as good as gold.

Where once people had the wealth they produced as the capital goods with which to extend their industrialization, and could convert wealth into capital directly, they now are forced by their lack of knowledge to accept a ghostly non-material manifestation, issued by the owners of the “credit machine” who can control the machine but *not* its *output.*

Present-day production is not conducted with the wealth of the people as the capital used. The people are no longer paid their earnings in wealth; therefore they do not have wealth to use as capital directly. When people are forced to use money, they relinquish the reins of business to the creators of money. When money must be used to purchase the capital used in business, the means of expanding the industrial progress of the nation rest in the money creator’s whim as to whether the credit machine is “on” or “off” and available to the people. When it is “on,” its output cannot be controlled and it will be used to inflate; when it is “off,” inflation is curtailed and the already inflated economy suffers an illiquidity crisis, which will lead eventually to deflation.

The entire means of production are then at the mercy of the money creators, who by natural law can only turn it “on” or “off” but cannot control its output. A free market controls itself; any attempt to control a free market by an alien “money” (the imaginary media) immediately germinates the seed of eventual downfall, manifesting itself in wage controls, price controls, rationing, and then collapse.

The “credit machine” in the “on” position allows almost anyone to instigate the creation of purchasing power by putting up collateral for a note loan or by simply using a credit card. There isn’t any difference between the inflation resulting from the creation of credit by a bank or the creation of credit by the use of a credit card. The bank’s credit creation can be influenced by the various directive manipulations of the Fed.

Bankers’ credit creations are subject to reserve requirements, bank liquidity levels, and various other “on” and “off” regulations that can be imposed by the Fed at their discretion. The public, however, can decide for themselves when they wish to purchase, and when they do not. In efforts to control people’s buying impulses, government has seen fit to try various directives, such as changing “down payment” requirements. The down payment requirement regulation was an attempt to limit credit extension, by business lending directly to its customer, by carrying - *its* - “own book.” If customers had to have down payments, then obviously their buying volume would be reduced. It is easy to see that the raising and lowering of down payment rquirements would have an effect on the buying volume and, of course, the credit creation to facilitate those purchases; but the effect is by no stretch of the imagination, “control.” Controlling credit creation would mean the ability to limit it to a given ‘amount’ at a given ‘time’ to accomplish a given “result.” This degree of control over credit creation never was and never can be, accomplished by any means invented to date.

By passing the “truth in lending law,” it was possible in most cases to take credit creation away the people’s whim, so although the card may be recalled by the bank or its limit raised or lowered by the issuing bank, they still cannot control the exact extent or timing of its use. Millions of credit cards already issued and in the hands of the people are a tremendous potential purchasing power always at the “ready”! Credit control laws are a fake. Creation devices can be turned “off’ or “on” but as long as it takes people to use them the output cannot be controlled. The output is credit, credit is money, money is inflation and therefore inflation cannot be controlled. Once a credit device is installed and turned “on” there will be uncontrolled inflation.

All output of the credit machine bears interest, and interest can only be paid if the machine *stays* “on”; turning “off’ the machine will make interest payment impossible and create a liquidity crisis. The lowered liquidity will “throw” the imbalance of money (imaginary demand) vs. goods (supply) available over to a “condition” where the parity of money in relation to goods will rise, which will cause lower “prices” and lower employment. Owners of the credit machines reap the profits, all credit expropriates wealth from the people. The people (victims of the expropriation), although they are never quite aware of the “direct thievery” the “credit” is guilty of, do become aware of the inflation itself when it causes the “price” of all commodities to rise. The owners of the credit machines would like nothing better than to be able to perpetrate the expropriation of wealth, *and* “control” inflation, the result would be the best of all worlds for them. Natural law, however, will not allow it, when inflation (money) is used to purchase food, for instance, the food is consumed and the credit (inflation) remains to accumulate.

The result of “inflation” is eventual “hyper currency debasement,” controls, shortagesi and rationing which lead to the eventual collapse of the people’s belief in the credit machine’s output, collapse of the economy, and deflation. People purge themselves of the credit machine’s creation (dollars), and turn to “bartering” to subsist, earning what they can, where they can, and making direct exchanges in a self-erected free market which does not use the credit machine’s created dollars.

Credit machine owners cannot expropriate wealth if the machines lay idle. The owners cause laws to be passed, labeling the people’s self-erected free market a “black market” and imposing penalties on anyone operating in the “underground” free market in “violation” of their “uncontrolling” regulations.

The cvcle is always the same, once inflation is commenced, it will increase in proportion to the degree of the expropriation desired by the credit creators, and confer upon them the ‘ control” of the means of production and the people. Once turned “on” the process can only be turned “off’ for brief intervals, and the cycle will have a life span influenced by the relative dwell times of the “on” and ‘ off periods. The entire process is self-terminating by nature and cannot be perpetuated. The inflation, once begun, cannot be stopped until it runs its course, it can only be affected briefly during its life span, but it can never be controlled !

The area of operation of the inflation process does not alter its self-terminating nature. Basically, effects of inflation are the same, although there are effects of its application, internationally. that are somewhat complicated, and perhaps to most observers a bit confusing. Just as the people here will only accept the created money as long as they believe they will be able to pass it along later and get comparable wealth for it. so it is with people all over the world—they are no different.

The nations of the world have been inflated just as we have. The German people have been robbed bv the German central bank and the Italian people by their central bank. etc. The degree of inflation varies to some extent in different nations, but the delusion of the people is exactly the same. The people do not see the true nature of the robbery taking place, that they are being robbed by the very creation of money. The higher “prices” resulting in the lowering of the purchasing

Central bankers have been content to extract the wealth of their individual nation's citizens with the art of delusion, perfected over many years of practice. The whole international system is about to collapse because they have become so skilled in the United States that the Fed has used the scheme on citizens of other countries to such a degree that their individual systems have now been placed in jeopardy.

In their collective efforts to make their respectively created currencies stand firm, without direct value in terms of the common commodity "gold," they agreed upon a "reserve currency scheme." This scheme, born at Bretton Woods in 1944, was to make the delusion complete and include the entire population of 120 nations of the world, and to make the awareness of the primary thievery still one more step away from any possible exposure to their victims. The system involved making the United States monetary unit (the "dollar") the reserve currency. The "dollar" alone would be the only currency linked to "gold" directly in a fixed amount (35 dollars equals one ounce of gold). To find the gold "value" of a German D-mark or an Italian "lira," one must use its dollar parity and compute. The currency parities agreed upon at Bretton Woods were to be maintained by the various member nations' central banks by "controlling" their inflation so as to keep the multitude of currencies parities in relation to the dollar within one percent up or down.

It was shown earlier that controlling inflation is impossible, it can be turned "on" or "off" at will, but once "on" it can only be turned "off" for brief intervals during its life span, but it can never be controlled. The same natural law that makes it impossible to control inflation within the sphere of influence of one central bank, also has the same power when it is attempted on a world-wide scale. The "prices" rising due to the lowered purchasing power of the currency units created, which is the inflationary effect of natural law violation, made the normally exportable goods of the United States too high in "price" to be competitive in the world markets.

The result of having goods that are not competitive is a "balance of trade deficit" (an unpaid account)—they won't take our goods and we will not pay them in gold!

We purchase the goods of other nations and offer "dollars" in payment for the imports. The dollars go out to pay for imports, but are not returned in payment for our exports, because the dollar's parity in relation to our goods has fallen too low. Dollars building up in the central banks of the world are claims on United States Gold, and to prevent excursions of greater inflation the central banks must try to send them back to the United States to be redeemed for gold. Meanwhile, to fulfill their obligations which were mutually agreed upon at Bretton Woods, central banks of other nations must exchange the dollars held by their citizens for the currency of their own nation, when they are tendered for exchange on that level of the foreign exchange bank. To exchange dollars for D-marks, as an example, the German central bank may have to step in with newly created D-marks to purchase dollars because the parity of dollars is lower in relation to the parity of D-marks "available for exchange." The international inflationary effect, brought about by natural law, *is* this building up of the unreal parity of the country's currency against the volume of another country's currency, in the foreign exchange market, as a direct result of the refusal to pay for imports with gold. The non-redemption of dollars then affects their respective parity with the other nation's currency and exchanges are not possible because the parity of their currency has risen above its allowable limit in parity relationship to the dollar (it had hit its ceiling or penetrated it).

When a nation's currency has risen above the allowable one percent parity range, the Bretton Woods agreement called for that nation's central bank to "support" the dollar, because they "let" their currency rise too high in "value" in relation to the dollar.

This bit of absolute nonsense still stands as the most incredible part of the international delusion.

To lower its currency's value in relation to the dollar, a central bank must enter the foreign the dollar and their currency’s parity are within the allowable range (one percent up or down), and let the normal exchanges resume. The build-up of dollars then forces other central banks to increase the creation of their currency to make these dollar purchases, and their inflation is increased.

In order to maintain the “gold backing” for their currency in the same relationship indicated by their currency’s parity to the dollar, the central banks have to send the dollars here to be redeemed for gold, and the gold received will then “back” the new units of their currency created.

All those dollars coming back to be redeemed for gold are a drain on our gold supplies, and the Fed knows that gold is wealth—their wealth. They stole it from the people who produced it, (they purchased it with “dollars” they created at no cost to them) and they want to keep it. It is more than that, it is the people who are deluded, not the Fed or the other central banks. The issue becomes one of survival. If we ship the gold *they* will have a lesser imbalance between the volume of their currency created and the wealth behind it, or less inflation. If we keep the gold we will have less relative inflation and theirs will be greater. It is clear that the higher rate of inflation, the closer a country comes to the end of the cycle. When President Nixon closed the “gold window” he was telling the world, “If one of us must collapse first, let it be one of you.”

Closing the gold window and removing the last vestige of make-believe redeemability also ended the dollar’s long use as world-wide “reserve currency.” The Bretton Woods agreement and the international monetary fund were dead. Without a tie to the common commodity gold or to any common wealth commodity, it is impossible to arrive at currency parities. There is talk of using S.D.R.s, but S.D.R.s are also just paper and ink recorded figments of the deluded people’s imagination, and only get their respective “valuation” by a tie to gold (central banks can buy S.D.R. bookkeeping credits with gold, but gold cannot be bought with S.D.R.s). So we must acknowledge that any currency to have even an “imagined value” must be referred to in terms of wealth.

Rulers cannot rule with wealth unless they get it from wealth producers (people). To get it from the people without resistance they must serve the people. To rule the people and not serve them they must have their created currency accepted. To have it accepted, it must be tied in some way to the wealth that the people produce and exchange. Wealth is produced by labor: when the people labor they create wealth, they create more than they consume, and when they *exchange* wealth they never lose it—it is constantly replaced by their continued labor. Wealth can and will work for the wealth producer, but it cannot and will not work for the nonworking “ruler.” Any attempt to rule with accumulated wealth, to control people and support them on welfare will dissipate that wealth, and it will not be replaced because governments do not produce wealth.

When the final collapse of the created currency comes, with it will come the realization of the credit machine owners that their machines’ output must be accepted or they cannot control the people. This realization is the force which finally brings about the eventual deflation and the following depression period until the people can be deluded into accepting the new currency as being as good as gold.

The United States citizens have not had the experience of going through these cycles, but the Europeans have, and for generations the memories have managed to survive. The people of Europe know and fear the awesome power of a currency collapse, and their respective central banks will make every effort to keep the delusion going, but it is impossible to keep it going. Dollars are flooding Europe and Asia, and all attempts at supporting the dollar are failing.

The Smithsonian agreements that the dollar was “supposedly” devalued was another incredible piece of sheer nonsense. On August 15, 1971, President Nixon declared the dollar in any amount not good for gold, in redemption, then months later in December came the decision to devalue the dollar. It was at *zero* value then, and they were going to devalue. They all agreed the dollar that couldn’t buy gold at $35.00 an ounce would now not be able to buy it at $38.00 an ounce. How can 38 dollars be worth an ounce of gold if no one in the world will give an ounce of gold for 38 dollars?

An attempt was being made by our central bank to delude the other central banks into having the baseless faith our citizens have in the make-believe "value" of the "dollar." If, magically, a way were found to give the "dollar" the value of gold without its in any way being redeemable in gold from its creator, then we surely would have advanced to preeminent heights undreamed of by the alchemists of old who only wanted to change lead into gold. If we could only make "them" believe it does not have to be redeemed with its creator's wealth, that it is still good and if *they* will only believe it and give their gold for it, it *will* be as good as gold *again,* all over the world.

The foreign central banks agreed to support the dollar again at the "new" rate and newly adjusted parities, but we had to promise to make an effort to control our inflation. Inflation cannot be controlled and our dollars are flooding Europe and Asia, and causing greater inflation throughout the area by the increased creation of other currencies needed by them to support the dollar. By April 1972, dollar flooding had caused so much havoc, the other central banks had a meeting at Luxembourg and decided to try to establish discipline. The expropriation of foreign wealth was progressing at fantastic rates, and the imaginary, ghostly, nonmaterial link to gold was not "holding"—after all, if you never have to make good on your I.O.U.s, why not give them all they will take, and take from them all they will give up? The Luxembourg accord in April was an attempt to put discipline into the system ; they agreed to narrower allowable excursions of parity for their own currencies in relation to each other, through their respective relationship to the dollar.

They mutually agreed upon a provision that any country whose currency had to be supported by another would have to reimburse that other country for the support out of its own reserves. The reserves were to be paid in relationship as to how the supported currency's country held its assets. If the supported currency's country held 33% dollars, 33% gold bullion and 34% S.D.R.s, then its reimbursement had to be in proportion.

It is plain to see what was happening without the discipline of gold redemption requirements, each country could inflate its currency and buy its neighbor's goods, and they knew it! To try to stop such stealing from each other they were attempting to control the inflation that was now international in scope. They were attempting to circumvent natural law, and at the same time reacting to it. They were attempting to get the discipline of gold without using gold, yet the only thing the central banks would readily accept from each other was the gold and gold claims from their respective assets. They were attempting to demand that any of them that inflated to the degree that their currency needed support by another should make it good to the other in gold or other assets. It is proof positive that they were at the moment of truth, realizing that it was just as impossible to control this international inflation as it was to control domestic inflation, with everyone holding credit cards.

The international monetary fund was an attempt to create a single credit machine, and have it create the reserve currency. All currencies would have parities in relation to the reserve currency and the reserve currency would be increased and decreased as required to facilitate nations settling their balance of trade deficits.

The fallacy is that with *only* the creators of wealth (people) redeeming all these created monetary units, and all countries using their own private credit cards (their own power to create their own currency), and each one contesting with the other to get all they can before anyone else beats them to it, the world would be in "parity chaos" in no time at all. With all the credit machines existing, and as many "button pushers" turning them "on" and "off" haphazardly, it should be perfectly obvious that the end will come fast.

It would appear that some of the European central banks have had their monetary vision of this tremendous potential for world-wide monetary collapse, and a resulting world-wide depression, and monetary unit creation, by just such a collapse, it might be generations before the world population could again be brought to the brink of total one-world control and exploitation. A world-wide, large-scale deflation and a return to redeemability are the only ways in which the credit machine owners can salvage some degree of control. They will have to let the wealth producers retain a little of what they produce, for the natural law indicates that when you take all that a worker earns he stops working, and without workers to produce, there cannot be any wealth to steal.

Before we arrive at that point in time, the credit machine owners and distributors of the created “dollars” will declare a deflationary exchange of currency, reverting to redeemability. It will happen as a united move—all nations simultaneously. The nations cannot individually return to redeemability without complete loss of all international exchange or making only exchanges of production (bartering).

It would be disastrous for any nation to have a redeemable currency and try to make exchanges with inflated nations with nonredeemable currency. The nonredeemable currency would seek out redeemable currency anywhere in the world, and expropriate the wealth of that nation.

All nations wishing to conduct international exchange will have to return to currency redeemability or bartering—there is no alternative!

To return to redeemable currency there will have to be a large-scale deflation and all the production stolen over many years will be paid for by the holders of dollars and dollar instruments, all over the world, *taking the loss* when those dollars are turned in, for the new redeemable currency.

Only people’s labor produces wealth.

The division of labor makes exchanges imperative.

People produce more than they consume.

The excess of production over consumption is savings.

Savings in the form of precious metal coins are excellent media.

Precious metal coins are production in wealth media form.

Production in wealth media form is potential demand (wealth).

Production in wealth media form is potential supply (wealth).

Law: Supply and “demand” cannot be unbalanced where wealth is the only media.

The people are producers and consumers. Since the *excess* of production over consumption is the production converted to wealth media, when all exchanges have been completed and all consumer goods consumed, the media remain.

Consumer “A” buys goods from producer “B”—receives goods, giving up wealth media. Result: “A” still has same total wealth.

Producer “A” sells goods to consumer “B”, receiving wealth media and giving up goods. Result: “A” still has same total wealth.

Producer “B” sells goods to consumer “A,” receiving wealth media and giving up goods. Result: “B” still has same total wealth.

Consumer “B” buys goods from producer “A,” receiving goods and giving up wealth media. Result: “B” still has same total worth.

Proof: Goods are exchanged and used or consumed without any loss of wealth media.

Money is Credit is Inflation

Imaginary media (money-credit-inflation) represented by tokens (metal disks at 97% seigniorage) and paper and ink bills (tokens) at 99.4% promise.

The United States Treasury gives the metal and paper tokens to the federal reserve for issuance.

Producer “A” sells goods to consumer “B” who borrowed “dollars” from a Fed banker, giving up

Consumer "A" buys goods from producer "C" receives goods, gives up token (97 to 99% imaginary demand)—result: "A" has used inflation as a medium of exchange.

Producer "C" sells goods to consumer "B" giving up goods and receiving token (97 to 99% imaginary demand)—result: "C" has extended credit—accepted inflation.

Consumer "C" buys goods from producer "A", receives goods, gives up token (97 to 99% imaginary demand)—result: "C" has used inflation as a medium of exchange.

Tokens spent into circulation take out production, which is replaced by credit-money- inflation.

The borrower "B" takes full value in production and contributes a token (paper bill or metal disk with a value of less than 3% of goods purchased), (he pledged full value to the banker who gave up nothing.)

Production flows out of the economy as credit-money-inflation flows in: first a trickle, then a flood, as the wealth media in circulation are extracted by the inflation.

To circumvent discovery of the loss, the wealth media are declared unlawful.

The original promise of redemption removed, token production can be speeded up and the expropriation of wealth increased.

The producers of wealth are left with only what they use or consume.

To circumvent awareness, the producers are allowed to create credit-money-inflation also.

Producers are issued credit cards (the new money-inflation) and allowed to borrow into the future.

All title to wealth gravitates to the credit distributors as time passes.

Human desire is not limited, and the use of credit cards cannot be controlled.

All purchases made with credit cards are inflation and the inflation accelerates.

Token and credit distributors can start the system but it can only be stopped for short intervals.

Any prolonged stoppage would reduce the volume of exchanges and trigger deflation.

Token and credit distributors try to control the inflation by manipulation of the tokens (metal disks and paper bills), but the buying impulses of people and their credit creation (via use of credit cards) cannot be controlled.

Unable to be stopped, except for brief intervals, inflation roars onward gathering size and speed like a hurricane.

Inflation does not respect borders, it enters into other nations' economies becoming world-wide in scope.

Inflation from without added to inflation within accelerates the domestic inflation in the nation invaded.

Inflation becomes runaway falling currency parity and feeding on itself, explodes onward.

"Prices are changed so rapidly that people will no longer extend credit or put off purchasing.

Every producer demands goods for goods and we are back to bartering.

Bartering does not involve money-credit-inflation to facilitate exchanges.

Bartering with a common commodity as a wealth medium of exchange can handle any volume.

With money-credit-inflation not in use, the credit distributors cannot purchase production and they have to work to eat, as natural law dictates, but that thought is revolting to them.

They must prevent people from becoming aware of the true nature of money-credit- inflation.

The money creators will declare a deflation and return to promises of redemption in wealth.

All the production that was taken will be paid for by the holders of money, when it is exchanged, at a loss, for the new promises.

The definitely imaginary nature of “money” having been established, we can try to understand why the banking elite allows it to continue toward inevitable collapse without making any visible effort to halt it. Perhaps they are not as certain as I that the collapse is inevitable, but if that is so, why has all promise of payment to the bearer on demand been removed from all our paper token currency in circulation?

Possibly, they have accepted the idea that in reality there isn’t any natural economic law that can cause the inevitable end to this charade. Perhaps they think it requires only that people believe in their imaginary “money” to make it work forever. Do they think that if the idea ‘its failing’ never occurs to people that it can go on forever? That may be what the banking elite believe because that is the conclusion one would reach if their actions were carefully observed.

Inflation is the money itself, ever increasing in volume, but they always refer to the “inflationary effect” as the “inflation” and attempt to control the “inflationary effect.” They have a heyday explaining that, “inflation” in foreign lands, is greater than here in the United States when in reality it is not true. *Realism* abroad, *less effort to hide* the “inflationary effect,” enables the elite *here* to say *“they”* have higher inflation.

The “inflationary effect” is the “price reaction” taking place when greater and greater amounts of “money” as imaginary demand enter the market and bid up the commodity “prices.” It is this specific reaction of “prices rising” that the elite invariably refer to as the “inflation” and make every effort to control. In this area some influencing is possible. Inflation cannot be controlled because inflation is the “money” (credit) itself, and because it is psychologically created, its creation is sponsored by all make-believers.

When people believe that the economy is thriving, and going to get even better, they increase their activity in the stock market and when Dow Jones rises and stock prices are higher, their loan values are higher and the latent “money volume” is increased thereby with the people who caused it, totally unaware of what they had done.

When “money” is all “make-believe” all “make-believers” make the “dollars” created a matter of record, and until then they are not officially created. It is in this area that the banking elite have made their big effort to control the inflationary effect. All make- believers can create latent money volume, but only the bankers can dispense it and demand its eventual repayment plus interest.

If we liken this vast banking system’s ability to make huge volumes of dollars generated in the minds of humans to an atomic pile undergoing a chain reaction with the “dollars” as neutrons, we can see the control method more clearly. The more “dollars” created and released as loans to borrowers, the more “dollars” must be created to facilitate interest: “dollars” generated by “dollars” released (neutrons released by neutrons). It is the same kind of reaction and just as dangerous, if not controlled. In an atomic pile undergoing a chain reaction, the “mass” can become critical if not controlled. The control means in an atomic pile are carbon rods that are advanced into or withdrawn from the active chamber. Introducing the rods into the active chamber has the effect of slowing down the chain reaction, since the rods absorb neutrons as they are released and prevent their hitting other atoms and releasing other neutrons. Withdrawing the rods prevents their absorbing neutrons released and those released and unabsorbed fly into other atoms releasing other neutrons and the chain reaction is allowed to accelerate.

In the banking system the “carbon rods” are the Treasury bonds sold into and repurchased from the banking system by the federal open market committee (F.O.M.C.). Treasury bonds sold to the banking system extract “dollars” from the banking system into the F.M.O.C., an agency of the federal reserve system, thereby deflating the banking system’s pool of lendable “dollars.” When the Treasury bonds are purchased from the banking system by the F.O.M.C., the dollars from the F.O.M.C. again enter the pool of lendable “dollars” and so it can be seen that the action of the

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not be used in the active market place, and therefore selling bonds to the banking system lowers the amount of “dollars” entering the active market place to raise “prices.” When the deflationary effect has done its job and the situation looks as though it may swing too much and there may be a liquidity problem or crisis, the F.O.M.C. buys bonds from the banking system. The dollars coming in, as the bonds leave, swell the pool of lendable dollars” and the additional dollars enter the active market place as units of imaginary demand having their effect on the “prices” and employment level.

The “inflationary effect” is evidenced by the “rising price level” (falling dollar parity) of commodities and the relative balance of imaginary demand vs. real supply and demand (wealth) in the market place which is called “inflation” by the banking elite and has been their main influential effort. At best, their main effort has been a coarse one, and does not constitute “fine tuning.” The activity in this area is considerably enlightening when the figures associated with these efforts are understood.

In fiscal 1970 when the federal budget went $23.5 billion in the red, the total transactions of the F.O.M.C., selling and repurchasing Treasury bonds from the banking system, amounted to $738 billion and 50% of that was not by written drafts but actually was accomplished by pushing the programming buttons of a computer. The $738 billion figure is three and one half times the total transactions of the New York Stock Exchange for the same fiscal period.

In fiscal 1971 the total transactions were $1100 billion and 60% of that was by computer. In the first six months of 1972 these transactions totaled $968 billion and 76% was handled through computers (at the speed of light). It would be ridiculous to believe that it took $738 billion of Treasury bond sales and repurchases in and out of the banking system to support a $23 5 billion deficit in the federal budget. It must be evident that there is some big reason why all these transactions are necessary. What fantastic situation made it necessary in the year 1972 for a total transaction of sales and repurchases of Treasury bonds to the banking system to equal over four times the federal budget total deficit of $430 billion?

It is the fact that inflation in the United States is over 20,000% in real terms. If our system was as stated officially and a dollar was redeemable for 1 / 38th of an ounce of gold, then the “inflation” in realistic terms would be the volume of dollars of record in relation to the gold available to redeem them and that ratio at present is over 200 to one. In realistic terms there are enough “dollars” of record and “owned” by someone that if all were brought to the active market place as imaginary demand at one time, for illustration purposes say within one twenty-four hour period, then the imbalance of goods available to be purchased (supply-demand wealth) and purchasing power (imaginary demand “dollars”) available would be 1:1666. There are “dollars of record” over 1666 times the average daily production of goods for exchange.

Keeping 1,665 (1666-1) times the average daily production of goods in imaginary demand from triggering massive “hyper inflationary effect” in the United States is a Herculean feat, comparable to balancing a steel ball on the point of a needle and takes the massive power of being able to shift huge sums of imaginary demand here and there at the ‘speed of light. What are we going to see next—are they going to increase the speed of light? They may believe that this situation can be extended indefinitely but I cannot.

In the United States where the citizens are compelled to accept legal tender laws, the situation can be extended quite far indeed but the eventual outcome will be a return to redeemable currency either engineered and dictated by government or by the people when natural law dictates. All the attempts by the federal reserve system to hide the terrible monster inflation and never let us show through and cause the inflationary effect have not been greatly effective. The falling dollar parity value and the fact that the people hold $55 billion in government bonds alone make this quite plain. The vast amount of “dollars of record” belonging to the people and spendable by them is what makes the situation so fantastic. If in one day 5% of the holders of those bonds decided to spend the 5% ($2.75 billion) in addition to their normal purchases, the bidding could double commodity “prices” in that one day (one hundred % inflationary effect in one 24 hour period).

The people have $450 billion in demand deposit accounts in banks, only 6/ lOths of 1% of that entering the market place as additional purchasing power in one 24 hour period could double commodity “prices” (100% inflationary effect in one 24 hour period). It hasn’t been mentioned, but think of the potential of credit cards as imaginary demand in the same way. Some holders of credit cards have the potential purchasing power of several thousand dollars with them and yet could not pay the interest on that sum if they were to use its total potential. To prevent just such an eventuality as described here it will be necessary for fine tuning planners to figure some greater control method over our right to spend our earnings in our own way, either by rationing everything or by forced savings (mandatory payroll “bond” deductions). They must find some way to prevent our being able to bring that vast potential imaginary demand to bear on the active market place if they are to have any further influence in preventing the inflationary effect from becoming more pronounced as time passes. When the inflationary effect gets to the point where the people as a whole can see the “price level” inching upward right before their eyes, they will become disenchanted with the purchasing power of the “dollar” and attempt to rid themselves of “dollars” before they sink much lower. When that point comes and the $55 billion in bonds and the $450 billion in banks are brought into play, the game is over—collapse, and the “steel ball” will tumble from the point of the needle.

CHAPTER XXXVI CURRENCY MUST BE REDEEMABLE

Citizens of the United States have been exploited for years and have had their wealth expropriated by the “dollar” creators. All this was made possible because the thing people are most familiar with, they know the least about; our medium of exchange, the “dollar.”

America’s tremendous progress in the first 200 years was due mainly to the efforts and ambitions of our pioneering forefathers in combination with a monetary system with preeminent integrity. The American dollar was known throughout the world to be as “good as gold.”

A free enterprise system (less government controls) can only exist with such a “monetary unit.” Our economy, burdened with controls, plagued by a falling dollar parity and its detrimental effects, is a direct result of the inflation and loss of redeemability of the “dollar.”

The “dollar” creators were operating in the background during the great beginning of our nation and were able, over a long period of time, to create the conditions which led to the “Pavlovian” type reflex that caused our people to accept a concept of “fractional reserve,” to their own disservice.

The “dollar” is the means developed by clever manipulation of our mental ability: the ability to accept and then use information without specific consideration each and every time we reuse that information. Taking a step requires specific motion of fifty-three different muscles. Yet, after learning the movement and committing it to subconscious memory, we do not question those directions again. At first, the “dollar” was a specific, fixed amount of gold. After several “amount” changes, eventually we were conditioned to accept “dollar” as an expression of measure facilitating a cross-reference between the wealth it “used to be” and the make-believe “dollar” it is today.

Make-believe dollars are paper and ink records of numbers preceded by a “dollar” sign *($)* in bookkeeping entries, accepted by the people as imaginary mediums of exchange, whose volume increases daily with official and individual conjourings: are seigniorage, credit, inflation, money, and totally intangible. They cannot be sighted, heard, smelled, tasted or touched. They can exist in human thought only. They are shifted about by check and credit cards to “settle by imagination” 95% of all transactions.

Our acceptance of these make-believe “dollars” and their representative metal and paper tokens (coins and bills) in exchange for our wealth, causes a loss in the economic system of this wealth and an accumulation in the system of these imaginary “dollars,” whose great volume is hidden from view by their existence as bookkeeping entries in the ledgers of the dollar creating Federal Reserve, fractional reserve bankers, which are not open to the inspection of the public.

Our technology has advanced in the last forty years to enable us to go from street cars and buses to jet planes and space craft, yet the bread we eat that used to cost 5c a loaf when it was made by hand, now costs 40< when made with highly sophisticated, automated machinery. The explanation, of course, is the accumulated burglary that has taken almost all the wealth from our economic system, leaving the great mass of imaginary dollar demand in its place, causing the greatest “price level” rise in our history. Even the wealth we think we own has been mortgaged by government, itself a victim of the federal reserve, fractional reserve bankers.

As late as August 14, 1971, our Secretary of the Treasury, Mr. John Connally, acknowledged that “We have awakened forces that nobody is at all familiar with.” Again, on November 17, 1971, he said, “At stake is nothing less than the foundation for the freedom and security of this generation, and those that follow.” And again on April 24, 1972, Mr. Connally said, “Nothing less than a transformation of traditional business- labor-government relationships is going to have to happen and unless the United States recoups rapidly the consequences will be inability to meet military and diplomatic obligations abroad and a deteriorating standard of living at home that ultimately could lead to outright revolution in this country.”

There is significance in what our Secretary of the Treasury was saying, but are we aware of what he is referring to? Do we realize that the tax burden on the average household has almost doubled in the first seven years since the last vestige of the country’s wealth was wrested from the people by the Coinage Act of 1965? Without the restraint and disciplinary influence of a silver coinage specie redemption to temper government deficit spending, our federal budget has also nearly doubled in the same period.

Taxes can be reduced by reducing government expenditures, but government expenditures will not be reduced as long as the creation of “dollars” to facilitate deficit spending is undisciplined. These “dollars” to facilitate deficit spending, prevent our great country from enjoying the benefits of full employment, full production, and unrestrained private enterprise. What is great for the individual is great for the country. People make the nation. The individual actions of the pioneers built our country to the greatness it attained. Lately, the federal government has seen fit to treat us as incompetents and the nation has suffered as a consequence.

Greatness can only return to our country when we, the people, regain our right to direct its future progress. It is absolutely impossible for us to regain control of our destiny unless we return to constitutional government and its directives concerning coinage, taxes, and property rights. Thomas Jefferson, in his first inaugural address, said, “A wise, frugal government, which shall restrain men from injuring one another, which shall leave them otherwise free to regulate their own pursuits of industry and improvement and shall not take from the mouth of labor the bread it has earned, this is the sum of good government. “ But Mr. John Connally said, “Nothing less than the transformation of traditional business- labor-government relationships is going to have to happen.”

created wealth, free of any controls.

Only by having our God-given right to own and trade in wealth restored, will we have the power to maintain a free market and disallow the use of nonredeemable currency in that market. Inflation will be nonexistent. Business will thrive on free enterprise and create millions of jobs; taxes can be cut; the balance of trade deficit would shrink and the people will be moved into positions of real importance, where they will be creating goods and performing services which we can all use. Above all, the people will regain control of their government; they will hold the wealth of the nation in their hands. Banks will become depositories of wealth. Our currency will be redeemable in wealth. The future of our people, bankers, farmers, business men, laborers and professional people will be safe and secure. Those who produce the most will live better. Property rights will be restored. The people will be free.

Any new currency should bear inscription specific in terms of what weight and fineness of commodity it is redeemable in, and no longer should we ever employ a monetary terminology. Gold and silver coins were called "dollars" (a monetary terminology). Bearer certificates promising redemption in gold and silver coin were called "dollars." Gold coin has since been outlawed as a medium of exchange, bearer certificates were repudiated. All that *was* called "dollars" has been removed.

We now have promise-less paper and copper-nickel coins and they are called "dollars." If promise-less paper and copper-nickel coins are now "dollars," what were gold and silver coins? They were wealth and they were something. Promise-less paper is not wealth and it is nothing.

It is written "No one gets something for nothing," but that does not embody *all* the truth! The federal reserve, fractional reserve bankers create "dollars" out of nothing. "Dollars" expropriate wealth to their creators. The "dollar" creator gets something for nothing! The wealth producers get nothing for something! In circulation, "dollars" are accepted as mediums of exchange! Producers receive "dollars" for their production and give "dollars" for the production of others and cannot perceive the *truth.* The "dollar" creators do not produce wealth and therefore cannot become victims to their own hoax. The "dollar" creators support the belief that "no one can get something for nothing." But, secretively, exclusively, the "dollar" creators get *everything for nothing.*

Before 1934 twenty dollars = 1 ounce of gold; after 1934 thirty five dollars = 1 ounce of gold. "Dollar" was a word to describe a temporarily "fixed" amount of gold. Without a connection to gold, "dollar" hasn't any value except that residual memory in the subconscious mind that keeps it exchanging on pure imagination.

When our currency in circulation was gold and silver coin and bearer certificates redeemable in gold and silver coin, the "demand" of the currency was balanced by the "supply" of the wealth the currency represented. The paper represented a commodity and the exchanges of production could in no way generate an imbalance. When supply is purchased with present-day imaginary dollars, they do not represent any claim on the issuer's wealth and are imaginary demand which cannot balance the supply they extract from the economy. The "dollars" themselves are pure inflation. Every one in circulation has exchange value by virtue of pure imagination.

Today the federal reserve, fractional reserve bankers call their created dollars monetary obligations, but that doesn't alter the fact that they must be redeemable or they are *nothings.*

Without a promise of redemption by the issuer, the dollar is worthless outside the sphere of legal tender jurisdiction. It is trading today only on the memory of its former greatness and on the "confidence" the people have-that redeemability will be restored at some time in the future.

Chapter XXXVII WHY REDEEMABILITY?

Wealth offered for sale is supply.
Wealth accepted in exchange for it is demand.
Wealth exists as supply and demand simultaneously.
Wealth is supply to the receiver in a transaction, (or a medium of exchange).
Wealth is demand to the surrenderer in a transaction.
Wealth exists as supply or demand by use or viewpoint.
Wealth is always wealth in either state.
Wealth must exchange for wealth in every transaction, to complete it.
Wealth exchanged for “wealth form” desired is barter.
Wealth accepted in lieu of “wealth form” desired is a medium of exchange.
Wealth must be surrendered by both parties to prevent fraud and inflation.
Gold is wealth universally recognized for eons of time.
Gold is accepted as a common medium of exchange.
Gold offered for sale is supply.
Gold accepted in exchange is demand.
Gold is either supply or demand by viewpoint.
Gold is always wealth in either state.
Certificates redeemable in gold are redeemable in wealth.
Wealth must exchange in every transaction, to complete it.
Wealth must be surrendered by both parties to prevent fraud and inflation. Certificates representing gold are: “Gold by proxy.”
Certificates payable to the bearer in wealth represent that wealth in transactions. Certificates redeemable in gold represent that gold in transactions.
Gold “claimable by bearer certificate” offered for sale is “supply.”
Gold “claimable by bearer certificate” accepted in exchange is “demand.”
Gold “claimable by bearer certificate” exists as “supply” or “demand” by use or viewpoint. Gold “claimable by bearer certificate” is always “wealth” in either state.
Gold “claimable by bearer certificate” exchanged for wealth is neither fraud nor inflation. A certificate unredeemable in wealth does not represent wealth in transactions.
A certificate, not payable to the bearer in wealth, does not represent wealth in transactions. An unredeemable certificate cannot represent wealth by proxy.
An unredeemable certificate cannot represent supply or real demand by use or viewpoint. An unredeemable certificate cannot exist in either state except as its own minute self. An unredeemable certificate offered for sale is fraud and inflation.
An unredeemable certificate accepted in exchange is imaginary demand.
An unredeemable certificate exchanged for wealth is fraud and inflation.
An unredeemable certificate can exist as supply only in imagination.
An unredeemable certificate can exist as demand only in imagination.
People have accepted unredeemable certificates in exchange for steak.
People have not as yet accepted unredeemable certificates *as* the steaks.
Wealth must exchange in every transaction, to complete it.
Wealth must be surrendered by both parties to prevent fraud and inflation.
Paper currency must be 100% redeemable in wealth to prevent fraud and inflation.

Each party to an exchange feels he is getting more than he is giving up or there would not have been an exchange, but once the exchange has been completed, the parities the exchanges established are history, that is why, it is recognized that nothing has intrinsic value, it can only have historic value.

In the negotiations to arrive at an exchange the parties go through mental procedures and the wealth being bid by one party against the production being offered by the other party is weighed carefully on the basis of the amount of human exertion required to obtain the wealth desired. Each one is weighing the cost to himself in obtaining “the-wealth-to- be-surrendered” against the amount of human exertion that would be required to acquire “the-wealth-desired” in any other way. The bidding stops and the exchange is made when the point is reached where each one feels he is getting more in value than he is giving up and the parity is set.

The market works on the natural law of competitive production parities, arrived at by this simple means of competitive bidding. If a “dollar” is redeemable in a specified amount of a specific commodity, then it requires the same amount of human exertion to obtain that “dollar” as it would to obtain anything with a parity equal to that amount of that commodity, for the dollar was received by its holder by surrendering his production to get it. The “dollar” any holder has is bid, in seeking exchange, at the value of the amount of human exertion he expended to obtain the commodity he surrendered, to get the dollar he holds. If a “dollar” were obtained by its holder in exchange for a service, then that “dollar” will be bid at a value commensurate with the value the holder feels is right for his human exertion expended in obtaining the “dollar.” The “dollar,” then, is bid at the value of the human exertion that was expended by its holder in obtaining it. As the old saying goes: “Easy come, easy go!”

A redeemable dollar (bearer certificate for a specific amount of a specific commodity) comes into being when wealth is deposited in a bank, and a bearer certificate for it is issued. Wealth had to be obtained by human exertion and deposited for the “dollar” to be obtained and it has value to its holder commensurate with the wealth he surrendered to get it.

A nonredeemable “dollar” comes into “being” as a number written on paper in a ledger. It cost its creator nothing because all the paper, ledgers, ink, and pens are obtained by the creator by using numbers as imaginary demand via “checks” to make the purchases. “Dollars” that are nonredeemable are obtained by “borrowing” from the source in “number” form, or as metal and paper token currency (coins and bills). The creator of “dollars” the “Monetary Authority” does not have to produce wealth, to pledge, or perform a service involving human exertion, beyond the effort required to direct the gliding pen across the surface of the paper, to obtain “dollars.”

The creator, aware of the true nature of the “dollars” bids them in the market place at the value of the amount of human exertion it required for him to obtain them. The “dollars” he created are not for spending, they are for lending, but the interest the created “dollars” “earn” are for spending, and they came *mighty easy*. When a “dollar” that came that easy is bid it is bid at its value to its holder. When the creator holds “dollars” and is seeking exchange he weighs the bid on the basis of the amount of human exertion required to obtain the wealth desired. He is weighing the cost to himself of obtaining the “dollars” to be surrendered against the amount of human exertion that would be required to acquire the wealth desired in any other way.

Since the “dollars” were obtained by him at extremely minute levels of labor he will bid any number required in competition to obtain the wealth he desires and his bid will exceed the bid of the “non-creator” of “dollars” (the wealth producer). To make certain that this will always be the case, and to further promote the idea that the new “created dollars” are as good as the 100% redeemable kind, he always insists upon and obtains a pledge of wealth from all wealth producers before he will lend them his created “dollars.”

The “dollars” bid by the “creator holder” of “dollars” will exceed the bid of the “borrower “dollars” held. Since the “borrower holder” pledged wealth to obtain his “dollars” he weighs his bid on the basis of the human exertion he expended to obtain the wealth he pledged to obtain the “dollars” to be surrendered to obtain the wealth he is bidding for and his bid would tend to maintain the competitive production parities at a relatively stable level.

The “creator holder” of “dollars” did not have to pledge wealth to obtain his “dollars,” he got them easily as “interest,” and he weighs his bid on the basis of the human exertion he expended to obtain the “dollars” to be surrendered to obtain the wealth desired. Since the “dollars” the “creator holder” bids did not require production pledged and were obtained at an extremely slight amount of human exertion they are bid at a greater volume in competitive bidding and *their parity* in relation to the unit of production bid against, tends to continually *fall.* The falling dollar parity is referred to as “prices rising,” and the observable “rising price level” as “inflation.”

If all dollars were 100% redeemable that is if “dollars” could only be obtained by a deposit of “wealth produced” and were always in the form of bearer certificates then all holders would bid them at relative levels of human exertion expended to get them and all bids would tend to maintain a relatively stable level of competitive production parities, and a falling dollar parity could not be.

The “dollars” created by the “monetary authority” that are nonredeemable accumulate as imaginary demand units constantly increasing in volume and exceeding the units of production, they are used to bid against. As the volume of “dollars” so created constantly accumulating would cause a rapid disclosure of the condition, and the “dollars” parity falling would bid the wealth producers out of competition for their own produced goods in a very short time, it was necessary to devise means for keeping those “dollars” (in the hands of the public) out of active competition as much as possible. The effort is made to have the wealth producers *save* “dollars” and *not* wealth!

If the wealth producers can be convinced to exchange their wealth savings into “dollars” and lock the “dollars” away in a drawer it will prevent their use in competitive bidding. By selling “interest” bearing “paper instruments” to the wealth producers, the “dollar” creators can accomplish their purpose of “hiding,” to a high degree, the falling dollar parity. The rationale is simple; “wealth doesn’t draw interest,” it doesn’t “work,” but “dollars” do, they grow by “virtue” of “interest,” and increase the old story (money makes money etc.).

The “dollars” that are kept from the active bidding in the market place are “neutralized,” but only temporarily, not forever, by this “general funding” means. The “dollars” removed from active bidding by being “savings” can nevertheless at any time be used to bid against production, and since they are nonredeemable and are imaginary demand they are in excess of the production available by their volume, whatever it is, when and if, they are used in competition to bid for production. Their great mass accumulated to date makes it possible for a great mass entry into the market during a panic that could send our economy into chaos over night. Great volumes of “dollars” could be bid against each unit of production by holders just wanting to get something for them before they become completely worthless.

If all “dollars” were 100% redeemable then the excess of imaginary demand over real demand could not be!

CHAPTER XXXVIII EXCHANGES DETERMINE PARITY

Parity *value* is determined by the return on labor expended in the production of commodities, and is variable over time, location, and circumstances. The right to distribute one’s own wealth as one desires is the backbone of free enterprise. The right of ownership of property is the essence of freedom. The right of competition is the lifeblood of a free market.

Competition: The effort of two or more parties, acting independently, to secure the custom of a third party by offering most favorable terms.

Where man is free to labor and produce wealth and retain the right of ownership and distribution of that wealth, man is truly free. Where man is free there will always be a natural free market where competition will govern the balancing mechanism and keep all commodities and services at their natural level. Man will always seek to satisfy his desires with the least amount of effort, it is a natural human desire. The natural free market benefits man immeasurably as it provides the ultimate in standard of living progress at the absolute minor increase in effort per unit of advance.

Man is constantly watching his neighbor's efforts, and when one seems to be getting wealthier with what appears to be less effort, he will be imitated. When imitation leads to an abundance of that commodity, it will drop in relative value to other commodities. From the others side, if too many producers stop producing their commodity to produce another which appears to "pay" more, then the commodities they stopped producing are in short supply and their parity will rise in relation to other commodities. The freedom to compete leads to the lowest possible "price" for all commodities; those who can produce them at the most competitive "price" will get the business. The people as a whole get the benefit of a lower "price level" for all commodities.

One man could hardly rule another where all are free to compete. In the absence of unfair competition, one man can hardly rise above another of the same ambition and aptitude. There has never been an equal opportunity law that provides equal opportunity; it cannot be decreed; it must be there naturally. Any control that in any way tries to guarantee a free market is in itself a lie. A free market is free by virtue of the absence of control. The absence of control can only be guaranteed by the retained right of ownership of property freely exercised by all, without exception. Only by interfering with the right to distribute one's own wealth can unfair advantages be perpetrated and one man usurp the right of others.

Any commodity that develops as a medium of exchange does so because of its ability to hold a relatively stable parity relationship with all other commodities. It is important to realize that unless it was natural for all things to vary in value over time, location, and circumstance, it would not be necessary for a thing to be relatively stable to be a good medium of exchange.

All things must be free to fluctuate in parity from the time of one exchange to the time of the next exchange. All things should exchange at their truly accepted parity at the time of the transaction and be free to fluctuate while in the possession of any holder.

Competition sets the *value* of commodities by regulating the parities between commodities. Any attempt to fix a relationship between any one commodity and any other commodity immediately upsets the ability of competition to regulate the value naturally. Just as control over the right of distribution of one's wealth reduces the freedom of man directly, so also would control over the right of commodities themselves to respond to the regulation by competition of producers in a naturally free market, end in loss of freedom for man, but the process is devious and difficult to expose.

It is believed that "supply" and "demand" set the "price" for any commodity (specifically its "supply" relative to the "demand" for it). The *demand* for anything is the accumulated value of the commodities *tendered* to effect an exchange of *them* for *it.* More specifically, then, the demand for a commodity is the relative parity it commands with other commodities. Then it must be seen that any interference with the natural parity established by competition in a free market will have a direct effect on the demand for it. The word "demand" has been used as an explanation for an excursion of the parity of one commodity in relation to all others at any time. If a commodity rises in parity relationship with all other commodities at any one time, we have said the “demand” for it has increased. If a commodity lowers in parity relationship with all other commodities at any one time, we have said the “demand” for it has decreased. The fact that we called this condition “demand” did not alter the fact that we were actually thinking of, and describing in reality, the amount of any supply tendered for any other supply. We were actually witnessing the relative volume of any one form of supply that would willingly be exchanged for any one other form of supply, the one tendered being the demand and the one desired being supply. For any two commodities exchanged at any time, the one tendered can be considered “demand” and the one sought considered “supply.” They are both wealth and only viewpoint can assign the words “supply” or “demand.” “Supply” and “demand” do not constitute an equation that sets the relative value of anything. Supply and demand are simply two words to describe wealth by viewpoint, or more specifically, wealth in two different states of being.

Almost all people agree today that water can exist in three different states. We accept water as existing in its fluid state; steam is accepted as water existing in a gaseous state; and, of course, ice is water existing in a solid state. Wealth also can exist in several different states. Resources could be accepted as wealth existing in its “latent” state. Resources could be accepted as wealth in its “supply” state, and wealth in one form being offered in exchange for some other form of wealth as being wealth in its “demand” state.

It is not difficult to see how the errors were able to develop. Without knowledge of the different states of water, one could hardly be convinced that steam was water in a gaseous state. The uneducated would argue “but they do not look alike,” comparing the gas to the fluid. But to insist that they do not look alike does not alter the fact that they are the same. None would find it difficult to understand the consternation of the uneducated seeing an iceberg floating in the sea and trying to comprehend that it and the sea are of the same material in two different states.

When we speak of wealth we must realize we are referring to a tangible thing, produced from resources by human exertion, having exchange value. Fish in the ocean are a resource (latent wealth). Caught by the fisherman, they are wealth; brought to market and offered in exchange for gold, they are wealth in the “demand” state. Purchased by someone offering gold in exchange for them, they are wealth in the “supply” state. Gold in the ground is a resource (latent wealth). Mined by the miner, it is wealth; brought to the market and offered in exchange for fish, it is wealth in the “demand” state. Accepted by someone offering fish in exchange for it, it is wealth in the “supply” state.

At no time during the exchanges was the fish not fish or the gold not gold, and yet they were both at one time a resource, at another time, wealth in “demand” state, and at still another time were wealth in the “supply” state; and so it is with all commodities. All the states mentioned so far are states of being; there is yet another state. Fish that were a resource, demand, and then supply, after consumption may become only a memory or be forgotten as fish. The fish was processed by consumption into its basic elements and is recycled by nature, but that is another science.

The part we must analyze and obtain significance from is that while those basic elements existed as fish, as fish they had value. The value of the fish must have changed also during the different states of being fish. As a resource in the ocean fish is literally free for the taking. After expending energy to catch the fish, the fisherman attaches a value in relation to his energy expended to catch the fish. At the market place the fisherman meets the miner and they compare the relative values each has placed on the produce they have brought to market for exchange.

The fisherman has more fish than he can eat, and so he would like to exchange some fish for gold because gold will not spoil and it can also be used in exchange to acquire other things immediately or in the future. The miner has only gold and gold does not satisfy hunger pangs, but more than fair because each one will feel he has the better of the bargain. Each must feel he is receiving more value than he is giving up or an exchange would not take place; that is human nature. During the negotiations, neither commodity had any fixed value in relation to the other; the parity was being determined by negotiation.

The parity arrived at eventually would be dependent upon the use value of the commodity to its receiver. At the time of the exchange, a man buying the fish for food would pay more than the man buying it for purposes of making glue. This is extremely important to understand, that value changes with time, location, and circumstances, and is determined by the competitive bargaining of producers.

Were there more than one fisherman selling fish and more than one miner selling gold, the exchange parities between fish and gold would be determined by the bidding, each producer trying to get the most in exchange for his labor in production from the other producers. If there was only one fisherman and several miners, fish would rise in parity relationship with gold that day, because there would be more competition between the gold producers to offer more gold than the other miners to obtain the fish. If there was only one miner and several fishermen, gold would rise in parity relationship with fish that day, because there would be more competition between the fishermen to offer more fish than the other fishermen to obtain the gold. Value here was being set by the bidding of the various commodity producers competing with each other to provide their product in exchange for the products of others. It is the relative abundance of one commodity in relation to the relative abundance of others that determines the parity relationships through bidding at any one time. If the producers of the more abundant products see the relative value of their products dropping, they would tend to change their lines of endeavor to provide less of the more abundant product, and more of the less abundant product. The free competition of producers in a naturally free market would cause the producers to adjust automatically to the dictates of the naturally determined commodity parities to obtain for themselves the greatest return for their production.

We must understand, then, that it is not “supply” and “demand” that get out of adjustment, but the differential in return for labor expended by the producer in producing his product. The parity changes cause the differential in return and regulates the future direction of the effort of the producers.

Nothing, then, ever has value that remains unchanged in relation to all other things. Any commodity can be said to have been worth so much of some other commodity at some past exchange, and that parity may vary very little as time passes unless there is some change in production expense to alter its relative parity. A new discovery of additional resource or a technical breakthrough which allows mechanization could cause a general change in parity level for that commodity in relation to all others, but the specific, actual parity from day to day will still alter due to time, location, and circumstance. Then it must be realized that nothing has a fixed value ever, but it may be said that any commodity has a generally stable historic value, or a general history of having a constantly changing, turbulent parity with other commodities, or that it had a stable value at one time but is constantly fluctuating now. All commodities might differ greatly in their histories of value excursions.

Human nature dictates that man seeks to satisfy his desires with the least amount of effort. Therefore man determines his future line of endeavor by the fruits of his past line of endeavor. A producer is guided in his efforts at future production by the relative proceeds of his last efforts at production.

He will be guided by the historic value of his past production in respect to the historic value of the past production of the other producers.

but were not permitted to function naturally and could not, therefore, support the free competition in a free market.

The relative value of the gold and silver was “fixed” by edict. Instead of allowing gold and silver coins marked clearly with weight and fineness to seek their own adjusted relative parity with all other commodities, which is what would occur in a free market, they were instead endowed with a “face value” in monetary terminology setting forth an imaginary “demand” unit in the economy, which caused “false parities” between commodities.

The two materials gold and silver have always developed naturally into commodities used as mediums of exchange. It is with gold and silver that the basic unnatural behavior patterns resulting from manipulation can best be described. Several thousand years ago a pharoah of Egypt declared that *2Vi* ounces of silver equalled 1 ounce of gold. The silver producer and the gold producer are now unable to bargain and the first time it becomes known to the silver producer that his product is undervalued in the market, and that he is getting less return on his expended effort, he will endeavor to switch into something that “pays” more and silver will become in “short supply” and will remain that way until the authority readjusts the “fixed” parity. Should the new “fixed” parity between gold and silver in any way favor the silver producer, then the gold producer would find his return on his expended effort in the production of gold reduced and he would switch from producing gold, and gold would become in “short supply” and remain that way until the authority again reacted.

Attempts at control do not work and cannot work; they can only cause shortages. The natural forces of the market “prevail” but are not permitted to function “automatically” since the “manual override” of “controls” has been instigated.

When a commodity is used as a medium of exchange and is permitted to exchange at its uncontrolled free market value, it doesn’t matter what the commodity might be, anything from paper to gold or silver will do. One form of wealth would be better than another only because of size, convenience of divisibility, or resistance to corrosion.

When a token is said to be a “dollar” and to be worth 1 /35th of an ounce of gold and is in “fact” only a fraction of an ounce of copper, or a piece of paper, there is a profound effect upon the economy.

The *token* with a *“face value”* identified by authority as being l/35th of an ounce of gold, is still *not* gold; in no way could nature be fooled—*man* may believe, but *nature* knows the difference—that gold exists in both its “demand” state and its “supply” state, and that a token cannot. Tokens are accepted through belief in only their “imaginary demand” capacity. Therefore, one might “purchase” a “steak” with a token but would never attempt to eat a token as a steak. What happens, then, is that as the tokens accumulate in the economy, the wealth produced is extracted from the economy by the “monetary authority” creators of the “imaginary demand” (dollars), and the “dollar parity” falls. The abundance of tokens cannot cause a lessening of their production by their producer, because their producer does not participate in a free market. The producer of the “imaginary demand” gets all the wealth he desires by exchanging, the “interest” he “earns” on lending “dollars” he creates out of nothing, for the wealth of others. The return on his “labor” is *infinite* as he creates the “imaginary demand” with absolutely no investment of his own.

The producer of the wealth, however, finds that as the imaginary demand tokens multiply in the economy, it takes more and more of them (dollars) to effect a reasonable return on his efforts to produce wealth. He cannot switch and produce “imaginary demand” because that *right* is *reserved for* the “monetary authority”; it is their own *private monopoly.* In fact, there is a fifteen year penalty for illegal counterfeiting. When authorized “price” controls enter into the economy and the number of of goods that return a greater amount of tokens and hence a greater wealth return in exchange for his expended labor. The natural market forces are at work, and to get the proper return for his efforts, he will switch his line of endeavor, and a shortage will result in the goods he formerly produced. He was forced out of production by the authority “fixing” the limits on the return for his labor.

It has never been an equation of “supply” and “demand” that set the “value” of anything. The parity of a commodity is the relative value of one commodity expressed in terms of another commodity, and that is determined by the free competition of the producers of the respective commodities. When that basic freedom is denied, then the forces of natural law become obscure, but continue to function, and the end result is always that controls do not work!

> “Money is accepted in exchange for wealth only until the psychological nature of “money” is exposed or until wealth expropriation consumes most of production and the public begins to starve.”
>
> Jenkins economic truth no. 20

Chapter XXXIX TRUTH IS STRANGER THAN FICTION

An executive order took the gold redemption requirement away from the people and only specie redemption in silver remained; but we had two billion ounces of silver, so it was sufficient for another twenty-odd years. Inflation of the currency would still be perpetrated as long as 900% of the “specie available” was not violated. The redeemability of the currency was still based on the amount of natural wealth already produced and available for redemption.

In 1965 with the passage of the Coinage Act and the removal of silver from the coinage the ratio of “dollar” volume created and the natural wealth with which to redeem them jumped fantastically from ten percent seigniorage allowable to the Secretary of the Treasury to 97% seigniorage. The wealth requirement for specie payment of the currency was reduced from 90% to 3% and the words “will pay to the bearer on demand” were systematically being removed from all our currency.

With all practical redemption requirement removed, it was now possible to inflate without restraint. The significant change, when redemption in specie is denied, is that the currency changes from being redeemable for natural wealth already produced and held in reserve for its redemption to an “imagined claim” on future production. “Imagined” because there no longer is any specific or otherwise promise to pay anyone anything, in fact the paper tokens representing “dollars” bear a legend that they *are* the legal tender. The belief that they are claims on future production is supported by the fact that the people are told that they are backed by the gross national product (G.N.P.) (future production) and that statement then completes the 180 degree change. The currency was redeemable in wealth already produced and had to be limited in volume of units created to some percentage of that natural wealth. With the currency now “assumed” redeemable in future production, who is to say what the volume or for what period that production will be, and also what should the percentage of inflation be?

It is a fact that, before, if all currency were returned to the issuer for the wealth held in reserve, the people would have wealth and the issuer could burn the returned paper. Now, if all the owners of money were to try to spend it, it would be impossible because the issuer hasn’t any wealth in reserve for its redemption and the issuer is not a producer of wealth, so money entering the market to purchase wealth would find tremendous competition and “prices” would double and quadruple at a fantastic rate until all the “dollars” created would be unable to buy anything. Without an issuer to redeem “dollars,” all “dollars” will always have to end up in some “holder’s” possession with nothing available to redeem them.

“Dollars” created by the creator and then “disowned” by the creator are destined to die as worthless paper in the possession of the last holder!

When “dollars” are nonredeemable by the issuer, who is going to redeem them?

An unredeemable “dollar” becomes the final “payment” for whatever wealth is given up to acquire it.

Unless reclaimed by the issuer, “dollars” must always remain “imaginary demand” in the hands of some holders.

All “dollars” are accepted without recourse on the issuer.

When the “dollar” finally dies, not one holder will be able to exchange it for something tangible.

Since “imaginary debt dollars” haven’t any wealth in reserve for their redemption, the parity range *possible* between “dollars” and wealth is *infinite* and could *explode* in any future interval of weeks—days—or hours.

At any time any number of holders of “dollars” may exchange “dollars” for wealth, but whenever the last transaction has been completed, at whatever parity, there will still be “holders” for every single “dollar” ever created and on record.

If they cannot be returned to the issuer for destruction after redemption then every single dollar must die in the hands of a wealth expropriation victim as a last holder.

Once “dollars” having no redemption value are accepted, they are accepted at no value at all and any value decreed upon them by the acceptor has to be imagined in the acceptor’s mind.

Once this make-believe medium of exchange “money” is accepted by the wealth producer for his wealth, the creator of the “money” will never offer anything else aspayment nature he will never offer anything of value for its return.

Would you leave clothing at a cleaners and accept a blank sheet of paper as a receipt?

Would you leave your watch at the jeweler’s and accept a receipt that stated no recourse on the jeweler for any eventuality?

Would you lend a friend your car and accept a receipt that stated the friend was absolutely not responsible in any way for its return?

Would you lend to a friend and then sign his I.O.U.?

This in reality is exactly what we do when we give up our wealth for “money.”

liable currency is as different from nonredeemable “do

black . .	is to . . . . white
up ...	is to . . . . down
right . .	is to .... left
forward	is to . . . backward
front . .	is to .... rear
male . .	is to . . . . female
night . .	is to .... day
Redeemable currency . .	is to . . nonredeemable

In the U.S.:

Gold coins as purchasing media .... (forbidden).

Other precious metal coins are .... (not available).

Precious metal coin of free market value, less than face value, are tokens representing imaginary monetary units and are partly imaginary demand, inflation, and fraud, (gold and silver debased coinage has been recalled, and is no longer in general use).

Bearer certificates having wealth of stipulated weight and fineness set aside and held in reserve for their redemption were promises of payment, were not inflation or fraud, (promise repudiated by executive order).

Bearer certificates stipulating payment on demand in monetary units (dollars) are imaginary demand, inflation, and fraud (old Fed notes—some still in circulation).

U.S. “notes” are receipts issued by the Treasury acknowledging prepayment of a possible future tax obligation, accepted by the people as mediums of exchange—are inflation and fraud (still some in circulation).

Federal reserve “notes”; Paper tokens “representing” imaginary demand “dollars” created by the Fed banking system on imaginary debt—accepted by the people as mediums of exchange—are inflation and fraud (represent approximately 5% of all “dollars” used in daily transactions).

Make-believe dollars: Paper and ink records of numbers preceded by a dollar sign ($) in bookkeeping entries, accepted by the people as imaginary mediums of exchange whose volume increases daily with official and individual conjurings; are seigniorage, credit, inflation, money, and totally intangible, cannot be sighted, heard, smelled, tasted, or touched; can exist in human thought only (are shifted about by check and credit cards to “settle by imagination” 95% of all transactions).

Today: A U.S. note is supposed to be an I.O.U. from the government to the receiver promising payment for value received. The promise is worded: The United States of America will pay to the bearer on demand X number dollars. What is a dollar? A dollar is a temporarily fixed amount of gold, so if it is a promise to pay gold why is it not a gold certificate? Government has announced it will not pay gold to anyone for dollars, therefore the only possihlf use one could make of U.S. notes would be to settle a tax assessment with government or attempt to exchange them with another producer for some of his wealth.

The “note” was passed in exchange to represent the debt of the note-creator to the receiver of the “note” for the wealth given up by the receiver. If the “note” receiver holds the “note” until he can use it to pay taxes, all is well, and the note creator can destroy the “note” (“exchanged” for the taxes due), upon its surrender. All is well because the “note” “exchanged” represented the wealth that was relinquished by its receiver; the “note” was in reality a “receipt” for payment in advance on a possible future tax obligation.

For the “note” creator to use a created note to obtain the wealth of a producer, the producer has to imagine he will owe wealth to the creator at some future time and be willing to give up that wealth now and accept the “note” as a receipt that may acknowledge the prepayment, at that point in time, in the future, when the possible tax assessment may actually be billed. The “note” is imaginary demand created by the note creator and accepted by the producer as a medium of exchange, and is inflation because as a “note” it can exist only in the demand state, as being comparable to the wealth it is exchanged for. The amount of the “note’s” “exchange value” that could exist in the supply state is as a minute amount of paper and ink.

The note has to be pure imaginary demand because it is issued as an exchange medium for the wealth given up by the receiver, it was not issued to represent wealth held in reserve for its redemption. The U.S. “note” is not a gold certificate as its wording would tend to indicate, because of exchange for his wealth, the producer is accepting evidence that he gave up his wealth as an advance “payment” on a “debt” that does not as yet exist. The debt may not exist until some future date when the producer may be billed by government for some service he will have received and owe taxes for. The U.S. “note” therefore is based on imaginary debt, debt that does not exist at the time of its issuance but is expected to exist at some point in the future. It is both inflation and fraud since the one accepting it is led to believe by its inscription that it will be redeemed for “dollars” when in fact it is only evidence of the fact that he has been relieved of some of his wealth on the pretext that at some time in the future he will owe the issuer of the “note” the wealth he just gave up. Accepting U.S. “notes” in payment for one’s wealth relinquished is a useless and worthless exercise in unconscious submission to confiscation.

A U.S. “note” is a “receipt” issued by the Treasury acknowledging prepayment of a possible future tax obligation and accepted by the people as a medium of exchange.

Today: A Federal reserve “note” is supposed to be payment in full for all debts public and private as its wording proclaims: “This note is legal tender for all debts public and private.” Any promise to pay the “bearer” anything has to be imagined. It is labeled “one dollar” but officially a dollar is still 1 /35th of an ounce of gold, a rather heavy yellow metal which this slip of paper obviously cannot be. The Fed note does not represent gold or claim to be exchangeable for gold—if it were it would be a gold certificate. The Fed note is a token circulated to make people believe that nothing has changed and we still have a reserve of wealth for which our currency is redeemable. There isn’t any legend on the Fed note proclaiming redeemability, we just imagine it is there and go on accepting them in exchange for our wealth, totally unconscious of the burglary they commit.

Officially the word dollar means a temporarily fixed amount of gold, but that has been changed as of August 15, 1971, by executive proclamation and the dollar is now only a monetary unit terminology for bookkeeping purposes. Today a dollar is as imaginary as the promise that formerly was printed across the bottom of our currency: “The United States of America will pay to the bearer on demand one dollar.” The promise is gone now and so is the connection between the word “dollar” and any substance.

Dollars exist only for bookkeeping purposes and only as bookkeeping entries. Dollars come into “being” as a number written on the books of the federal reserve banking system and are used to purchase Treasury bonds and as the “stock in trade.” The Treasury has the bonds printed at the Bureau of Printing and Engraving on its orders. The Treasury doesn’t give up anything to get the bonds and the Fed doesn’t give up anything to get the numbers they write in their books, it all comes out of thin air. The whole thing is covered by doubleentry bookkeeping. The bonds go to the credit side of the ledger to balance the dollar entry on the debit side of the Treasury’s checking account and the books are in balance.

The Fed’s dollars are based on imaginary debt because no one gave up anything. The bonds are created on an “imaginary right” to do so by the Treasury because no act of Congress gives the Treasury the right to create bonds.

Dollars created by writing the numbers in a book are used by the Treasury to write its checks (written orders transferring number balances) for services received. About ninety- five percent of all people receiving checks, deposit them in their accounts and write checks themselves to transfer number balances (dollars) in “settlements by imagination.” There are people who will insist that there be a physical thing that they can see, hear by rustling, smell, taste, and touch to use for cash purchases. It is an old habit and hard to discourage, so for that purpose there has to be some tangible thing around to represent these imaginary dollars, and that is the reason for Fed notes and copper-nickel coinage.

The Treasury, aware of this, has Fed notes printed at the Bureau of Printing and Engraving just costs to bear by the Treasury or the Fed, since all charges would be paid by check anyway in imaginary dollars. The tokens in circulation, both paper and metal, make it possible to fool the people into accepting imaginary dollars.

Today: Every dollar created is created by the banking system out of nothing and is loaned into circulation at interest. When the bank lends its dollars, it demands that each and every one be returned in time plus interest. Since the monetary authority is the only source of dollars and they demand their return, where is the interest to come from? There isn’t any way that you can return more to an only source than you borrow from it, it is impossible; therefore the expansion of the system is assured. As people borrow more with which to pay interest, it becomes new principal and they are more deeply indebted. The bill cannot ever be paid.

As the banker lends, he acquires custody of the title to wealth. If the banker forecloses on a loan he acquires the title to wealth. As individual loans generate interest earnings, these earnings allow the bankers to acquire the title to wealth directly by purchase. As the system progresses it expands and the exchanging of imaginary dollars for wealth continues unceasingly, passing over increasing title to wealth into the hands of the creators of dollars. The ultimate end comes when the net return to the producers of wealth is not sufficient to keep them “trying’’ any longer and their faith and belief in the “dollar” fails, then the real tragedy begins.

Fed notes are tokens representing imaginary dollars created on the books of the Fed bankers based on imaginary debt and accepted by the people as a medium of exchange.

When the dollars were redeemable, the amount on the books could not stray too far above the amount of specie on hand to redeem them or the risk of a collapse was too great. Specie demand, although only 5 to 10 percent, guaranteed that inflation of the currency could not be allowed to go above 900% inflation or the natural function of Gresham’s Law would cause runs on banks. Now that all dollars are unredeemable, there hasn’t been any restraint and the currency of the United States, the imaginary dollar, is inflated upward of 20,000 percent (volume of created dollars in relation to gold to back them). There isn’t any power on earth that could stop collapse of the present monetary system once that collapse has been triggered by the dollar becoming suspect in the minds of the general public. All the machinery of the Fed is working at full capacity now, trying to stall a collapse and the job is becoming much more difficult as time passes and the condition worsens.

For example: If a time frame of crisis of just 24 hours were considered, The G.N.P. of $1,000,000,000,000.00 (one trillion) divided by 365 = $2.8 billion of wealth becomes available for purchase daily. There are $55 billion worth of bonds owned by the people. If just 5% of those bond holders were to decide that tomorrow they would not wait any longer to buy that new car etc., etc., that purchasing power of $2.75 billion added to the normal average daily $2.8 billion of purchases would bid up the “price level” to double in that 24 hours. If 5% of the bond holders sounds unlikely, let us consider the $450 billion in demand deposits in banks. If 6/10ths of 1% of the demand deposits were withdrawn and added to the daily demand for goods, the “price level” would double.

It is the actual volume of imaginary demand loose in the market place seeking wealth that causes the “price level” to rise as that volume of imaginary demand must fit into the volume of wealth available for purchase to arrive at a “level of prices. “ If the volume of imaginary demand dollars were only 1000 times the volume of goods produced within our example time frame of crisis, and all of it were brought to bear on the goods produced in a day, the “price level” could rise to 1000 times its level. A loaf of bread could go from 40< to $400.00, if the volume of dollars was 5000 times the volume of goods bread could go to $2,000.00 a loaf if all things went up in balance with each other, but in the advancing stages of the crisis the main things desired by

The belief in the minds of the people that the government is in deficit, that the government owes $465 billion, helps to support the further belief that dollars represent the government’s debt. After all, the debt is talked about, argued about in Congress etc., we reason that it must be real. We are told at times that the G.N.P. backs the money in circulation; if that were true, then every dollar we receive is a claim against ourselves for the wealth we just gave up.

Government is not a producer of goods, the people produce the goods. If the government were to redeem all dollars for goods, it would have to get the goods from us. The dollars recorded in the books of the banking system are all evidence of the people’s debt—all tokens in our possession are evidences of our debt “to the token holder.” When government deficit spends we are told the amount of spending over and above the amount of dollars taken in taxes is “new” debt, but the “dollars” we paid in taxes were debt to start with, “old debt;” the government recycles it and “all” spending by government is “all” debt to the people.

All dollars on record represent debt, real and imaginary, and since all dollars are without any wealth in reserve for their redemption they are all claims on the future production of the people, pure debt to be settled by future production. How can any increase in taxes paid by dollars (debt) be used to finally settle that debt? Only wealth can finally repay an obligation and the dollars do not represent wealth; they only represent more debt. If every time

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Billions of dollars held by citizens out we give up wealth we get dollars, but dollars are not redeemable in wealth from the issuer, then we must realize the issuer is absorbing our wealth and giving us debt in return. The facts are there and some day the awareness will be there and we will feel very foolish.

A great amount of the dollars spent by the government are borrowed from the people. The people lend dollars to their government by buying bonds and Treasury bills, etc. The dollars are debt records already, and the government uses them to make new purchases (perhaps in some cases wealth from the same people who bought the bonds). It gives these dollars in payment but the dollars are records of debt. Whose debt? The people's debt! Over and over again they are recycled—the people give up wealth to accept them as a claim against themselves for the wealth they just gave up, and keep coming back for more of the same. The wealth is replaced with paper (bonds, Treasury bills, etc.) and marks in a book, all drawing interest and all totally unredeemable in wealth except from the people themselves.

The people owe themselves now for all the wealth they ever produced that was in excess of their own consumption and the creators of the dollars have taken title to it all and will not return one ounce of it for all the paper and ink dollars on record. All dollars spent by the creators of dollars are all debt to the people with *no recourse* on the dollar creators.

Tremendous "Dollar'' creation exists in the United States: but only "dollars" bid against production in exchanges cause Falling "dollar" Parity (higher prices). Dollars already created as bookkeeping entries far exceed the United States productive capacity to absorb their "imaginary demand" within the time frame of a crisis.

"Dollars" can be created "in the billions" with the stroke of a pen; but "Production" requires Capital, Labor, and Time!

Production is either real demand or real supply by position in exchange; neither real supply or real demand can exceed itself.

If "dollars" were 10096 redeemable in a commodity then dollars in or out of active exchanges could not in any way, of themselves, cause increased bidding, they would represent wealth and be real demand by proxy.

Chapter XXXX

SPECULATION ON DEFLATION

"Price" change of Gold:		No currency exchange:
Change date	minus 1 day:	John has 40 Fed notes and decides to hold.
		Walter spends 40 Fed notes buys 1 ounce gold.
Change date	arrives:	Gold officially "priced" at $160 per oz.
Change date	plus 1 day:	John buys 1 oz. gold for 160 Fed notes.
		Walter keeps his 1 oz. gold bought for 40 Fed notes.

Gold did not rise in "use value": it was the currency unit which suffered a lowering in purchasing power.

Currency exchange: No change in the "price" of gold:

Assume an exchange of currency from green to red at an exchange rate of 10 for 1—that is ten green onesturned in to receive 1 red.

John’s original 40 green notes suffered a 90% loss.

Walter’s gold was not deflated.

John had 40 green notes-now has 4 red notes.

Walter had 40 green notes-now has 40 red notes.

The realization that all the imaginary dollars on the books were suddenly worth only 1/10th of their former valuation in relation to gold, and *‘‘that’’* only *if* the *government* paid them off with *its* gold; the *government* would have to, because with the imaginary dollars *not-being-honored-by-the-public,* and the tremendous task of trying to explain to the public *why* the imaginary dollars are not good, *government* would have to invent some story, as well as take some action. The *government* would have to *restore* the people’s faith, so new bearer certificates would be issued and honored with redemption in specie. Government would again have to get its *wealth* from the people directly by taxation in order to be able to make disbursements.

The situation is so fantastic and unbelievable that it is impossible to deduce what they will say. The perpetration of the fraud itself was stranger than fiction to begin with. What will they conjure up next?

Banking would have some adjustments to make—there could not be a return to the old method of mixing records of receipts of gold, silver and imaginary dollars as just marks in a book preceded by a “dollar” sign. With bearer certificates marked for the number of ounces and the fineness of precious metal they represent, they could not be recorded as dollars. In fact the “prices” of goods would eventually change and be marked with a gold and silver parity acceptable to the merchant for their purchase. Gold and silver coinage of known weight and fineness, and bearer certificates made out to represent these coins in like wordage “This certificate certifies that there is on deposit at the First State Bank of Missouri, one ounce of gold .999 fine payable to the bearer on demand,” would be the mediums of exchange, and the “prices” of goods would reflect the changes in parity that might develop between the common commodities used as purchasing mediums, and all other commodities as industrial progress, or resource changes, affected a change in their parity relationships. This would not cause any problems at all since gold and silver coinage for thousands of years have always remained relatively stable in relation to other commodities, except where they were artificially regulated by totalitarianism-bent governments.

With the use of common wealth commodities gold and silver as the mediums of exchange, and “prices” on goods indicated directly in their terms, any need for a word “dollar” would have disappeared. Bank records would record the amounts of gold or silver deposited as simply gold or silver received, and the amount. Checks could be written, transferring gold or silver coin balances affected by economic transactions, exactly as before, with no chance of conspirators being able to create wealth-expropriating- imaginary-dollar-debt mediums of exchange out of nothing. There would never be any assigned fixed parity between gold and silver—they would always have their true market- established parity, checked daily by free people in a free market.

All those people who had put their faith in the false mediums will have lost everything and have to start over, if they are able-bodied. For all the people on pensions who had worked years contributing “dollars” to their pension funds, there isn’t any solution, except perhaps the loyal Congress might honestly indict the conspirators, confiscate the wealth they had accumulated and distribute it to the “dollar” victims still living, and declare all recorded imaginary dollar debt abolished, along with the Federal Reserve Act. This is the best we can hope for—an orderly transition back to the “free coinage” system with as little hurt as possible for the people of the United States. With wealth mediums in use and everyone having to labor to earn a living and the people only paying government for government services performed (income tax having been would be freely willing again to support the charities as they did in the days *before* income tax and "money."

Of course, the people who do have the power to call a halt to the present conditions and bring about the transition speculated upon above, might choose not to do so. All indication to date are that they will just let it come to a head and let nature take its course, or keep on trying any number of variations of schemes to try to continue this fraud. The big drive they are making is to try to continue the imaginary dollar debt creation without the accompanying natural law detrimental effects, but it cannot go on much longer. There is a growing movement across the land of people wanting legislation through Congress to return the people's God-given right to trade in gold. The forces opposing that legislation are great, and from the above we know why. The great imaginary dollar creators having an unlimited supply of "money" have power to elect and persuade most of our elected officials. Who can deny it takes money to become elected, and who has the most of it? The legislators will be influenced greatly by the "people" who got them elected not the "people" who did the voting. Again, though, the people are hearing the word across the land, and although the overwhelming majority do not understand why we are forbidden to have gold, they could just start wanting it because government cannot give a logical reason why they are denied it. If enough people want it, and the legislators get the word, they will bend toward the will of an aroused people.

Once the right to trade in gold is restored, the demand for it matched against the scant supply should send its "price" through the proverbial roof. Again, it is important to note that given the right to trade in gold is a step in the right direction, but it is not the same as making the existing imaginary dollars of debt an automatic demand for specie payment at the bank, which is what the great majority of the population would no doubt immediately assume.

Imagine, if you will, the shock, surprise, and consternation of the people to find out that they may now own and trade in gold, but that their life savings of imaginary dollars aren't redeemable for any gold. If they want gold for their imaginary dollars they will get very little, as described above. The sudden realization that they have literally been robbed of their life savings could cause widespread rebellion against the government, looting, burning, and general all-out insurrection, or anything in between; we may examine history for guidance in our conjecture.

No matter how the end to this folly comes, it will come. It will break as the "John Law" and "Teapot Dome" scandals did, only this promises to be at least one hundred times worse. Everyone will be affected, none will escape entirely, but the ones who had some knowledge and did some planning for it will certainly fare better than those who did not. Those who had put their faith in savings certificates, bonds, and all types of fixed interest instruments, will in all probability be the hardest hit, the stock market next hardest hit, then real estate. The ones who will suffer the least are those who put their faith in silver and gold coin held outside the banking system.

Savings certificates and bonds are all denominated in imaginary dollar debt balances, and it is the imaginary dollar collapsing that will leave them worthless! The stock market will suffer collapse, because without a medium it cannot function, and without functioning it cannot pay dividends, and without a dividend return on investment, everyone wants out- —all sellers, no buyers. For those who can hold on and survive the depression "interval" the loss will not be as great as with U.S. and municipal bonds. Real estate will suffer a big drop in value because it has risen in value over the years, due to inflation. When the big deflation hits, the real estate will drop in value to where it normally should be. For those with silver and gold coin to trade there will be excellent bargains in all types of real estate, art works, stocks, etc.

In fact, when the big deflation comes there may be a windfall of opportunity for people with balance which had been “reduced” to 4 thousand (assuming a 1 new for 10 old deflationary exchange), could clear his mortgage with a handful of real wealth. Unfortunately, those with large mortgages under the same conditions, but who do not have the handful of real wealth will probably suffer foreclosure. During the 1930-1935 depression many people with only one payment remaining on autos and appliances, lost them because they could not come up with that final payment.

Those people who had put their faith in silver and gold coin and had held it as a hedge, will be in the best position of all. They alone will have the liquidity that is the lifeblood of our economy. The silver coin will come out as a means of conducting economic transactions. Scrap gold around the house from old jewelry, lockets, chains, old rings, all will become the media desired by all. During the 1930-1935 depression, “buyers” with little black bags, like doctors use, came around the streets of the city ringing doorbells of houses and apartments asking to buy old gold. Unlike the people of rural areas, who can live off the land, and feel that gold hasn’t .any value because you cannot eat it, the city dwellers had to have the gold to get the “money” to buy the food the farmer brought to the city. You cannot eat the “money” or the gold but you do not eat without it, if you are not a farmer. When millions of people are out of work, they will endeavor to sell their possessions in order to eat. With everyone who is unemployed *selling* to get the media with which to obtain the food, it will be a “buyer’s” market, and those with a little wealth will be able to buy all those things they ever wanted at very low “prices.”

Those unemployed and without wealth set aside for this depression will be looking for employment. The competition for any job opening will be so great that anyone with the capital to start a business will have the choice of qualification he desires as labor, and at a fair wage his business can support. Labor unions, as we know them now, will not exist. Without the imaginary dollar available in quantity from the government to continue failing businesses, all businesses will have to operate at a profit or fail. To make a profit and be progressively successful in business, the employer must pay the employee (labor) its full share of the profit from production, no less, and no more. In a free market and competition it will be so! For those who will argue that it was the fact that it was not so that gave birth to the labor unions, as we know them now, it will have to be pointed out that we have not had a free market in almost a century. Manipulation of the market by the imaginary dollar forces purposely created conditions that led to the false rivalry between management and labor, when labor and management should have been joined and fighting their common enemy, the inflation creating federal reserve banks. Anyone with common sense could have seen that businesses saddled with the necessity of paying $1.25 for labor to produce a product that could not be sold for over $1.00 could only end up going out of business.

It was the constantly increasing volume of *money* that was causing *its* becoming less and less able to purchase the quantity it previously had. Labor needed more money to meet the “higher costs” of living, and management needed more production per unit of labor cost to maintain its profit in the face of “higher and higher costs” of raw material. Inflation was robbing them both and neither labor nor management was aware of the truth. The government line, handed out through the newspapers, radio, and television, completely brainwashed management into believing that lessening profit was due to increased union labor demands, which raised the “prices” of his “purchased parts. “ Labor was led to accept the story that it was management exploiting labor into greater production to offset the “higher costs” of “purchased parts,” keeping management’s profits constant while labor bore the entire burden of inflation. The public was told that it was their desire for more luxury goods that raised “prices,” and it was labor’s inability to increase man-hour production that was not keeping “prices” stable.

There is always a plausible explanation, but it will not always stand up under investigation. If saying that it is the lessening of the amount of goods available for purchase in relation to the amount of money volume that causes “prices to rise” and “inflation.” This explanation is logical *if* we *assume* a *constant* money volume, but it seems we are also told that the federal reserve controls the money volume to keep it in balance with the supply of goods available for purchase. The truth, then, if we are to believe both stories is that the production of goods varies from time to time as does the money volume. It would mean that the federal reserve is not adequately anticipating the amount of goods available in order to keep the money volume in balance. That is Understandable, because who could anticipate the whim of the labor force as to when it will lower its man-hour production, go on strike, or vacation, or when an employer will work to increase inventory or temporarily layoff to decrease inventory? It doesn’t take a genius to see that this explanation, presented to the public by government economists, would seem a logical explanation of why we are having a “rising price level”—logical, yes, but the truth, no!

If it were the truth, then there is a simple solution used by engineers in industry for decades; it is called “control”—we would simply install an “interlock,” by allowing no “money” at all. By using only bearer certificates, every piece of paper used as a medium of exchange would be redeemable in a commodity—that way no paper bills could exist in excess of commodities available to redeem them, result; inflation impossible!

For example:

Every producer of a commodity would bring his goods to a warehouse and receive warehouse certificates, one certificate for each unit quantity of his commodity. For wheat, say one certificate for each bushel, the certificate bearing a legend which read: Payable to the bearer on demand, one bushel of wheat at Wheatley’s Warehouse. The zinc smelter could take his zinc ingots to Zinky’s Warehouse and get a certificate for each ingot, or ten ingots, or whatever denominations desired. Each producer could put his goods in a warehouse and receive a certificate, or he could store them himself and issue bearer certificates good for each unit of his production. To cover perishable goods, the bearer certificates could have expiration dates. There would be places where producers could go to exchange certificates; areas centrally located and probably called “commodity exchange markets.” Paper certificates could be exchanged for whatever was desired in exchange for their production, exchanging paper certificates in the market where practically every producible item would be available.

A producer could bring what he produced to the warehouse, pick up the bearer certificates, go to the commodity exchange market, exchange his paper for the bearer certificates of the commodities he desired, take those to the warehouse indicated, get the goods and drive home.

For those who just wanted to sell their goods and not purchase anything at that time, they could do as described above, or take the goods themselves directly to market and exchange their production for bearer certificates of nonperishables-bearer certificates for gold, silver, platinum, copper, zinc or any certificates that did not have expiration dates. In that way they could leave the nonperishable metal on deposit in its special warehouse, probably called a bank, and use the certificates at any time in the future. If they left the goods at the warehouse, there would have to be a storage charge but it would not be much, or they could take the actual metal home with them. The bearer certificates for nonperishable goods could be used to make purchases at any warehouse (stores), and as a general currency in any market place. The bearer certificates, bearing no expiration date, could and would be an excellent medium of exchange. The fact that it could not exist unless some production, somewhere, was held in reserve for its redemption, would make it impossible for the goods available to get out of balance with the medium of exchange available for the purchase *of these* goods.

unless there was a product for them to represent, they would remain forever interlocked with the supply of goods, and the result would be “inflation impossible.”

The logical conclusions drawn so far have been limited to the considerations of the real world as it should be, with free enterprise and free market conditions described as they should be, and how they have been literally wrecked by the imaginary demand dollars that have been accepted by the people.

Under the conditions of the world described so far, the world we live in is a very difficult world to understand. The real issues have been submerged in a great morass of brainwashing propaganda, and the false issues brought to such a degree of awareness, that to try to find the area of demarcation is almost impossible.

It has been said before, and will be repeated now, “there isn’t any precedent in history for the condition of the world today.” Finding a solution to our difficulties involves more hope than certainty. Our closest reference is the situation back in 1934. The currency of the United States was dollars, and dollars recorded as numerals preceded by a sign ($) were unidentified as to form. The dollar officially was 25.8 grains .900 fine gold, and all the paper in circulation was at that time redeemable for gold or silver coin. When gold coin was called in, there was a reasonably logical explanation accepted by the public. Each citizen who turned in his gold was given a receipt issued by the federal reserve. The idea was accepted by the people that they could get their gold back at a later date by turning in their receipts. History tells us it didn’t work out that way—we were only allowed to have coins in our possession as coin collectors, and the “value” of gold was RAISED to $35.00 an ounce from $20.67 an ounce for gold bullion, and we were forbidden to own any by executive order. Where $1.00 before bought 25.8 grains .900 fine gold, $1.00 now bought only 15.238 grains gold, but we could not get it from the Treasury or the Fed—we would have to buy it from the “nonpatriotic” holdouts among us who had not turned theirs in. This is being brought out here now to help us see the difference between conditions then and conditions now. At that time, just before the devaluation of the dollar, all of the currency was redeemable for gold. The reasonably logical explanation of government’s need to collect the gold was accepted by the people, and most “dutifully” turned theirs in.

At this time we are using totally fiat dollars with absolutely no pretense of promise of redemption for anything held in reserve. Dollars today are totally dependent on only the people’s individual exchanges of wealth for them to give them any exchange value at all. The government has been making statements for a long time denouncing gold backing and insisting that gold will be demonetized. Without again going into why gold or any other wealth for, that matter can never be demonetized, instead let us sit on the elusive line of demarcation between the real world and the unreal world and speculatively consider only the effect this government documented view on gold might have on the eventual deflation that must follow inflation out of control.

In 1934 we had a devaluation of the “dollar,” that is the gold “dollar,” the metal one to 15.238 grains .900 fine gold from 25.8 grains .900 fine gold. The reference to gold was necessary to continue the belief in the minds of the people that “dollars” only partially represented by paper tokens were of some value. At this time all pretense of reference to gold has actually been denounced, so how could a devaluation take place? The change we have to go through now cannot be a devaluation—it will no doubt be a deflationary exchange. The physical tokens representing dollars will be called in and exchanged for a lesser amount of new gold-backed bearer certificates and simultaneously a comparable reduction of recorded debt will take place on all ledgers of account. Now to do that the people would have to have the right to own, trade, and hold gold returned to them. The most significant point here is that *before* the government would “want” to citizen, to have his gold confiscated today and tomorrow see an executive order rescinded so that he may freely own and hold it. Somehow they must get the gold from the people *before* they call the deflation, and it must be given up by the people, not taken by force.

Perhaps they could plunge us into a third world war and declare gold a strategic material—that might do it. It is the way the ancient Romans did it. The Romans made war on their neighbors so they could, upon conquering them, make them give up their wealth for Rome's credit. Perhaps the government of the U. S. could get the gold from the people by making them believe in their minds that gold could be demonetized and only be *worth* the dollars government was willing to give them for it. That is a tall order, but it does seem to be what they are trying to do. The situation is extremely thought-provoking. The people who do own gold are the people who are somewhat aware of the real world, or they would not be holders of gold. They will not be so easily fooled. The great mass of American people living totally in the unreal world will be easily fooled by the "demonetization of gold" hoax, but they do not own much gold. The great mass of people in the European economic community (300 million) are far more aware of the real world, than the American people—it will be difficult to fool them. The latest information on the state of their currencies is that they are still not totally fiat, and they have far less to lose going back to gold integrity than we have. Somehow it just would not seem probable to have history record that the unreal world of total fiat conquered over the real world for any great length of time. Deflation will come, and all things that have transpired before it will have an effect upon how and under what particular circumstances it will be accomplished. The outcome should be a return in the direction of a real world, and the perpetrators of the great hoax that gave us the unreal world should have suffered some setback in their plans for a one-world serfdom.

The ways in which "deflation without chaos" may be attempted are manifold; one way that may be the easiest would be to let the imaginary dollar-debt die naturally by reintroducing the wealth media. It is almost impossible to put the situation into words.

If the decision were made to stop this nonsense and go back to wealth mediums of exchange, the transition from make-believe to reality would not be easy. It would be necessary to rescind the executive order forbidding the people's use of gold as a medium of exchange and a settlement of contracts. A return to the "free coinage" system that existed before the silver and gold standards would have to be effected. The mint would have to accept the people's own gold and silver and mint it into coins directly at full value, with the weight and fineness stamped on the coin.

The introduction of wealth media into the economy at a time that the economy is flooded with imaginary dollar-debt balances would have a decided effect. With the "prices" of all goods marked in "dollars," the gold and silver coins introduced would have to have temporary dollar relationships *as well as* actual parities between them. The "dollar" relationships would be at much greater amounts than ever before, because gold and silver as wealth media freely exchanged would soon acquire their natural parities with other commodities. As before, gold and silver coins would probably be stored by their owners in banks, and bearer certificates issued as currency. The redemption quality of bearer certificates would be preferred by the public over the imaginary dollars that do not promise any redemption at all. This preference would eventually cause the most profound consternation in all of history.

It would have to become evident to the general public after a time that their own bearer certificates were worth much more to each other, than the imaginary dollar debt balances owed to the federal reserve, that they had been using as a medium of exchange. Bearer certificates would be claims on gold and silver which remained relatively constant, but the imaginary dollars would not, because of their true nature—they are debt—gold and silver coins are wealth. There could only be death in store for the trillions of imaginary dollar- debt balances created on the books of the Fed,

Chapter XXXXI
WHO’S ON TOP?

The corner banker can accept a note from any individual and create a “demand deposit” (dollars) for the individual’s checking account. The monetary units (dollars) thus created are recorded on books of account called ledgers. For every debit there must be a credit and this bookkeeping system is called “double entry.” The individual’s note is a debit entry in the bank’s account and the dollars out are a credit entry to “cash.” The banker does not have to have the “tokens” (bills and coins) on hand to satisfy this “created demand deposit” (dollars credit added in the individual’s checking account balance). A banker is required to have only a fraction of the “demand” created on hand in “tokens”—that is why the system is named “the fractional reserve system of banking.”

When the individual “spends” the dollars by writing a check for a purchase, it is in the belief that it is a fair deal. In fact, the transaction concluded with the “passing” of the check is the first in a “long line” of “wealth expropriations” by “fraudulent means.” The person accepting the “check” receives a promise of payment for wealth surrender, and is extending “credit” into the future. When the receiver of the check deposits it in his checking account, the deposit credit will be transferred from the “check writer’s” account (at his bank) to the “check receiver’s” account (at his bank). The original deposit credit is transferred from bank to bank as checks are written, passed, and deposited.

So the “credit” extended each time by a “check receiver” is credit extended to the banking system; the expropriation of wealth is being perpetrated with the credit created by the banks. The check writer gets the wealth directly when the check is passed, but the banker gets it when the check writer pays off the original note. Expropriation takes place when money-credit-inflation is “first” put into circulation.

Inflation-credit-money is always “there” as long as the monetary unit (dollar) record is kept; it can persistently and repeatedly be responsible for the “inflationary effect” (falling dollar parity) when it is,”returned” to the “active” trading center, and bid against production for exchange. The bank that created the original deposit credit to the individual note writer was only required to keep a fraction of the amount “on hand” in “tokens” that represent “dollars.”

What if the imaginary “demand” at his bank from all sources is greater than the volume of tokens on hand at any time. The banker is always aware of the level of imaginary demand. He is required to satisfy, and can when need be, discount the “individual’s note” at the Fed for the necessary dollar tokens at 5%. Then it is the Fed that is really the end source of credit. They and only they (commercial member banks) create credit out of nothing—they can take the “note” and issue the deposit credit, “tokens” (bill and coin) to the borrower. It is the Fed system, then, to whom “check receivers” extend their credit when they surrender wealth—the Fed system is the receiver of the title to all the wealth purchased with the credit they create.

Regardless of “who’’ you owe “dollars” to “directly,” the Fed system had to “create them, or they would not be on “record.” But the “tokens” (bills and coins) are printed and minted on orders from the Treasury (government). The dollar “bills” are paper tokens printed at the Bureau of Printing and Engraving and turned over by the Treasury to the Fed for issuance. The Treasury bonds “owned” by the Fed are the “backing” for the metal and paper tokens circulated. The Fed “bought” the bonds with their created deposit credits, which are *not* “backed” by anything; they are just numbers. When the Fed bought the bonds, the Treasury deposited the Fed’s check in its account at its commercial bank. The Treasury writes checks against “that credit and the banks cash the Treasury s checks with their federal reserve notes (the bills furnished by the Treasury in the first place). The Fed “insists” that the “government” gets the benefit of all credit-money-inflation

The bill is a “token” to represent a “dollar.” A dollar is a monetary term to describe an amount of an imaginary monetary unit accepted by the people as an exchange medium for their wealth.

“Accepted” by the people because government has made the “dollar” a legal tender in the. settlement of debt, and outlawed the people’s own choice of “gold” (wealth) as a settlement of debt.

If government (Treasury) issued the “dollar” directly into circulation they would benefit directly and exclusively.

But government (Treasury) turns them over to the Fed for issuance.

For government (Treasury) to spend the bills it prints, it has to first create and sell an “interest bearing” bond to the Fed for a checking account deposit credit.

The Federal Reserve Banking System is on top!

Chapter XXXXII WE OWE ALL DOLLARS TO THE FED!

Imaginary dollar balances created by the federal reserve on their books are imaginary debts owed to them by whoever they lend these imaginary dollars to. The imaginary dollars are used throughout the United States, and in other countries as a monetary unit, in lieu of wealth in almost all economic transactions. The imaginary dollars exist in ledgers at all banks and are distributed and monitored by the entire banking system. The credibility of imaginary dollars existence is supported by a small percentage of paper and metal tokens that are distributed to the public for that purpose. Over ninety-five percent of all economic transactions, in the U. S., are handled by checks and drafts which are simply written instructions ordering the transfer of these imaginary dollar debt balances from the account of one entity, in a bank, to the account of another entity at another bank. The small percentage of economic transactions handled by the physical representations of imaginary dollars, the tokens, are just for the benefit of keeping the fraud alive.

The actual tokens may leave the banking system and reenter at any time at any point without affecting the record of imaginary debt owed to the federal reserve banking system by the public. The tokens dispensed by the banks to the public, leave behind a record on the banks’ books that they only borrowed those tokens from the federal reserve, they were only loaned out by the federal reserve as physical evidence of the existence of imaginary dollars of imaginary debt to the federal reserve. While the public holds tokens, the banks’ records show the individual borrowers who owe the imaginary dollars they represent to the federal reserve.

The fact that the federal reserve is in full control of the Treasury of the United States is evidenced by the fact that the Treasury has the paper bill tokens printed at the Bureau of Printing and Engraving and furnishes them to the federal reserve. The Treasury has the mint fabricate the copper-nickel coinage and turns it over to the federal reserve for issuance. The paper bill tokens themselves were physical evidence of the collusion. The bills are headed “federal reserve note” but are endorsed by the officials of the Treasury in an attempt to induce belief that the federal reserve is a government agency. The federal reserve is a system of private chartered corporations, chartered by Congress, owned and operated by their stockholders. The United States government does not own any shares of stock in the federal reserve system. The federal reserve controls its own board of governors, appointed by the presidents, but they direct on advice and counsel from the federal open market committee, and the federal advisory council, both of which are of the system, for the system, by the system. The federal reserve system is operated for a profit, not a percentage of profit, for a total profit, *it is all profit.* They create the imaginary dollar balances on their books and distribute them as loans throughout the banking system and they are used as the monetary unit upon which our entire economy is built.

The transition from the use of wealth mediums of exchange to the present system, described above, could not have happened by chance, it required conspiracy. Until 1933 the people conducted all economic transactions by the use of gold and silver coin, which was wealth very nearly the worth of its monetary denomination. All the paper bill tokens in circulation were redeemable at the bank for the gold and silver coinage, which indoctrinated the minds of the public with the idea, that as long as paper was redeemable in gold, it was as good as gold. It took cunning and planning to gradually outlaw the use of gold coin in the settlement of contracts, and allow the paper bills to become the media replacement for the preeminent wealth commodity. The paper bills were still redeemable in silver coin, and that helped. In 1965 the Coinage Act replaced the silver coins with copper-nickel ‘‘slugs” which left the public with redemability in wealth only to the extent of the fabrication costs of the “slug”. For all practical purposes nothing but the worth of the tokens themselves, and, behold, they stood by themselves! For the first time in American history, the people have absolutely no control over the wealth of their nation. When all economic transactions were handled daily with gold and silver coin and all paper tokens were redeemable in wealth, the people of this great nation held the wealth of their nation in their hands, and directed the policies of their government.

Today, with a so-called “irredeemable currency,” which is in reality *not* only, -*not*-a- claim-on-wealth, but a token representing imaginary debt, the people of the United States have absolutely no control over the remaining wealth of their nation, and literally no directive or controlling power over their government. The entire nation, dependent on the continued flow of imaginary dollars of imaginary debt with which to operate its economy, is totally within the control of the creators of those imaginary dollars of imaginary debt. To say this all came about by honest mistakes of inept officials is the height of wishful thinking. It was designed, engineered, and perpetrated with the skill of the owners of the stock of the federal reserve system, the Invisible Government.

A REALISTIC ANALYSIS

Using wealth as a medium of exchange for all economic transactions, the public is able to exchange all surplus production, produced by the division of labor, amongst themselves, and still retain the entire supply of the medium of exchange. When anything in lieu of wealth is used, the result is inflation. But wealth can only be created by the use of capital and labor; since wealth is production itself, it cannot in any way become out of balance with itself. According to Webster, inflation is money in excess of goods available for purchase; in reality, inflation is money is credit.

When someone gives up wealth and receives “money,” he has been robbed, or he has willingly extended credit. When bearer certificates were used, they promised redemption in wealth already produced and held in storage for the redemption of the paper. Bearer certificates representing goods already produced, and exchangeable for those goods are not inflationary, hence not money, and in the true sense not credit. A person giving up wealth for a bearer certificate is receiving wealth by proxy in return. Anything received in exchange for wealth that is not wealth, or directly redeemable in wealth already produced and held in reserve for its redemption, is inflation is money is credit itself. The token should not be mistaken for the “money” itself, the token is “real,” it is of paper or metal, and it exists, but the “money” it represents is imaginary debt.

If one received an I.O.U. for his wealth he would be extending credit, and the I.O.U. would be “money” and “inflation” because of it. The I.O.U. is a written promise, but not a bearer certificate—if it were a bearer certificate, it would not be an I.O.U. An I.O.U. is a promise to pay, an evidence of debt, and is usually signed by the one receiving the goods, and given to the supplier of those goods, as evidence of good intention to pay eventually. The tokens we are using do not

Anyone accepting such a note has neither promise nor wealth, and must pass it on to another who will accept it, in order to get anything of wealth for it. In accepting it you become the victim of the robbery by fraud, and when you pass it on, you are compensated, and the next holder becomes the victim. As long as these tokens circulate, representing imaginary dollar debts, they are expropriating wealth from the receivers to the last holder. The original robbery took place when the federal reserve first transferred its imaginary dollars of imaginary debt from its account books to the account books of another. To get the use of imaginary dollars the receiver *must* acknowledge an obligation, to repay them, plus an additional amount of them, as a charge, for the use of the ones borrowed. The imaginary dollars have only one source, the federal reserve; they are always loaned into circulation when a pledge to repay them is executed. At this point, some imaginary dollars have been borrowed and the receiver has promised to return them, plus interest. No wealth has actually changed hands as yet, but the mechanism has been set in motion. The imaginary dollar debt balances may be used to purchase goods and services in the market place with a check, which transfers a portion of an imaginary dollar balance from the account of the purchaser to the account of the merchant. At this point, robbery has certainly taken place; the purchaser received wealth, the merchant received a portion of a record of debt, owed to the federal reserve as payment for the goods he gave up. At this point the merchant is the victim, (he gave up wealth and only has a promise of payment) the purchaser is a dupe in the fraud originated by the federal reserve. The purchaser used the imaginary debt, owed to the Fed, as a medium of exchange to receive wealth fraudulently. The purchaser may be ignorant of the fraud he committed, because *he pledged* title to his wealth to borrow the imaginary dollar debt balance he transferred to the merchant's account by check; the transfer of imaginary debt was not a comparable value for the goods he purchased.

When the merchant buys stock from his supplier and pays with a check, the merchant's imaginary dollar debt balance is transferred to the account of the supplier. At this point, the merchant is no longer the victim, because he has now received the comparable value of the goods he gave up to the purchaser. The supplier now becomes the victim, and the merchant joins the ranks of the duped co-conspirators of the fraud (the federal reserve and the purchaser). This goes on and on with each successive holder of the imaginary dollar debt balance being a victim and becoming a duped co-conspirator as he passes it on to the next victim. Each one in turn never even suspects that there is anything wrong in all of this. Each one in turn gave up wealth to get the imaginary dollar debt balance, and therefore does not feel any reluctance to accept the wealth of another for it. The fact that a medium of exchange should be a store of value, a commonly accepted commodity of relatively stable parity, with other commodities, has been forgotten or ignored, or these imaginary dollar debt balances are accepted in the economy as being just as good. The belief may be that they are just mediums of exchange and as long as they are accepted, and believed in, that is all that is required. Some people are very firmly convinced that anything can serve as a medium of exchange with no adverse effect on the economy. Any *"thing"* is correct—but "money'' is *not* a *thing,* it is only a .psychological entity.

To further confuse, and add credibility to the unbelievable fraud being perpetrated, the Treasury provides tokens to be distributed by the federal reserve through the banking system to the public. These tokens (paper bills and metal disks), which are in reality only physical evidences of the recorded imaginary dollar debt balances, serve the purpose of fooling the public into assuming that imaginary dollar debt balances are redeemable for wealth.

The public may be fooled and the public may believe that the imaginary dollar debt balances they pass around are only a medium of exchange and do not have to be a store of value; but there are natural laws that cannot be violated.

ditional charge for their use is called interest. The federal reserve is the only source of these imaginary dollar-debt units, and although one might return all that has been borrowed, where would one get the interest? At first thought: from the great pool of those imaginary dollar balances in the accounts of others. The reality is that whoever has an imaginary dollar-debt balance is also paying interest. *All* the debt balances are generating interest *all* the time, everyone is required to pay interest, directly or indirectly, to continue their use of the imaginary dollar-debts to keep the economy going. Again to clarify, all borrowers pay interest directly, all holders, although they do not pay interest directly on the tokens they are holding, or on the debt balances transferred to them by the borrowers, are paying it in the form of increased “prices” the borrowers apply to their goods to cover the costs of borrowing the imaginary dollar-debt balances.

Where do the imaginary dollars come from that are being used to pay the interest, since the economy is *still going?* The “dollars” to pay the interest are coming from the only source, the federal reserve creates them and they are loaned to the public as before, and passed from account to account, as before, and many of the borrowers go deeper and deeper in debt as they accumulate greater and still greater amounts of the imaginary dollar-debt balances. Part of the great hoax is that interest also is imaginary; in reality it cannot exist. Interest is an imaginary dollar charge for the use of imaginary dollars, and the instant the public tries to obtain it from the banking system it becomes new additional debt, demanding to be repaid with interest—therefore interest is impossible to pay. Again you cannot get it from a fellow borrower because he too must pay interest, he cannot get his from you because you must also pay interest. Interest cannot be obtained unless it is borrowed from the banking system and *borrowed,* what *would be interest* immediately becomes *additional* debt instead. Interest only exists as a figment of the imagination given credibility by mass common acceptance through unawareness.

In order for an economy to continue on a system using imaginary dollar-debt balances as its only medium of exchange, the volume of that imaginary dollar-debt must be constantly expanding. The imaginary dollar-debt balance volume on the books, must be increasing constantly at an ever increasing pace, and since it is requiring victims to give up their wealth to acquire the dollar-debt balances, the expropriation of wealth is also accelerating. We must observe that when a purchaser buys goods from a merchant, and pays with a transfer of imaginary dollar-debt balances, the merchant is a victim of robbery by fraud, until *he* can *use* the debt balance to purchase supplies, or goods from another, then the merchant is compensated, and the supplier, or the other person is victim.

Every imaginary dollar of debt balance recorded indicates an imaginary dollar portion of the public’s production extracted from the public by the creator of the imaginary dollar- debt balance, the Fed. At the present time in the United States, the federal government debt to the federal reserve commands interest returns of $20 billion annually. The total national imaginary dollar debt balances recorded exceed $2,000 billion on the books of accounts, and extract from the total yearly production of the United States some $ 120 billion annually in interest alone. These figures are practically impossible for the public to comprehend, but they are rising and it must be seen, as has been the case for centuries, that when the interest charges amount to more than is produced, that barrier cannot be penetrated.

The fact that the federal reserve is the only source of imaginary dollars, that they (the “dollars”) keep our economy expanding, must be understood; if they stopped creating “dollars” at any time, the “new” borrowing required to pay interest would be impossible to obtain, and a liquidity crisis would be the immediate result. The Fed could stop creating “dollars,” but if they did it would bring our economy crashing down. All the imaginary dollar-debt balances accumulated on the ledgers

The pitifully small amount of circulating paper bills and metal disks (“dollar” tokens) would be used by some very lucky ones to settle their debt to the banking system, but it would be less than five percent of the daily turnover. All the titles to wealth the borrowers had pledged to the banking system to facilitate borrowing the imaginary dollar-debt balances would be foreclosed to settle the loan and interest. All the efforts of a lifetime would be lost by millions of the population. What about the government bonds people “bought” with their “savings”? The government “spent” the proceeds from its bond sales, the government has been operating on these imaginary dollars also, and the government also could not settle its debt and would be foreclosed.

The government owes the federal reserve $430 billion and is presently going in the red some $25 billion a year. The bonds may be a claim against the government for dollars, and the official dollar may still be on the books at 15 5/21ths grains .900 fine gold, but by now everyone knows the Treasury’s total gold holdings are less than $10 billion, and the public holds $50 billion in bonds. If the United States ever wanted to voluntarily return to bearer certificates, honor dollar claims on gold, as well as redeem their bonds for gold, how would they handle the imaginary dollars of imaginary debt we have been using? How would they make restitution for the following gold requirements?

$450 billion	to the Fed for bonds	=	12,857,042,600	oz.	gold
50 billion	to the public for bonds	=	1,428,571,400	oz.	gold
450 billion	demand & savings of people	=	12,857,042,600	oz.	gold
100 billion	“Euroasian” dollars	=	2,857,142,800	oz.	gold
$1,050 billion			29,999,799,400	oz.	gold.
— 10 billion	___________ -gold on hand in Treasury-		285,714,280	oz.	gold
$1,040 billion	____________________ -short- _____________________		29,714,085,120	oz.	gold

We are 924,211 metric *tons* of gold *short!*

Only 75,537 metric tons of gold have been mined historically.

We are only short 12.2 times all that has ever been mined.

Perhaps by revaluing those dollars in terms of gold, the government could make it stretch. Let’s see:

$1,050,000,000,000.00 divided by 285,714,280 ounces = $3,670.00 an ounce, that would allow them to settle up the imaginary dollar claims into gold directly. This means a devaluation of the official dollar from 15 5/21 ths grain .900 fine gold (15.238) to .14507 grains .900 fine gold or a settlement of $0.009523 (less than 1c) on the dollar. This is approximately the present debt level of the United States we would have to pay, if we accept as the debt level what we have been “told” it is. The best estimate that can be arrived at with information from all sources, places the real debt of the entire United States at near $5 trillion (5,000,000,000,000.00) or approximately 5 times the figures used above ($1.05 trillion).

This is why no effort has been made by the government to get off the insane kick we are on, and go back to bearer certificates and honest currency integrity. The situation as presented here is utterly fantastic, yet it is true. How is it able to continue, why hasn’t it collapsed already? Those few people who may really understand the situation and are in a position to change it, will not dare to. They would throw the entire nation into the biggest depression and chaos since the dawn of time.

Chapter XXXXIII I.M.F.

The international monetary fund, with a current membership of 116 nations, has its principal office in Washington, D.C.

It is funded with “quotas” from its member nations. The quotas vary with the economic scale of the country. Each nation must furnish part of its quota in gold, and the remainder in its own currency.

At its discretion, the fund may accept other noninterest-bearing obligations. Each nation is committed to protect the I.M.F. from any loss in terms of gold. Each member must keep *25%* of its quota on deposit with the I.M.F. in metallic gold.

The fund is controlled by a board of governors, executive directors, and a managing director. Each nation member has an appointee on the all-powerful board. The voting power of each governor is 250 votes plus one additional vote for each $100,000.00 of his nation’s quota.

The Bretton Woods agreement included provision for each member to supply an exchange rate for his currency in relation to the U.S. dollar. The dollar itself would be the only currency directly proportionate to gold at $35.00 = 1 ounce of gold .999 fine.

The stated purpose for the creation of the fund was to prevent economic chaos in the foreign exchange market when W.W. II ended. (More details on machinations as we progress).

Actually, it was a unique effort to create a world central bank, by allowing the secret expropriation of wealth from the world population, using a system that proved so fabulously successful in the U.S.A. The dollar was set up as the common unit in which all currencies would be calculated. No attempt at statistical accuracy will be made here, I believe that constant concentration on statistics prevents or makes difficult a deep understanding of this subject.

For examples and step-by-step examination of the foreign exchange bank and how it works, we will use the following:

Dollar	= $1.00 = 1 / 35th of an ounce		of gold.	= 0.02857 oz
Pound	= $2.50 = 0.02857	X 2.5 =	0.07142	oz.
D. Mark	= $0.25 = 0.02857	X 0.25 =	0.00714	oz.
Fr. fr.	= $0.20 = 0.02857	X 0.20 =	0.00571	oz.

The actual figures are quite similar to these, but vary, and daily rates are in the Wall Street Journal. One important rule to remember is that each member nation agreed to maintain its currency’s rate related to the dollar within one percent up or down.

If you are wondering how the fixed rate gets altered, it is because no matter how they scheme to prevent it, the natural law of competitive bidding manages to make itself obeyed.

When a man in America buys an item from Germany, he knows the “price” of the item in D. Marks. Since he wants the best deal he can make, he will seek to obtain the D. Marks for the least amount of “dollars.” Depending upon the quantity, he has several choices: The foreign exchange market as such is intangible. The center for foreign exchange in the U.S. is in New York City, and it just doesn’t have rules or regulations as does the stock market or commodity market. There are over

First: The transactions between the banks establish a relative, current rate of exchange between currencies, a fluctuating, daily rate of exchange that develops naturally by the laws of competitive bidding, not by any plan. In the parlance of the stock market they in effect “make the market”: transactions in this interbank market are managed through foreign exchange brokers, and intervention by the federal reserve bank is not uncommon. The first level works with domestic banks and their deposits abroad.

Second level: Dealings arc made between domestic banks and foreign banks, where the federal reserve bank, for reasons of its own, may step in to control settlements and direct that they be finalized in currencies instead of gold.

Third level: Service is extended to the public, for the most part commercial business dealings, when the bank arranges exchanges for the “consumer” of their product. For the whole system to work, the banks in the U.S. keep accounts abroad with convenient amounts of foreign currency deposits. These deposits may consist of any tangible or intangible paper claims on foreign currency, which the U.S. branch or representatives can purchase from the foreign public or arrange in dealings with the local banks abroad; or by buying excess foreign currency in the U.S. and transferring it abroad.

In “buying” these foreign currency claims they are furnishing dollars to the “seller” who needs them for a customer who needs dollars for the purchase of American goods.

Each bank has a crew of clerks (traders) who handle the actual buying and selling of the respective currencies or paper, and the details of each exchange are entered in the accounts by a crew of bookkeepers who record every transaction. The bank may buy from one customer and sell to another in the same day. If buying and selling are “even” after a day of trading, the bank has functioned exactly as a clearing house. Coming out even isn’t very likely, so for the most part the banks will balance their holdings by interbank dealings in the market for the currency they need.

The New York interbank foreign currency market dealings are transacted by less than a dozen foreign exchange brokers. These brokers work by telephone, usually with direct lines, to keep them in instant contact with the trading rooms and the clerks of commercial banks. The brokers handle all leading currencies, although some specialization is practiced by a few. Their job is to coordinate the activity of prospective buyers and sellers among the banks. Through the efforts of the brokers, the banks’ exchanges are managed easily and effortlessly, and they don’t know with whom they are dealing until the exchange is finalized. The broker receives his income by charging a commission to the selling bank. The coordination of bids and offers in the foreign exchange market doesn’t result in any direct influence on the relative parities of the various currencies.

The entire foreign exchange market will, however, react to any trend that develops. It is understandable that as each day passes, the constant flow of exchanges creates conditions, whereby for any given period the market as a whole would be a net seller or net purchaser of a particular currency. If the market becomes aware of a trend developing (one currency’s parity changing in relation to the others), the brokers and bank clerks agree to adjust the relative values used in their “auction-haggling,” and these daily rate changes appear in the daily list of exchange rates. Very slight changes in these rates have a very decisive effect on the shifting of liquid funds of large corporations and speculators. These rate changes are directly connected to the relative parities, and the relative parities are directly connected to the net imports or exports of all commodities and “money.” The New York banks dealing directly with foreign banks effect this. Foreign banks actively dealing in their own currency exchanges also influence the relative stability of the parities.

Let us take just two currencies and use their names to make another point clear. It is imperative that this be understood, for it is the basis for understanding this whole system. Let us use the New York foreign exchange interbank market dealing in D. Marks and dollars and the German interbank ventory of D. Marks they can cause the D. Mark rate to rise (to $0.26 from $0.25). (Actually, the rate changes are in 3-4 decimal place figures, but it will be easier to understand if we stay with clearly seen differences.) Then, of course, by offering D. Marks low (bidding dollars high) they can cause the D. Mark rate to fall (to $0.24 from $0.25). Remember, they could drive the D. Mark down to $0.01 if they wanted to give them away.

This method of affecting the rate of their currency is extremely important, they cannot “lift” or “drop” the exchange rate of their currency directly, they can only make moves that will indirectly affect the relative parity so as to indirectly affect the exchange rate. Activity of this sort, which happens often, is frequently the decisive factor in the foreign exchange market. Now, why do they do this? After all, if the German bank needs dollars to satisfy its customers, and if D. Marks are traded normally at New York, why not offer their D. Marks to a New York bank, and perhaps gain a slight advantage in rate variation? Well, this is the way it is done. A foreign bank will buy surplus dollars from its customers, and offer them in New York to buy D. Marks. New York, having bought D. Marks from its customers, may offer them through one of its branches in Berlin for dollars; its a two- way street. There is a seemingly endless flow of messages, by all means of communication, steadily flying back and forth between the financial centers of the world.

The only reason the central bank (like our Fed here) would step in and start directing certain negotiations, is to affect the exchange rate. Their agreement with the I.M.F. calls for them to maintain their currency within certain narrow limits of the set exchange rate expressed in dollars. The U.S. agreed to maintain the dollar at an equally narrow rate in relation to gold.

There you have it. We keep the dollar within its range in relation to gold, and all the other nations keep their currencies within their respective range with the dollar. Talk about putting all your eggs in one basket, this is it. The dollar comes between member nations’ currency and gold. You have to know their dollar exchange rate to calculate their respective value in gold. In fact, all the other member’s currencies’ parities *to each other* must be found by first obtaining their individual parities to the dollar and then computing.

We spoke of trends developing that affect rate changes, and how the central bank steps in to regulate negotiations and affect the relative parity directly so as to indirectly regulate the exchange rate and keep it within its narrow allowable range.

Let us explore just such a trend-its cause and effect.

Let us assume an “inflationary effect” in the United States, “prices” are generally higher here than abroad and we will trace their effect on the foreign exchange market and the international monetary fund. With “prices” higher in the U.S., Americans will begin to buy foreign goods more frequently; imports will increase over exports. Foreigners will buy less goods here and more at home, so our exports will decrease. Our banks will be buying marks for their customers, for the customers’ dollars; U.S. citizens are giving dollars to get D. Marks with which to pay for goods imported from Germany. Our banks get D. Marks from other customers, a branch of their banks abroad, or from a foreign bank with a branch or representative here - just to mention a few ways of obtaining them.

If imports and exports were fairly well balanced, there would probably be enough D. Marks around. Obviously with exports down and imports up, there is a higher parity for D. Marks than for dollars; so the rate on D. Marks rises. With the D. Mark parity rising, eventually the D. Mark rate hits its ceiling (the top limit of its range). The German central bank steps in and offers D. Marks on the market at *the* “fixed” rate.

At this point we must see this system clearly—there is a high parity for D. Marks—there is a low parity for dollars.

them down to within the fixed "range" for D. Marks, and the D. Mark can again be exchanged for dollars.

The only way that the German central bank can *buy* dollars is with D. Marks, other foreign currencies, or gold. There are only three ways it can get currencies. One is to borrow them from the I.M.F. against its quota, buy them with gold or "create" D. Marks. Creating D. Marks (inflation) is the fastest way to lower their parity.

If the German central bank borrows D. Marks from the I.M.F., buys dollars and gets over this minor crisis, perhaps eventually the situation will reverse and the German central bank will be able to pay the I.M.F. back. Meanwhile, what does the German central bank do with this excess of dollars that no one wants? They are what is known as Euro dollars and they represent a claim on the U.S. gold as a "balance of payments deficit" due her for an excess of exports over imports to the United States.

They resulted from the German Nation having less "inflation" and represent a "deficit in the balance of payments" (unpaid bill) for the United States.

Borrowing currencies from the I.M.F. to support the U.S. balance of payments deficit (unpaid bills) prolonged for any length of time would deplete Germany's borrowing power from the I.M.F. and she would have to "create" D. Marks to offer on the market; but creating them means inflation. Inflation would cause her "prices" to rise and she would lose her export advantage, with less exports, more unemployment, and the whole nasty mess that started the U.S. down the ladder towards depression would begin to happen to her.

So Germany would use some of her dollars to buy the currency of other nations, currency she needs to pay debts in those countries. The dollars could serve this purpose as well as the D. Marks. Germany would use the dollars wherever she could, the result being that the dollars representing our inflation are spread all over.

The dollars still remaining would continue to seek return to the U.S. central bank from the German central bank in exchange for gold; gold is the final settlement. We accept money (paper tokens), knowing it to be only a means of getting what we want later for what we are giving up now, a means to an end. Money is only an imagined promise—gold is a store of historic wealth; it can be used anywhere at anytime, even by a country at war to buy bullets from its enemy. So gold is the final settlement.

The shipment of gold from the U.S. and the return of our dollars demonstrates Gresham's Law—we shipped them bad currency (dollars) to pay for our imports, now their return makes us relinquish wealth to pay off our obligation. Now for a deeper understanding of "bad money drives out gold." Think - if we had not used bankers' "money" in the first place we would not have had "inflation" to drive "prices" higher or an excess of imports to give us a "balance of payments deficit": (unpaid bills). We would be getting their gold instead of giving them ours.

The U.S. kept this "inflation" and the "balance of payments" (unpaid bills) have kept increasing until today we have dollars accumulated in foreign central banks equal to over 110 billion dollars and we do not have even 1 / 10th of the gold it would take to bring those dollars home. Germany alone has more dollars than we have gold to repatriate them. As of May 4, 1971, she cut her mark loose from I.M.F. rules and caused it to float!

Well, let's really pinpoint what "to let it float" means with a dollar glut all over the world. Do dollars have a very low parity (low "price") "on the floor"? NO! The I.M.F. rules state; the dollar is tied to gold directly—it didn't move! What happened was all the other currencies became "worth more." That is the system they agreed upon. Those bad Germans and the other "bad guys" let their currencies get too valuable—so now—here we are again - there is a low "parity" for dollars—there

To comply, Germany must buy—buy—buy dollars again. She has more billions of dollars than we have gold to take them back. Germany knows we are bankrupt, all Europe knows we are bankrupt. To demand gold for their dollars would force our bankruptcy, and all their losses would have to go on the books! But if we stopped inflating and started deflating (the only cure for our illness), they could again use those dollars to buy goods instead of demanding gold as our “prices” came down within competitive range again.

Well, that is what we have been promising them all this time: we would put our economy in order, but we haven’t done it! The U.S. says: “stick to your bargain, and if you can’t keep your currency from becoming worth more, then *REVALUE,* and all will be well.”

Germany and others say: “you cannot redeem your dollars for the gold you promised. *DEVALUE* the dollar: until you do, we will stop supporting it.”

So Germany and others let their currencies *FLOAT!*

The moment Germany allowed the D. Mark to float, it went above its ceiling (instead of getting 4 marks for a dollar, tourists were getting only 3 5) On all foreign exchange markets the D. Mark rose in value.

So in actuality the D. Mark is in fact worth more than it was before in relation to the dollar. Why, then, does the German central bank *refuse* to *revalue* it and make the United States happy?

In actuality, the dollar *is* lower in value than it was in relation to the D. Mark. Why, then, does the U.S. *refuse* to *devalue* the dollar?

Why is floating the D. Mark and letting it become worth more in actuality any different from revaluation?

To comprehend the whole picture, we have to see what affects the various actions would have on the currencies involved:

German revaluation. Vs Dollar devaluation (raising the dollar “price” of gold).

Floating: Unilateral violation of the I.M.F. rules.

IT IS ALL CONCERNED WITH GOLD-GOLD IS THE KEY TO IT ALL!

That is why we have been braintwisted to think it means nothing.

Gold is not a “barbaric metal” it is a commodity first, last and always. Gold has historic wealth value far back in history—it is accepted all over the world as a measure of wealth. For this reason dollars were measured in gold “content” instead of inches, yards, ohms or fathoms. The I.M.F. rules agreement was 35 dollars = 1 ounce of gold .999 fine.

1 dollar = 1 /35th oz gold or 0.0286 oz. = 4 D. Marks 4 D. Marks = 0.0286 oz. divided by

Under I.M.F. rules 1 D. Mark tied to the dollar = 0.00715 oz. gold.

For this exercise we will state that at this level or rate Germany has enough gold to back up all her currency outstanding at 0.00715 oz. per D. Mark 100% she has no inflation—she has $10 billion in gold (286,000,000 ounces) and has 40 billion D. Marks outstanding.

Now let’s assume a revaluation of the D. Mark, under I.M.F. rules to 3 D. Marks = 1 dollar:

3 D. Marks = 1 dollar = $1.00 div. by 3 = $0.33 = 1 D. Mark

1 dollar = 0.0286 oz. gold div. by 3 = 0.009533 oz. gold = 1 D. Mark

Each D. Mark in circulation now requires 0.009533 oz. gold “backing.”

But Germany still has the same amount of gold (286,000,000 oz.).

286,000,000 oz. div. by 0.009533 oz. = 30,000,000,000 D. Marks could be in circulation 100% backed by gold. But Germany has 40 billion in circulation and now can only cover 30 billion with gold.

Suddenly by revaluing the D. Mark, Germany finds herself 25% inflated.

At the new rate 3 D. Marks = 1 dollar she needs	0.009533	oz.	gold/D. Mark
At the old rate 4 D. Marks = 1 dollar she needed	0.00715	oz.	gold/D. Mark

That is why Germany is refusing to revalue.

Now let's look at why the United States refuses to raise the "price" of gold (devalue the dollar).

Let's assume the U.S. agrees to a new rate of 40 dollars equals one ounce of gold under I. M.F. rules.

1 dollar — \/40th ounce gold or 0.025 oz. gold =4 D. Marks

4 D. Marks = 1 /40th ounce gold or 0.025 oz. gold.

1 D. Mark = 0.025 div. by 4 = 0.00625 oz. gold.

Germany still has the same amount of gold, (286,000,000 oz.) 286,000,000 oz. 4 0.00625 = D.M. 45,760,000,000 she has gold cover for, she has outstanding 40,000,- **000,000**

She could now issue 5,760,000,000 additional with full 100% gold backing—a nice surplus of government funds.

At the old rate $35 = 1 oz. gold 1 D. M. needed	0.00715 oz. gold / D.M.
At the new rate $40 = 1 oz. gold 1 D. M. needs	0.00625 oz. gold / D.M.
Dollar "price" of gold raised Germany's surplus	0.00090 oz. gold / D.M.

If the United States raised the "price' of gold Germany gets a big lift in her economic well being. That is why the United States refuses to raise the "price" of gold (devalue the dollar), raising the dollar "price" of gold is the only way the dollar can be devalued.

Due to the pecularities of the I.M.F. agreements, if an individual member devalues—it effects only that member's currency, in its relation to gold. If the United States devalues the dollar it directly effects every other member's currency in their respective relationships to gold.

When Germany floated the D. Mark she was ignoring the I.M.F. rules, refusing to support the dollar, and in fact freezing the gold values of her D. Mark at its value at that time. (0.00715 oz. gold).

With the German D. Mark floating at a gold value of 0.00715 oz. gold and the free market price of gold goes up in relation to dollars then the real value of the D. Mark begins to expose the unrealistic currency parity it has with the dollar.

If the gold "price" went to 40 dollars per ounce on the free market then:

$35 = 1 oz. gold or $1.00 = 0.0286 oz. 0.00715 = $0.25 = 1 D. M.

$40 = 1 oz. gold or $1.00 = 0.025 oz. 4-0.00715 = $0,286 = 1 D. M.

If it goes to $70.00 per ounce:

$70 = 1 oz. gold or $1.00 = 0.01428 oz. -r 0.00715 = $0.50 = 1 D. M.

If it goes to $140.00 per ounce:

$140 = 1 oz.gold or $1.00 = 0.00714 oz.'-=- 0.00715 = $1.00 = 1 D. M.

So if the D. Mark was kept floating and the price of gold on the free market went to $140.00 an ounce Germany's D. Mark would be equal to the dollar in "gold backing" and cause tremendous pressure on the unrealistic "currency parity" they try to maintain between the dollar and the D. Mark.

Now it is clear why the D. Mark was floated. Until something is done by the U.S. toward deflation or devaluation it is the best way for Germany to protect her economy.

None of this in any way can eliminate the truth, which is that we used "dollars" we knew we didn't have the gold to back up; to purchase wealth all over the world, and now we cannot pay the bill. Remember the "dollars" we used were only promises; we haven't settled the debt until the holders of those Eurodollars can exchange them for the United States gold stock, or we have a deflation and they are repudiated. If we raise the "price" of gold, we openly admit we embezzled the wealth of the world's peoples with our imaginary demand. In truth we are bankrupt, broke, and

1 Dollar =
0.5 Pound
5.0 Fr. fr.
5.0 Guilder
4.0 Sw. fr.
4.0 D. Mark
300.0 Yen

1 Guilder =
0.1 Pound 1.0
Fr. fr. 0.2 Dollar
0.8 Sw. fr. 0.8 D.
Mark 60.0 Yen

1 Pound =
2.0 Dollar
10.0 Fr. fr.
10.0 Guilder
8.0 Sw. fr.
8.0 D. Mark
600.0 Yen

1 Fr. fr. =
0.1 pound 0.2
Dollar 1.0
Guilder 0.8 Sw.
fr. 0.8 D. Mark
60.0 Yen

1 Sw. fr. =
0.125 Pound
1.25 Fr. fr.
1.25 Guilder
0.25 Dollar
1.0 D. Mark
75.0 Yen

1 D. Mark —
0.125 Pound
1.25 Fr. fr.
1.25 Guilder
1.0 Sw. fr.
0.25 Dollar
75.0 Yen

1 Yen =
.00166 Pound
0.0166 Fr. fr.
0.0166 Guilder
0.0133 Sw. fr.
0.0133 D. Mark

wealth in return, it is the only honest thing to do. We must face up to facts. We are not the richest nation in the world. We cannot *borrow* ourselves out of debt. We are fooling ourselves, but we are not fooling the rest of the world. The whole I.M.F. was just another experiment in the attempt to set up an international central bank, and it failed.

When we had individual banks, private banks, state banks etc. all diversified, and they practiced cies its functionability broke down. Its sphere of influence damaged, it is becoming exposed. Attempts now to initiate their own creation which they call Special Drawing Rights (S.D.R.'s) or paper gold are just substitutes for "dollars," and will also fail.

If paper is to be used at all it must have some fixed amount of some commodity it can be redeemed for by its issuer.

Parities between currencies must be totally flexible at all times, but the specific redeemability of all currencies must be the exact amount of the commodity they represent.

In that way it will be the redeemable commodity's parity with the other commodities that will decide the currency's parity; as it must be.

Only commodities have "use value" and it is the commodity obtainable with a currency that decides the use value of a currency—no commodity—no use value. Currency must be redeemable.

Money per se is a nonentity, it has no substance or being.

Currency must be a bearer certificate redeemable for a fixed amount of some commodity, otherwise it would only be worth its own negligible use value.

A simple table that would only have to be expanded to include all currencies, would tell at a glance the relative parities of all currencies into one common commodity, and would remain stable for long periods of time, example:

1	Dollar	=	0.0286	ounces	of gold	.999 fine.
1	Pound	=	0.0572	ounces	of gold	.999 fine.
1	Fr fr.	=	0.00572	ounces	of gold	.999 fine.
1	guilder	=	0.00572	ounces	of gold	.999 fine.
1	Sw fr.	=	0.00715	ounces	of gold	.999 fine.
1	D. Mark	=	0.00715	ounces	of gold	.999 fine.
1	Yen	=	0.00009533	ounces	of gold	.999 fine.

Without any common commodity or common currency it would be necessary to list each currency separately in a table with all other currencies to record the various parities.

Chapter XXXXIV FOREIGN EXCHANGE

"Currency terminology" is the means by which the people of the world are burglarized without their knowledge. Before the invention of "paper and ink money," the world used "precious metal coinage." The ancient trading nations used coins of precious metal in comparable value units. The coinage, so standardized, facilitated easy trade between nations. Purity of coinage meant that weight differential was equivalent to value differential. Ships, long at the bottom of the sea, have been found with chests full of these coins still on board. Coins were used as mediums of exchange in international trading. A Chinese merchant could sell goods to a merchant of India and receive Indian coinage. Because it was a compatible fineness of precious metal, it did not cause confusion. An Indian merchant could sell goods to a merchant of China and receive Chinese coinage. Because it was of compatible fineness of precious metal, it was accepted readily. Eventually, a Chinese merchant could purchase goods from India and pay with Indian coinage received earlier. An Indian merchant could purchase goods from China and pay with Chinese coinage on hand.

Because "tokens" (that represent extended credit) were not used, there could never be an imbalance of trade (deficit). A nation exporting more than it imported, acquired a "surplus" of precious metal coinage from other nations, (wealth) which was "payment" for the goods they sold.

adopting “currency terminology,” and creating “tokens” to represent quantities of precious metal, the time could be extended. Precious metals had naturally come to be used as common commodity standards. It was natural to use a precious metal standard to which to tie the created currency. For thousands of years, “tokens” of all sorts have been used to replace *debt.* However, final settlement was always accomplished by the shipment of precious metal. Each nation exchanged the precious metal for the return of its tokens. The (deficit) imbalance of trade nation would ship precious metal to repatriate its “tokens.” The surplus balance of trade nation would ship “tokens” back to the nation of origin for the precious metal. It is important to note that this was quite natural.

When a nation purchases goods from another nation it should expect to have to “pay” for them. Originally then: The trading mediums were coins of comparable fineness of precious metal commodity. In the “second phase,” “tokens” were used which were “bearer certificates” tied to precious metal in fixed weights and fineness. Now in the third phase we have a system that has brought world trade to the brink of disaster.

“Currency terminology “ has facilitated the abuse of the precious metal commodity standard. The *direct ties* between the currencies and specific weights and fineness of precious metals has been abandoned. The currencies of the world today are tied to “dollars,” and only “dollars” tied to gold. The currencies are now subject to twofold inflation, their own, and the “dollar” inflation. The tie to gold is so loose it can be manipulated by the international bankers to suit themselves. The International Monetary Fund (I.M.F.) is the means by which the central banks mask their collusion. Collusion to manipulate the monies of the world to their own personal advantage. With parities set between the “dollar” and all of their currencies, the link to gold is infinitely variable. The “dollar” being declared redeemable in gold, it is used as a means of settlement in place of gold.

The banking systems in some countries have greater control of government than the banking systems in others. The Fed has greater control over the U.S. government than any other system of its government* with the possible exception of Russia and China.

The U.S. citizen—*had*—his right to trade in gold removed by executive order. The U.S. citizen has seen his silver coin removed from circulation, melted, and sold by government. The U.S. citizen has to use legal tender that is completely fiat.

Freedom is linked by natural law to the right of ownership. The right of ownership is linked directly to the right of disposition. The more control over his personal wealth a citizen has, the greater his freedom. The less control over his personal wealth a citizen has, the less freedom he enjoys.

The Fed has unlimited power to create the “money” of the U.S., money controls the elections of the politicians in government. The politicians control the people through man- made laws. In the U.S. the creation of “money” has burglarized the people of their wealth and put the generations to come into imaginary debt.

Consider the $75 billion owed to foreign nations in relation to the $10 billion in gold we “have. “ $10 billion in gold at $35.00 an ounce = 285,714,285 ounces of gold. Dividing 285,714,285 by 75 billion we get 0.0038 ounce of gold for each unit “dollar.” At $35.00 an ounce there should be 0.02857 ounce of gold on hand to back each dollar.

Considering the $430 billion “federal” debt, and dividing that into our gold on hand we get 0.0006613 ounce per “dollar.”

To repatriate our $75 billion in foreign hands with 10096 redeemability, we would have to sell our gold at $262.50 an ounce.

To settle our $430 billion in “federal” debt with 100% redeemability, we would have to sell our

Almost all the central banks of the world have inflated their currencies but none to the degree of the United States. Countries list their monetary assets as consisting of gold and redeemable currencies. The redeemable currencies are supposed to be as good as gold and therefore are used as "backing" for their own currency issue.

The other members of the I.M.F. are forced to inflate when the U.S. exports its inflation abroad. Foreign nations must "buy" dollars with their currencies when dollar parity "falls" in their foreign exchange market. The Bretton Woods agreement of parity relationships, coupled with competitive bidding, compels foreign central banks to support the "dollar." With the "gold window" shut, the "dollars" they hold are no longer redeemable for gold. This leaves these nations, with their currencies in circulation, with only the gold they have on hand, as backing for it. Figures as of November 1971 indicate Germany has $20 billion in assets, 16 billion in dollars and $4 billion in gold. If all were *redeemable* then $20 billion at $35.00 an ounce would be 570,000,000 ounces of gold or 0.0105 ounce per unit D-Mark. But "dollars" cannot be redeemed for gold, so only the $4 billion in actual metal can be considered and that's only 114 million ounces. 114 million ounces divided by 53 billion D-Marks outstanding = 0.0021 ounce gold backing for each D-Mark in circulation. This "backing"—0.0021 ounce gold compared to 0.0038 for the dollar (considering only $75 billion dollars) shows the D-Mark is really worth $0.58 not the $0.26 parity agreed upon by I.M.F. negotiations.

Using the "dollar" gold backing (considering a dollar circulation of $430 billion (federal debt) of 0.0006613 (285 mil. Oz. -r 430 bil.) per unit "dollar" a D-Mark with
0. 0021 ounce gold backing is worth $3.17.

Using the dollar "gold backing" in relation to the total debt (2,000 billion "dollars" created), $10 billion gold or 285,714,285 ounces divided by 2000 billion = 0.00014285 ounce per unit, a D-Mark with 0.0021 ounce gold backing is worth $14.70.

This ridiculous situation cannot be solved without extremely serious consequences.

Using French figures for their currency and gold assets in the same manner we find the French Franc, instead of being worth $0.20 its I.M.F. fixed parity, it is worth $0.50 or $2.73 or $12.67 as the following chart indicates.

If U.S. debt accepted as

		$75 bil.	$430 bil.	$2,000 bil
France	Franc	$ 0.50	$ 2.73	$ 12.67
Canada	Dollar	$ 1.82	$ 9.94	$ 46.12
Switzerland	Sw Franc	$ 1.22	$ 6.67	$ 30.91
Netherlands	Guilder	$ 1.00	$ 5.46	$ 25.34
United Kingdom	Pound	$ 4.50	$24.59	$114.04

It is fact that things, other than gold, could be used to back the currencies of nations. Gold and silver, though, have proved to be the best suited commodities for the job. It is a fact that the nations of the world list their monetary assets as gold and redeemable currencies. They use gold and have never stopped using gold as a final settlement for debt. The other nations of the world are *not*—repeat *not*—as inflated as the United States. Gold at $105.00 to $140.00 an ounce would allow 100% redeemability for the currencies of *most* other nations.

The "price" of almost any commodity today is four to eight times its "price" as of 1934, except gold and silver. To be near proportion gold would have to sell at $280.00 an ounce, if there had not been advancement in processing. With due respect to industrial progress it would at least be in the vicinity of $140.00 an ounce. The citizens of the U.S. should be free to trade in gold or any other not force it on the rest of the world. There is collusion between the central bankers of the member nations of the I.M.F.. They would like to control the world and all its peoples. To do it, they must fool all the people all the time. This, they are finding out, is not possible. The degree of control the bankers have over the government and people of their respective nations is not absolute. The degree of control is different in almost all nations involved. In countries where the confidence in created currency is high, the bankers have a high degree of control. In countries where the confidence in money is low, and people are free to trade in gold, the bankers’ degree of control is low. If the people ever really understand how they are being controlled by the money creators, the reaction toward their government could be disastrous. The only real fear the international bankers have is that the people will find out and “believe.’’ “Telling” is not enough, the people must understand before they will “believe” and react.

The ridiculous situation we have today is a result of pushing the people to the limit and then relaxing. Over and over again we are brought to the brink of financial disaster, and then fed some political pablum to neutralize our anxiety. At the present time we are witnessing an era of “collusion,” suffering set backs. Some of the fellow members feel the people cannot be pushed any further, and are worried. Others, like the Fed, feel the game can go on much longer. When the thieves do fall out - look out!

The confrontation shaping up has tremendous potential for world wide upheaval. What happens if a world population see their life savings whisked away on a week end? It could happen if this situation is allowed to continue on its present course. It could trigger a world wide depression of such proportion as to exceed the fall of Rome. It could trigger World War III. The risk is too great for some of the members and they think it has gone far enough. As a last-ditch effort to keep the people fooled and believing in their created money—it would be wise for them to force the United States to return to a redeemable currency. Some of the members of the collusion want this now, and others are being brought around to it. For the rest of the nations it only means a modest rise in the “price” of gold. For the Fed it means much, much more. The total amount of “dollars” created is so vast, a rise in the “dollar” “price” of gold to even $140.00 an ounce would not be enough. We have to deflate, and that would cost a great many citizens a loss of their savings. The loss would come in one fell swoop over a week end, and not gradually as it does during inflation. The banks would be closed for a short period and then reopened with a new currency or a rubber stamp to change the value of the old ones. The exchange would be on the order of one new one for some multiple of old ones (1-10 or 1-100 or 1-1000). The object would be to reduce the volume of circulating dollar units until a modest rise in the “price” of gold could cover. As an example:

Reduce the total units of dollars created from $2,000 billion to $200 billion by a “ten old for one new” exchange. Get the world to go along with a rise in the dollar “price” of gold to $70.00 an ounce. Our ten billion dollars gold would become twenty billion, and this would allow redemption to be resumed on foreign held dollars.

All this sounds simple enough, and it may be what will be tried. Let us consider first a world-wide exchange of dollars, one new for ten old. It would leave us owing only $7.5 billion to foreign central banks holding dollars. We would be “paying off” the foreign held dollars at 10% on the dollar (in gold at $35.00 an ounce). The private foreign holders of dollars would have lost 90% of their dollar savings. The citizens of the U.S. would have lost 90% of all their dollar savings. The central banks would have lost 90% of all their dollar credits on their books. But the gold in their vaults would double when the $70.00 an ounce for gold went into effect. Let us compare just two currencies all the way through this ten old for one new exchange, and a rise to $70.00 an ounce gold.

The dollar “price of gold would be $70.00 an ounce, or $1 dollar = 0.01428 ounce gold. The D-

West Germany still has the 114 million ounces gold plus $16 billion. With only a 10% on the dollar in gold pay off we would give her only $1.6 billion in gold at $35.00 an ounce (before raising). $1.6 billion divided by 35 = 45,714,284 ounces plus 114,000,000 equals 159,714,284 ounces gold. 159,714,284 ounces divided by 0.00357 (required gold ‘ backing” per unit D-Mark) = 44,737,894,678 D-Marks. West Germany could have 44.7 billion D-Marks in circulation 10Q% backed by gold.

Before the exchange, Germany had $20 billion reserves, $16 billion and 114 million ounces gold. If it would have been possible to redeem all her dollars for gold, the $16 billion would have added 456 million ounces. 456 million plus 114 million equals total gold supply of 570 million ounces. At 435.00 an ounce, 1 dollar = 0.0285 ounce gold or 4 D-Marks. 0.0285 divided by 4 = 0.0071 ounce gold required to “back” each D-Mark. 570,000,000 ounces divided by 0.0071 = 80,284,507,042 or: Germany could have had 80.2 billion D-Marks in circulation 100% backed by gold.

The worst that can happen to the central bank of West Germany in our example is that she loses less than 50%. Before the exchange with all dollars fully redeemed for gold - she could circulate 80.2 billion D-Marks 100% backed by gold. After the exchange, getting only 10% on the dollar in gold and after raising the “price” of gold dollar wise to $70.00 an ounce, she could circulate 44.7 billion D-Marks 100% backed by gold. With the D- Mark “kept” at the same parity with the dollar as before, the German central bank loses less than 50%.

All American and German citizens lose 90% of all their “dollar” holdings. All this, based on the continued attempt to keep the same parities, would not work.

The dollar had sunk so low in value before the exchange that dollar “prices” for goods had “priced” us out of the world market. The pressure had been for the other nations to revalue their currencies upward in relation to the dollar. After the exchange, the dollar would be very “strong” due to deflation. After a deflation of this magnitude, money would be so hard to get, its parity would rise quite high. Money would “buy” a lot, but it would be scarce. Unemployment would be higher and labor very plentiful, but jobs would be scarce. Many people would be trying to raise money, selling their formerly acquired luxury possessions. Dollar parity would rise, establishing a new level, somewhere in keeping with the market conditions.

The new dollar parity would be so high and the dollar so “strong” that pressure would be on Germany to “devalue” the D-Mark, in an effort to restore “trade balance” and com- patable parities again here and abroad. In an effort to restore “trade balance” with a minimum of confusion for the public of these two nations; it would demand that a new parity be established between the new dollar and the German D-Mark; an effort then - *not* - to keep the - *“same”* - fixed parity as before. A change that would put us back in trade balance and still maintain redeemability.

To a’ccomplish this the German central bank might change the “price” of gold, in relation to D-Marks. A new D-Mark “price” for gold of 560 D-Marks = 1 ounce or

0. 001785 ounce = 1 D-Mark fully redeemable. The new dollar after the exchange was $70.00 an ounce or one dollar = 0.01428 ounce gold. 0.01428 divided by 0.001785 = 8 or 8 D-Marks — 1 dollar. The new parity then would restore trade balance to the United States and Germany. German commodity “prices” in D-Marks would be the same as they were before the dollar change. American commodity “prices” in dollars would have dropped, due to the deflation and its new strength. The new parity $1.00 = DM 8 would erase the differential and hopefully hit it on-the-nose to return trade balance. Example: In America 4 apples = $1.00 = 4 D-Marks = 4 apples inGermany.

Then the “dollar” deflation and the dollar buys more:

In America 8 apples = $1.00 = 4 D-Marks = 4 apples in Germany.

Germans would trade 4 D-Marks for $1.00 and buy American to get 8 apples (4 extra). German

This new parity change would create a new benefit to the German central bank, which should not be overlooked. It would totally erase any loss the German central bank might have sustained due to the dollar exchange. After getting the 45,714,284 ounces gold for the $16 billion she held (10%) and adding that to the 114,000,000 ounces on hand. Germany had 159,714,284 ounces gold. 159,714,284 divided by 0.001785 (the new gold backing of the D-Mark) = 89,492,613,885 Germany could circulate 89.5 billion D- Marks 100% “backed” by gold.

It is extremely important to see that an exchange of one new for ten old dollars, handled in the manner of this example, the Fed could pay off all foreign dollar holdings with $10 billion gold at $35.00 an ounce (10% on the dollar in gold). The Fed would have $3 billion at $35.00 an ounce left. Raising the dollar “price” to $70.00 an ounce would increase that to $6 billion. Fed would have $6 billion in gold reserves free and clear, with 90% of its total debt removed. The German central bank would have benefited by 9.5 Billion D-Marks extra circulation possible after changes.

(DM 80 billion circulation possible before exchange.)

(DM 89.5 billion circulation possible after exchange.)

German public would have lost 90% of all dollar holdings.

American public would have lost 90% of all dollar holdings.

Chapter XXXXV

CONFIDENCE

There is widespread unemployment and “inflation” in our country, and a witch-hunt on for the so-called middle man causing the trouble. The fact that the middle man does not exist has led us to assemble the facts, and present them in a way that the subterfuge impressed upon us may be forever dispelled.

The root of the trouble is that our monetary unit the dollar has been reduced to imagination. The wealth that used to be held in reserve for its token redemption (that“was” the “supply,” the token represented by proxy) is no longer present and the“dollar” created now is 100% inflation itself (imaginary demand).

The created “dollars” exchange for wealth, at full “face value” but are “bad checks” and were that from the moment of creation as bookkeeping entries.

We are told productivity must be increased to match the dollar “creation,” but the truth is dollars are created in the billions with the stroke of a pen. or the push of a button, but production must be produced with capital, *time*, and labor.

Created dollars are inflation. Created dollars cause higher bids when they become actively engaged in exchanges. Increased “prices” curtail exports—increase imports. Increased imports causes the exports of our inflation. (Gresham’s Law acting on the excess dollars causes the U.S. to refuse redemption, forcing them to hold the dollars and issue their currencies to support those dollars).

The Bretton Woods agreement forces foreign central banks to support dollars. To support dollars they must inflate their own currency further. *This* “forced” inflation is added to their “original” inflation. Countries doing a “greater” amount of business with U.S. have greater inflation that the U.S. (ours is added to theirs). Greater inflation means higher “prices” than those of a neighbor with less inflation. Higher “prices” means decreased exports—increased imports from “its” neighbor with a lower inflation rate. Decreased exports and increased imports means a deficit balance of trade for the nation with the highest inflation, (except the U.S. which started it—but does not have to support other currencies).

lowering currency parity.

When Africa sold gold for dollars at $35.00 an ounce, dollars were redeemable in gold at 1 ounce for $35.00. Africa already had the gold! Why sell gold for gold.-' Obviously there was some other reason for selling gold for dollars! Africa needed dollars to pay for purchases of goods produced in the U.S.. If nations could use gold coins directly instead of central bank U.O.Me's (dollars), there could *"never be"* trade deficits!

Other nations did not become greater than us in technical skill; it was inflation that lowered our exports; through falling dollar parity ("rising prices") and reduced our ability to compete economically.

For the world monetary situation to be as it had been described here, it must be evident by now that either every central bank in the world just happens to be expropriating wealth in the same manner, just by coincidence, or somehow there is collusion. Conspiracy is a hard word for some people to accept, perhaps collusion is a better word. Collusion will do, it explains the means by which so many have been fooled by so few for so long.

The earth and inhabitants have been around a long time, and many efforts have been made in the past to "take it over," create "one world" to be operated by some elite group for its own benefit. Militarism was tried many times and failed; politics were tried and failed; even religion. We are now in the last years of an attempt to create "one world" by economic "take over."

The banking systems of the world are interconnected and are governed by an elite group, and the banking systems of the world in turn have strangle holds on their respective nations. The control of government by the money creator should be easy to accept. "He who pays the piper, calls the tune" has been accepted for many centuries. What must be realized is that the power over the respective governments is maintained by the continued ignorance of its existence by the public, and the part they play in the means of control.

The central bankers control by means of the great power of the purchasing media they create (money). Money can only function for them as long as the people will use it as their "legal tender." The law directs they must use it, but the people, when they lose all faith in it, will resort to the underground free market (so-called "black" market). The bankers control government with their created money as long as the people obey the government and use it. If the people go back to barter, the power of the central bankers over the government collapses.

It is extremely important that this very significant fact be understood in its fullest meaning. We the people allow this collusion to force us into a "one world" system of exploitation of the public, by our continued ignorance of the true nature and function of the created money (credit) (inflation).

If we insisted that our right to trade in wealth media be restored to us, then the parity of the created dollar would soon be tested against gold and its true worthlessness exposed. We can now see why we the people must consistently be denied the right to trade in gold.

The degree of control of any central bank over the government of its nation is then proportionate to the degree of control over the people's right to own and trade in gold, plus the government's ability to control the activities of that nation's "underground" free market.

The effects of Gresham's Law, which has created most of the concern and international monetary uncertainty up to now by causing the United States gold drain, can be circumvented in theory by creation of a new type of asset, created by a one world central bank (S.D.R.'s). If S.D.R.'s were to be universally accepted by the membership of the I.M.F., it is felt there would never be another monetary crisis. The idea is to reduce everything concerning international trade into just bookkeeping entries.

The simple system would have the I.M.F. create deposits in the accounts of members called special drawing rights, when necessary, and in the amounts required to satisfy the needs of the clients of the central banker's bank. The S.D.R. entry would be denominated in gold and be the bank’s clients, but no one could withdraw the gold metal for S.D.R. credits in his account. S.D.R. account credits would not be redeemable in gold, but no one would question that, because with only one central bank, all the S.D.R. credits and withdrawals would be in the same set of books, and theoretically all assets in the same vault.

S.D.R. credits can be bought with a nation’s gold.
S.D.R. credits can be bought with the nation’s currency.
S.D.R. credit entries can be created and distributed where needed by the I.M.F.—no charge.
S.D.R. credits can be used by a debtor nation to settle its tradedeficits.
S.D.R. credits cannot be used for purchases by a nation with a surplus balance of trade.

None of the currencies of the world would be redeemable in gold, all currencies would have parities tied to S.D.R.’s. S.D.R.’s would be used to settle the balance of trade deficits, and “gold” would no longer figure in any monetary transaction. This may all sound plausible in theory, but it will not work out in practice. S.D.R.’s will not be redeemable in gold at the central bank of creation, but they may be used between nations to settle their balance of trade deficits. How, then, can a country be prevented from cheating? Our dollar is not redeemable in gold, and yet gold can be purchased with it, as long as all the people are fooled into accepting dollars. If all the people are fooled, then the currencies of nations can be used to purchase gold as a commodity for their industry, and the trade balance settled later by giving S.D.R.’s for the returning national currency. This process would effectively exchange S.D.R.’s for gold.

Without a tie to gold or redeemability of its currency into wealth of any kind, any nation could inflate without restraint, and exploit its foreign trading partners with absolutely no controlling factor except perhaps its individual appetite. All the created currency could be used to purchase wealth from your neighbor. As long as you didn’t ever have to redeem your currency at any fixed parity with any wealth, the degree of the inflationary effect (“higher prices”), brought on eventually by their creation, would be your neighbor’s “hard luck.”

In a reverse situation, if you accepted your neighbor’s currency for your production, and when it came time to use that currency to purchase his production, the relative value had dropped due to inflation, it would be “your” hard luck.

Once the trading partners became aware of the abuses that could be perpetrated they would lose all confidence in the “unbacked” currencies of the trading membership, and of course we have deduced that if the created currency is not used, it cannot be effective. As soon as this lack of confidence in the currencies of the respective memberships became a “reality” to them, they would demand some form of guarantee against it, and that is simple. The currencies would have to have a par value in some known commodity. This situation is right where we are now. The Eurasians hold some $75 billion in “balance of trade” surplus dollars that “were” redeemable in gold, and we have closed the gold window. The dollars are not usable to buy United States production, our inflation has driven “prices” too high, and even if they were not, to spend it here for goods would hurt their industry at home. Every effort is being made to create a balance in the exports and imports. By devaluing our dollar to make our goods cheaper, we are increasing our export potential. If our exports increase, it hurts their economy and shrinks their surplus in the “balance of trade.” It is easy to see they wish to maintain their position in the balance of trade to keep their industry healthy, and we wish to top it the other way so we can repatriate the dollars they hold. To repatriate $75 billion we would have to run one whopper of a surplus for a very long time. They would make every effort to stop this and try to bring about a more equal exchange of exports and imports. So with their every effort directed toward a balance in trade, how can we settle our balance of trade deficit? This dilemma can only be settled by giving them a wealth asset they would be willing to hold in their

The whole mess could not have come into being if money did not exist. If all imports were paid for in gold or silver coin directly, and all payment for exports received in gold or silver coin, and wealth were exchanged "for" commodities, there could never be an imbalance of trade at any time.

The same condition pops up every time the creation of money is tried in the world, unless the currency is 100% backed by wealth in some form. Money will always eventually collect at some point and demand to be redeemed; if redemption is refused, confidence will be lost, and without confidence its relative "confidence value" will fall, and its parity into all other currencies will be affected. The creator of a currency in this condition must redeem it from the holder at full wealth parity, or he must declare bankruptcy and make partial restitution. Nations usually just repudiate the debt and devalue their currency, letting the last holder of it take the loss. It would be far more equitable, should the creator of the currency refuse to make redemption, if the holders would to the best their ability confiscate whatever is left at hand, that was originally purchased with the bogus bucks, and pay for that replevin by returning the subject currency to the creator.

There is no way that any new non-wealth creation (S.D.R.'s) can redeem another nonwealth currency (dollars) as a final settlement. It may seem to work for a time as all the people are completely fooled again, but since it is a "non-wealth" maintaining an imbalance with wealth, it will break down again in a relatively shorter time. All this is based on there being separate national currencies with their creative individual central banks being members of one international monetary bank, holder of the gold, and creator and issuer of S.D.R.'s. We must now agree that this system cannot sustain itself, as evidenced by history, unless there is a wealth commodity that can be used as a final settlement against international "trade deficits."

We must also agree that if there were no irredeemable currency a debt could not develop, because the wealth commodity used as the medium of exchange would be the final settlement.

There have been rumors of a common unit of currency, no national currencies, only one international currency and one central bank system for the world. For that time to come into being, all thought of individual nationality would have to be surrendered, and all countries agree to place in the hands of this new one world central bank the complete power to create, issue, and control the entire money volume of the world. It is a staggering thought, and it appears absolutely impossible that any such total cooperation between all nations could ever exist; but assume for a moment that this miracle was accomplished.

This one entity, the world central bank, would have the exclusive right to manufacture and circulate the only legal tender medium of exchange. Bills of any denomination, costing only a very minimal amount of wealth to produce per unit, as little as 1/200th of their purchasing power would be in existence. A farmer on one side of a road growing potatoes could not use potatoes as a medium of exchange, it would be illegal. The potato farmer must first sell potatoes to the banker to get money so he can buy some onions from the farmer across the road. The mechanic in the local garage would have to earn "money" before he could buy a meal. For the public to get the banker's created money into circulation, they have to give the banker wealth worth many times what the bankers laid out to print the money or create deposit credits. The process involves the expropriation of wealth from the producers of wealth to the creators of money (non-wealth). Once the process has been primed, people appear to be getting money from each other, and are not aware of the wealth extraction process being conducted by the creator of the money. As the money volume accumulates so does title to the world accumulate in the hands of the bankers. Nothing has changed, the inflation resulting from the imbalance of the people's production of wealth vs. the banker's creation of non-wealth media causes the inevitable loss of confidence in the money. The people reduced to working only for the purpose of turning everything over to the bankers for mere subsistence, resort to the underground free market and barter. The bankers can have the government bartering; drowning was the punishment for this offense 2000 years before Christ. Unless the people have confidence in the money, the central bank must collapse. Its only source of power to exist and control is dependent on the people being fooled completely into using the legal tender they create. Only people produce wealth by labor applied to natural resources. If they choose to make their exchanges by means of barter they will be free, they will control their elected officials whose function is enforcement of the laws of private property, and the ownership of wealth produced.

That the system just described is destined to fail is evidenced by the fact that in 1968 it failed, and the free market in gold was established. It is fact that there are three gold markets: the central banks dealing with each other, the so-called free market, and the “free” free market where the real “price” of gold is what the public must pay to buy gold in legal coin form. This amounts to a known, if not sanctioned, “black market.” At this time the public is losing confidence in the dollar and the economy, and are putting their dollars into savings. Soon the shrinkage rate on the dollar will become common knowledge “acknowledged” by the public, and they will pull their money out of savings and buy, buy, buy anything of material value. That will precipitate a runaway falling dollar parity and it will be short lived indeed. Afterward will come the depression and eventually a return to a wealth medium of exchange.

The collapse of the people’s confidence in the created money, which was forced upon them by the legal tender laws, will have a bad effect upon the government. It would be to the advantage of those who are really in charge to avert a total loss of confidence in their created money, to declare bankruptcy, initiate a deflation, returning so much wealth on the dollar and issuing a new redeemable one, if only to continue their power over us. It is inevitable, we will see a tremendous depression and a return to gold and silver as wealth mediums of exchange—it has always gone that way.

Chapter XXXXVI FROM DOLLARS TO S.D.R.’s TO?

The original deposits of bearer certificates (wealth claims) made by the member banks to the Fed when they joined the system are long gone and the entire system is operating in imaginary dollars. The paper bills in use today do not in any way promise the bearer redemption in official dollars 15 5/21 grains .900 fine gold, but the fact that the reference is kept is proof that without a reference to some commodity, the dollar would not have any value even in the human mind. All dollars today are units of imaginary debt born on the ledger pages of the Fed banking system as mediums of exchange. The left-over belief that they are exchangeable for gold has been removed by the August 15, 1971, declaration of nonredeemability for any holder. The belief of their worth internationally can no longer be supported in any way.

For an imaginary unit of imaginary debt to remain in use as a medium of exchange internationally, it is not enough that the belief of value is there. The medium of exchange can remain a medium of exchange only as long as it is used as one. Since they are 100% inflation and inflation causes higher “prices” they are eventually beyond useful use anywhere except in the country of origin by virtue of legal tender law.

For a monetary unit to be a medium of exchange, one must be able to purchase with it. Its value can be believed to be anything as stated by its issuer, but no matter what value is claimed for it, if it cannot be used to purchase anything its true worthlessness will be exposed. The dollar can be related to gold at any specified rate, but when that specification is not demonstratable in the market it will eventually lose any semblance of belief. Any currency could be declared nonredeemable as was the dollar on August 15, 1971, and if it were still able to purchase goods of comparable value (to what it did before), it would not shake anyone’s belief too much. The difference between the representing imaginary debt is just not understood. The people of the world do not know, but their lack of knowledge will not affect the outcome. When the imaginary dollar tokens are refused as mediums of exchange for goods all over the world, the people will know they are worthless without having to know the scientific, basic reason why.

The imaginary dollar whose representing tokens are no longer redeemable for gold to foreign holders are finding more and more resistance to their acceptance everywhere. An attempt is being made to substitute another thin air creation for it—the S.D.R.

Again the world will be asked to believe and the belief alone will be enough. The S.D.R. source is the International Monetary Fund (I.M.F.). The I.M.F. is an international "federal reserve." The I.M.F. has 120 members who contribute a quota of their currency and gold to join and then, having joined, borrow quantities of any other country's currency needed to settle international balance of trade deficits.

The member banks of the I.M.F. are the member country's central banks and they have their quota deposited with the I.M.F. (25% must be in metal gold) and they can draw the various member's fiat currency-creations from the I.M.F. when needed. Special rules and regulations govern how much may be borrowed and how it may be paid back. The borrowing capacity of any member central bank is limited to a multiple of its individual quota. Just as in the federal reserve system here, the "foreign" currencies originally deposited with the I.M.F. by its membership, which is comparable to the original deposits made by the member banks of our Fed in becoming members, has been exhausted. The United States and the United Kingdom, two of the greatest "fiat" producers in the world, have exhausted the capacity of the I.M.F. to furnish them with other country's "stronger" fiat currencies. The situation is that the United States has exported its inflation to such a degree that the other members are flooded with United States fiat dollars. We have used all the foreign currencies the I.M.F. could lend us under existing rules and regulations and the only solution now is to somehow relieve the dollar glut by some sort of redemption.

The people of the world were fooled before by being induced to believe 35 dollars were worth one ounce of gold, then after absorbing that one, the wording was transposed and the people were indoctrinated to believe that one ounce of gold was worth 35 dollars. The dollar was given the preeminence of "wealth" and gold reduced to a monetary metal whose only value lay in its being able to be exchanged for dollars. It worked for many years and perhaps the repetition of that procedure will solve the present problem. That is what they are thinking. The plan is to have the I.M.F. redeem all the foreign held dollars and pay with S.D.R.'s.

The imaginary S.D.R. is called paper gold but the letters S.D.R. are the abbreviation of the words Special Drawing Rights. The rules say a member of the I.M.F. may *draw* up to a certain multiple of its quota deposited and 25% of its quota must be in gold which until now has always meant "metal" gold. Any member can furnish the portion of its quota that can be its own currency—that is easy, it is only paper and ink in some form, they create the "reserves" themselves out of thin air—no problem there. It is the 25% in gold requirement that is the problem—they are all very reluctant to part with metal gold. Since all members no longer want to relinquish gold metal, some other solution had to be conjured up and it was paper gold, the S.D.R.

The I.M.F. would simply *make-believe* it had received a large portion of gold from its membership, enter the imaginary gold on its books as a debit, and credit each of its member central banks with a portion of it according to their *needs*. The United States and the United Kingdom being the most needy would get most of this imaginary gold deposit credit. Then counting the imaginary gold-deposit-credit as a gold component of their quota and adding some "home grown" fiat, their "quota" is upped and the *drawing* capacity extended, they can *draw* more foreign currencies. The *imaginary gold* created gave them special drawing rights, (S.D.R.'s) (paper gold).

on paper at the I.M.F.—no different at all from the imaginary dollar debts created by the federal reserve and used throughout the world as mediums of exchange.

The agreement amongst the nations to accept S.D.R.’s as a settlement of debt only from balance-of-trade-deficit nations also includes that 35 S.D.R.’s will have the value of one ounce of gold (metal). That is extremely significant—the imaginary gold is equal to the metal gold in exactly the same proportion the imaginary dollar used to be. The United States has already devalued the imaginary dollar to where 38 imaginary dollars equal 35 imaginary S.D.R. gold units. As soon as they can indoctrinate the minds of the peoples of the world to believe that one ounce of metal gold is equal to 35 S.D.R.’s (paper gold) we shall be off and running again with S.D.R.’s having the preeminence of “wealth” and metal gold’s only value being that 35 S.D.R.’s can be bought with one ounce of it! The rule that the imaginary S.D.R. credits can be purchased with metal gold, but that metal gold cannot be purchased with S.D.R.’s is also significant. The I.M.F. knows the difference between imaginary gold and metal gold but they will endeavor to keep the people from thinking that there is any difference. The S.D.R. supposedly can only be used to settle the debts of nations with balance of trade deficits to “surplus” nations. They were created to “help” the nations with chronic deficits in their balance of payments. Deficits are formed when more of a nation’s fiat currency is used to make *import* purchases than is received in payment for exports, (economist’s reasoning)

If a nation were to use its fiat currency to purchase all the gold obtainable from its neighbors and settle the resulting deficits in the balance of trade with S.D.R.’s, then it seems quite dear that paper gold was exchanged for metal gold without violating the rules of the make-believe game.

There isn’t any difference between a make-believe dollar and a make-believe S.D.R.—they are both imaginary but the S.D.R. is supposed to take over for the dollar because the dollar is failing to keep the world fooled as to its value in making purchases. The S.D.R., not being any different from the dollar, will fail just as miserably as the dollar and for the same reasons.

An effort may be made to make the S.D.R. more believable than the imaginary dollar by the use of logical-sounding, fabricated,confidence-game-type justifications. It may be said that true value comes from scarcity and the amount of S.D.R.’s created will be limited, which will assure stability of value over a long period. By keeping the quantity fixed at some point, the S.D.R. may be said to be a perfect reserve unit with which to settle balance of trade deficits between nations. It may be used as the perfect reference for the setting of currency parities between member countries of the I.M.F. It may be further attempted to lower the value of metal gold in relation to S.D.R.’s until no amount of metal gold would purchase any S.D.R.’s. Then indeed, would the S.D.R. be the sole *official* measure of “wealth” in the world.

Throughout history, the fact has remained that people still have to eat, and though it has been said that you cannot eat gold, it was vividly brought home to the people of the big cities during the last depression that you do not eat without it. Food produced by labor is wealth, real wealth—shoes, clothing, shelter, and all other necessities are wealth, real wealth. All imaginary mediums of exchange expropriate wealth and when they expropriate enough of it, the producers of wealth refuse to use the imaginary media and return to bartering; you cannot fool all of the people all of the time. For any medium of exchange to function at all, it must be able to be used to purchase the people’s produced wealth. No amount of referencing any *imaginary unit* to *gold* or to *itself* can make that value valid unless it will stand the test of time in the market place.

Although there isn’t any difference between dollars and S.D.R. s with reference to their origin or value (they are both psychologically created and of zero worth), there is profound difference in the distribution of the wealth they expropriate. It is this difference that will make the S.D.R.’s downfall extremely faster than that of the dollar.

Because of the continued ignorance of the people, the monetary unit currencies of the world, which are all representations of imaginary debt, exchange for wealth, not for the metal gold in the vaults of the expropriators, but for food, clothing, etc., of the people themselves. The people honor the receipt of these imaginary units and exchange them amongst themselves and are in effect victims of subconscious robbery thereby. It is thoroughly understandable that since the people give up their wealth to accept an imaginary debt representation, they would expect to get wealth from someone else when they tender the imaginary debt representation.

The significant thing we should see is that although each currency created by its own central bank expropriates wealth to its creator, from its own users within the sphere of influence of that particular central bank,—the dollar, being the *"reserve"* currency, was able to rob *all peoples* of the world *directly* and their respective central banks indirectly, (by their requirement to support the dollar). The dollar as a nonredeemable imaginary debt unit is created by the Fed, its only source, and expropriates all wealth it exchanges for, and in the name of the Fed. This one-sided condition could not be allowed to continue—whoever has the privilege of creating the reserve currency gets all the proceeds of its distribution.

If we switch now to S.D.R.'s created by the I.M.F., and some 120 central banks make up the membership of the I.M.F., no one single central bank (Fed) will reap all the proceeds. The effort has already been announced that the S.D.R.'s when created will be apportioned to the membership according to *need*. The *need* will be determined by the relative volume of deficits in the balance of payments a nation has. Understand then that any member nation's central bank can create its currency, purchase all it wants from any fellow members in the world and when its overextension catches up with it, can get S.D.R.'s from the I.M.F. with which to settle its debts.

Where "money" is accepted as a medium of exchange wealth and freedom are forfeited.

Jenkins economic truth no. 19

If we understand that the Fed through the creation of imaginary debt dollars and the people's acceptance of their "money" controls the people and their means of production through ownership purchased with the "money," we should be able to understand that the

I. M.F. is designed to be the Fed of the world and it is planned for it to control the peoples of the world and their means of production through the medium of the S.D.R. which they create. The hierarchy of the I.M.F. is moving toward the take-over of the world just as the heirarchy of the Fed took over control of the United States. Just as in the United States where the great mass of people have the popular vote and will not vote themselves off the dole, even to regain their freedom, so it is with the member nations of the I.M.F. If they can all be kept busy trying to get all they can in the way of S.D.R. purchasing power free (through the medium of using their own "creation" to create debt and S.D.R.'s to settle it) they will not see the trap.

"Money is accepted in exchange for wealth only until the psychological nature of "money" is exposed or until wealth expropriation consumes most of production and the public begins to starve. Jenkins economic truth no. 20

Imaginary monetary units may be created by any central bank but wealth is still produced by people. To get the wealth from the people in ever increasing volume it is necessary to create money in ever increasing volume and natural law lowers its psychological value as its psychological volume increases. People only see the lowering of its psychological value as a rise in "prices" and the rise in "prices" result in higher costs which lowers the return on production. As the people gain less from production, sold for money, the psychological nature of money becomes evident—the people see the value of all things going up in relation to money and even though they may never understand fully why it is becoming worthless, they are aware that it is becoming worthless. Every effort will be made to purge themselves of money and return to exchanging wealth media.

As long as the hierarchy can control the people and their means of production by the creation and distribution of imaginary units of debt for the extraction of the people’s wealth and freedom, it is a fairly orderly procedure. When the system starts to break down and it becomes necessary to keep the people using their creation, by force, control measures on ‘prices’’ and wages are instigated. The people begin to show signs of resistance against taxes, against government intervention in business etc., etc. People will develop their own “underground’’ free markets and manipulated government will attempt to use pure force to control the people. Where that will end with individual nations can be found in history.

Just as with the people of an individual nation, so it will be with the hierarchy of the
I. M.F. trying to control nations. The very nature of S.D.R.’s and the method of allocation proves that there is already dissension brewing in the ranks of the central bank members. Some want to return now to a bearer certificate system and get off this one-world “kick” before the people revolt. The Fed wants to *try* this I.M.F. one-world-government control because they are not aware of its consequences.

Chapter XXXXVII SUMMING IT UP

All things produced by human exertion having exchange value are wealth. People produce, consume, and exchange wealth. A system where wealth is exchanged directly for the wealth form desired is called a barter system. A system where wealth is exchanged indirectly for other wealth, employs an interim medium called a medium of exchange. A system that uses only wealth as a medium of exchange (precious metal coins etc.) is a wealth media system. A system where tokens of minute wealth content are used as a medium of exchange is a monetary system. A system where the medium of exchange is legal but not redeemable in wealth is a “fiat” monetary system.

In a monetary system wealth is exchanged directly for “currency” (coin or paper bill tokens). The currency is exchanged later for the wealth desired. For a monetary system to function, the “currency” must be linked to wealth in some way. Monetary unit terminology is the means providing the “linkage” between tokens and wealth. For the “monetary unit” to be a link to wealth, it must be defined as a special quantity of a specific commodity and be redeemable. For the monetary unit, defined as a specific quantity of a specific commodity, to function, the commodity must be a mutually acceptable one.

The monetary unit reference standard must be wealth.

Commodity values expressed in monetary units (prices) are in reality being expressed in the amount of the *standard commodity* the monetary units represent. Example: Monetary unit = Dollar. Monetary unit commodity = Gold One dollar = 1 / 35th ounce of gold.
“Price” on an item in a shop = 5 dollars. The “5 dollar” marking means the “item” is worth 1 / 7th of an ounce of gold.

The “belief” is that ultimately the monetary units received can be exchanged for wealth equal to that given. The belief is the support of the “faith” in the monetary unit. “Faithful belief” is all it takes to make a monetary unit acceptable. “Faithful belief’ will allow the use of a monetary unit, but not prevent its misuse. Monetary units facilitate versatility in trading, and are easily represented by metal tokens and paper and ink. Paper and ink currency and coin tokens denominated in monetary units do not change value with “wear.” A one-ounce gold coin (wealth)-worn to only 0.9 of its original weight would exchange for only 0.9 of its original exchange value. A one-ounce silver coin (wealth) would also lose value as it lost weight. Tokens, however marked with a monetary unit value retain “that” value, no matter how badly worn.

Monetary units of currency (coins and bills) can be produced for only a fraction of the wealth they exchange for; it is this fact that make illegal counterfeiting extremely profitable. Monetary units of currency are commonly referred to as "money." Money can be counterfeited. All money is counterfeit, some legal, some illegal.

Wealth cannot be counterfeited. Wealth and money are completely different. Wealth is a material substance. Money is only an "idea" in the mind of man. A monetary unit, in the form of a paper bill, is a substance, therefore wealth in small quantity (a token). A monetary unit, in'the form of a metal disk is a substance, therefore wealth in a small quantity (a token).

"Money" is the "differential" between the "free market value" of the wealth "in" a token, and the "monetary unit" it is, this is called seigniorage. A monetary unit such as a "dollar" is an expression of quantity in terminology designed to represent this differential. The "dollar" is the monetary unit of the United States. The "dollar" is the monetary expression of quantity to facilitate cross-reference between wealth and money.

To create the link to wealth a declaration is made. The dollar is worth 1 / 35th of an ounce of gold. The "dollar" doesn't exist as material substance at all, it is just an expression. Gold is wealth and recognizable as such, anywhere in the world. By turning the "declaration" end-for-end, an interesting effect is obtained. 1 / 35th of an ounce of gold is worth one "dollar"! We now have monetized gold. Gold now has a value in "dollar" terminology.

Wealth and money have intergrated in the mind of man. They are interchangeable in the market place. Money can be created in the mind by those with license: but wealth must be produced with labor.

Being exchangeable for wealth and being redeemable for wealth are two distinctly different conditions. A one-dollar "silver certificate" was redeemable and exchangeable at the same time. Only the creator of a bill can "realistically" redeem it (regain possession), but anyone can exchange it. This difference is of preeminent importance to the understanding of the basis for fraud in monetary systems.

A monetary system with 100% redeemable currency and precious metal coinage could theoretically work. It would have to be monitored constantly to prevent illegal counterfeiting and any overissuance of currency. With wealth in reserve, for every "token" outstanding, inflation could not occur. Paper currency would be accepted and, in fact, preferred to the precious metal coinage. Money, although existing in the currency, would not be detrimental because of the token redeemability. Suspending redemption, in "whole" or in "part," immediately results in fraud. "Unbacked tokens" entering the market place, instantly extract that amount of wealth for which they are exchanged. The "wealth" extracted becomes the "property" of the money creator and the "evidence" of fraud. If the wealth is held in "reserve" for the redemption of the token—it is not fraud. If the wealth is not held in "reserve" for the redemption of the token—it is fraud. The "receiver" of an irredeemable currency is embezzled of his wealth when he accepts the tokens. He perpetrates the embezzlement when he "passes" the currency "on" for someone else's wealth. Unless 100% *redemption* is obtainable "on demand" for all tokens created, a monetary system is fraud. Unless a monetary system has *only* redeemable currency, there isn't any control on the amount of legal embezzlement that can be committed. Token redemption for wealth "on demand" is the only discipline that can make a monetary system function honestly. This is true whether the monetary unit is "dollar," "D-Mark," "swiss francs," "belgian francs," "S.D.R.'s" or anything else to come in the future.

The Bretton Woods agreement created a "two-stage" separation between some currencies and gold. Trading for dollars directly is only one stage removed from gold—dollars were redeemable in gold. For the I.M.F. members their currencies were linked to gold only "through" the dollar. Trading for D-Marks is "two" stages removed from gold, the D- Marks' value in dollars is required to find its value in gold. The system has fallen apart because of abuses to the system, possible reduced and then eventually suspended. The dollar remained a monetary unit of exchange denominated in gold but not redeemable in gold. The failure of the dollar has created world financial crisis. Replacing it with another duplicate category unit will not solve the problem. Replacing the “dollar” with “S.D.R.’s” denominated in gold but not redeemable in gold simply does not alter the situation. The world is now in financial chaos because of the dollar embezzlements, continuing the felony with S.D.R.’s will not repay the victims, but only create more.

Using S.D.R.’s as an international reserve asset currency is ridiculous. S.D.R.’s are not even tokens, they are only paper and ink—”bookkeeping entries.” An international exchange asset to be a “settlement” of debt, has to be wealth.

With 120 nations creating currency, all tied to a common “asset” (S.D.R.’s) and S.D.R.’s not redeemable in anything, no one ever has to pay. With only S.D.R. bookkeeping entries to keep track of who owes who, the “race” would be on to see who could steal the most (obtain the highest “debt balance” on the books). The really significant thing is that the I.M.F. members’ “central banks” would be stealing from the people as a whole; in collusion together to create just one monstrous “debt ledger” of “monetary unit records” that could never be settled.” Any nation could create its currency, buy what it wanted from any other nation, and have the payment deferred forever, as a “debt entry” in the S.D.R. ledger. Every nation that was a member of the “group” could do the same. Keeping the people’s (wealth producer’s) “faith” in the monetary unit would be all that is required to keep them giving up “their” wealth, but—with an undisciplined creation of all currencies by their central banks, hyper currency debasement would be present. Hyper currency debasement with resulting falling currency parities would make precious metal coinage impractical. Central banks would have to use the most inexpensive materials for the fabrication of paper and ink bills and base metal tokens. Silver and gold coins would have to be withdrawn from circulation.

Coinage, anywhere in the world, with “any” wealth value would keep rising in relation to paper and ink bills. Currencies changing value rapidly in relation to commodities would not have compatibility with other relatively stable currencies (less inflated).

The fiat currency of one nation would seek out any other nation’s redeemable currency with a higher “free market wealth value,” and no “exchange controls,” and any nation with a redeemable currency and no exchange controls would be flooded with fiat currency seeking exchange. Arbitrage would be practiced on a grand scale, even where only a small profit could be obtained. Any nation that tried to maintain a gold redeemable currency, would also have to have exchange controls.

The stable currency “nation” would only accept fiat currency when “it” had a bill to pay in that currency. “It” would only accept “that” fiat currency in exchange for some *product sold.* Every effort would be made to prevent an accumulation of “surplus” fiat currency. This form of control affects trading directly and imposes natural restrictions every bit as limiting as direct barter. No one in a stable currency nation would want to hold a fiat currency for any period of time unless temporarily blinded by high interest temptation. Fiat currency would be held only if it had been obtained at a large discount.

Eventually a common commodity would become mutually acceptable in trade and more efficient than money. A wealth media system, using a mutually acceptable common commodity, would prove far superior to the degenerated fiat monetary system. “World trade” would assure that if any country maintained a gold standard, all countries would eventually have to. If all countries cooperated to go off the gold standard entirely then:—there could not be any “wealth mediums of exchange” (silver and gold coins etc.) in circulation at all—because they would compete with the fiat, be subject to Gresham’s Law, and disappear.

Money volume, under total world fiat, would increase so rapidly in relation to production—the differential between wealth and money would become compounded—and the world would become producers) back to barter. With legal tender "enforced" and "wealth mediums of exchange" "outlawed"—people would resort to the "underground free market" (black market) for their trading.

With great multitudes of people ignoring "regulations" to trade in the black market:—big industry would cease to exist, and industrial progress would grind to a halt. People will not work for money that changes value so rapidly, "price" tags would have to be changed twice daily. Business itself could not exist under those conditions. Deflation would have to take place, and a new redeemable currency installed.

The reason for the dollar's longevity as a monetary unit, denominated in gold, and not redeemable in gold is: The overwhelming majority of the people cannot see the significance between mere exchange and exchange with eventual redemption. Those who do comprehend, cannot readily convince others that the dollar is a "record of debt," and not a "bearer certificate" "claim on wealth" in reserve.

People can only "see" that the dollar will still buy gold. So what! The banks will not give gold for dollars. The significance is: That the people can only get gold from each other for dollars, but—the issuer of the dollars will not give gold for their own creation. Interesting that: Dollars can be had for wealth at the bank, but the bank will not give wealth for dollars. That is the case with S.D.R.'s also, they can be "had" for gold, but gold cannot be had for them.

A good business man knows that a buyer will not attach a greater value to an item than the seller does in "pricing" the item, yet - the people will give up wealth to get dollars but the creator of dollars will not redeem "them" for wealth, or anything except other tokens.

Dollars are in reality just expressions of quantity recorded on paper with ink in banking and personal ledgers. They are disbursed and transmitted from place to place by means of ink marks on pieces of paper called checks and drafts. When people desire to hold "dollars" for cash transactions in the market, they "cash" checks. What is received are "tokens" in the form of bills and coins denominated in "dollars." These coins and bills are *not* "dollars" themselves—"dollars" do not exist. Tokens are labeled "dollars" and are marked "legal tender"—legal tender means lawful money (Webster). "Lawful money" has never been defined by the Congress of the United States. Millions of people throughout the world believe dollars exist, and have been using them for years. This belief, that something is what it is not, existing for generations is extremely difficult to correct. Everyone from a very early age has believed that money is wealth is dollars. Now it is necessary to prove to them that dollars and money do not materially exist and in no way resemble wealth. Every cell in their brains rebels against the thought that dollars are not wealth.

Dollars only appear to have worth because they are exchangeable for wealth among people because people believe they are wealth. If the people ever stop believing in dollars, the dollars will cease to be exchangeable, and a century-old hoax will come to an end.

Over 2,000 billion dollars "exist" as entries on the books of account to date. A debt claim against the production of generations of people as yet unborn. This debt can never be paid and with only 10 billion dollars in gold (to cover 2,000 billion), a settlement now would only net *Vi* of *1%* or on each dollar. Yet the people still believe, and still accept worthless scraps of paper with ink markings as fair exchange for their wealth. If these scraps of paper bore ink markings promising redemption of known quantity of known commodity they would be honest contractual notes—but—as irredeemable notes, officially acknowledged to be "good" only as long as people believed they were—they are worthless "records of imaginary debt" that can never be paid. How long it will take the people to be able to see this hoax is indeterminable, but the end result is inevitable, and the longer it takes, the more messy it will be.

Those who see, and would like to expose the hoax are outnumbered one million to one by those who still believe. They are forced to: Work for, accept and distribute these worthless "dollars" “united” and act, to bring this hoax to a halt. Otherwise they all “lose.” They must see that they have already “lost,” they can not get back the billions already expropriated. All they can do is stop throwing more wealth down an already choked rat hole.

Some of those who are able to see the situation fairly clearly are reluctant to “think” about the chaos we face when the day of total awakening arrives. They can only hope that the powers in control will have mercy, and stop this before that day arrives.

Although there has never been a precedent for this situation today, we can draw some conclusions from past history and common sense. There could be a gradual swing from currency to barter by the people, gaining momentum as it grew. Authority would legislate against barter, but they also legislated against gambling. It is impossible to predict today what the people will do tomorrow. In an age of space travel and integrated circuitry, it seems impossible for this fraud to continue. More and more people every day are seeing the situation more clearly. At some point in time it is possible for panic to break out. If a panic should occur, who will the people hold responsible? Traditionally it is government that is blamed.

The federal reserve system is the real perpetrator of this thievery. We have been told again and again that the Fed is an arm of the government, and the public believes that! It would be natural for the people to condemn government for a money panic.

In the past, the money panics were *engineered* to bring on a liquidity crisis. The liquidity crisis was needed to condition people’s minds to believe that the gold standard was the cause of the crisis—”that there wasn’t enough gold to back enough money to conduct business progressively.” The “answer” proposed by government then was that we needed a managed currency. A currency that could be expanded and contracted to fit the economic needs of the period. Well they had “their” way and “here” we are!

What will the explanation be this time?

Certainly they cannot say: “The press is broken.”

They cannot say: “There isn’t enough paper and ink.”

How long will the people remain fooled into believing the Japanese are just “too good” in business for us to compete with? How will the government explain the “foreign aid program” when the people are aware of “what it was we gave away?” What will they offer now to take the place of a managed currency? Will they say it was the “color” that did it, “that awful green?” What we really need are “red ones,” and then the system will work efficiently—or will they blame it on the foreigners for not sharing their surpluses with us, and what we really need is tighter controls. The people may be surviving by means of the black market (underground free market) by then, and perhaps be beyond being fooled any longer.

“Price” controls create shortages, and scarce products find their way into the underground free market. With the people already using wealth as a medium of exchange (swaps in the free market), who will honor paper money? How would the government pay welfare if the producers of goods would not accept paper money? How could government pay its bills if the money was refused by merchants, soldiers, sailors, and marines? How could local government pay its policemen and firemen? Would government confiscate all production and issue ration books? If they did that it would expose the totalitarian nature of government and might precipitate a rebellion.

It seems the only course open to government is to return to a 100% redeemable currency via deflation and exchange, but—if the people are really aware, by then, they will insist on a return to free gold and free silver, and no “standards. A return to gold and silver coins .999 fine of specified weights, and a completely free market, free enterprise, and free coinage.

Chapter XXXVIII HOW THE FED GOT THE PUBLIC’S GOLD

When only wealth mediums of exchange, and certificates redeemable in wealth were accepted, additional gold claim certificates issued by the banks were redeemed by those same banks for specie so as to not expose the counterfeit nature of the additional gold claims. The fact that any certificate at any time could be tendered to the banks for redemption left the banks with the absolute necessity of keeping their “false gold certificate” creation to within the bounds that would not trigger Gresham s Law.

People’s natural desire to save kept about 9/10 ths of the wealth coinage and wealth claim certificates funded in various ways, so that any multiple creation of “false certificates” up to ten times, the actual gold on hand, was not likely to cause a run on the bank. The banks could allow an accumulation of “dollars of record,” (represented by their certificates) up to about 90% of the total, any greater than that and the risks were too great. The maximum amount of inflation was never allowed to exceed 900%.

As the natural production of wealth increased the amount of false certificates could also increase in volume but never exceed the 900% of the true wealth available to specie redemptions. The 900% occasionally would allow some savers to enter the economy with more purchasing power at one time than another and on these occasions there would be an “inflationary effect” (a drop in the dollar parity) due to the increase in the “invisible imaginary demand” over the real supply-demand of the natural wealth available. The significant thing was that with a redeemable currency the volume of currency is tied to the amount of natural wealth already produced for which the currency can be redeemed.

The amount of additional expropriation of wealth (through “interest”) that could be perpetrated was limited to a proportional relationship with the increase in natural wealth production. The relationship of the proportion of wealth expropriation being tied to the increase in natural wealth is what kept the “inflationary effect” (falling “dollar parity”) in such a gradual drop from 1913 to 1933.

The expropriation of wealth had been continuous and the people’s gold had all suffered a title change (through “interest’ collections), it all belonged to the Fed banking system (the false certificate creators) now, and the “inflationary effect” had “raised the price level” of labor to the point where the cost of mining gold was not supported by its officially regulated parity with the “dollar” certificates.

Chapter XXXXIX GOOD GOVERNMENT OR?

It is said that basically all government rests on the consent of the governed; in reality, government rests on the consent of the governed only if the governed have “property rights.” Government is force, hired by the people to protect them from each other, from outside forces, and even from bad government itself.

James Madison said, “The prime function of government is the protection of the different and unequal faculties of man for acquiring property.”

Abe Lincoln said, “There should be no war upon property or the owners of property. Property is the fruit of labor; property is desirable; is a positive good in the world. That some should be rich shows that others may become rich, and hence, is just encouragement to industry and enterprises.”

Jefferson said, “ . . . a wise and frugal government which shall restrain men from injuring one another, which shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government. . . .”

Daniel Webster said, “No other rights are safe where property is not safe”!

Merrill Jenkins says, “The right of distribution over one’s own wealth (property) is the essence of ‘freedom’!”

The real facts are that people produce wealth (property) by employing their labor (human exertion) to bring forth the earth’s resources as useful products in the market place. Wealth is production produced by human exertion and having exchange value. Governments do not produce wealth and must rely on the people who create wealth, (from resources by labor) to support the operations of government. Government must obtain its wealth from the people before it can distribute that wealth in payment for the services it contracts for.

It is exactly “how” government acquires the wealth of the people that determines whether or not we have good government. If government is good, responsive to the will of the people, the people pay for the services of government at its cost, and do so willingly and sincerely.

The constitution stipulates that the cost of government is to be paid by the citizens on an equal basis by the numbers, everyone paying his uniform, equal share, //this law were maintained, it could truthfully be said that “government rests on the consent of the governed.”

The government of the United States today does not govern with the consent of the governed. Today in the United States the people and their “government” are influenced by an invisible force that “rules” like the “rulers” of old. The exact method by which this is accomplished has already been explained (money-credit-inflation). The conclusions are easy to explain but difficult to understand.

Government cannot “rule” with wealth, because government does not produce wealth. People can “rule” with wealth, because people do produce wealth. But people can only “rule” with wealth if “they” retain the ownership and right of distribution of their wealth. If people provide the wealth to government willingly and sincerely, the government is “controlled” by the people, because if government did not follow the will of the people they would withdraw their support. If government is to “rule” the people it must acquire the people’s wealth by some other means. If government takes the people’s wealth by force it runs the risk of revolt. Government must find some hidden means to acquire the people’s wealth without their becoming aware. If government can acquire the wealth of its people by invisible means then it can do as it pleases and the people’s willing and sincere support will not be required. This is exactly how we have come to be a nation of citizens ruled by a bureaucratic government, the control of which no longer rests in the hands of the people. We lost control of our government when we lost the right of distribution over our own earned wealth.

John Adams, in a letter to Thomas Jefferson, said, “All the perplexities, confusions and distresses in America arise not from defects in the constitution or confederation, not from want of honor or virtue, as much as from downright ignorance of the nature of coin, credit and circulation”!

The constitution stipulated that Congress could coin “money” and regulate the value thereof; but the common commodity mediums of exchange in use were gold and silver coins (wealth) and they were called “money.” It did not matter that wealth was called “money” because as long as it was “wealth” that was used, the wealth expropriation reaction of using money, was not present.

The fact—*is*—the use of “money” in those days meant the use of gold and silver coin, and the constitution stipulation then meant that Congress could coin, gold and silver and regulate the quantity of the precious metal used in the various coin sizes.

Nowhere in the constitution is permission granted to the Treasury to create paper currency or Treasury bonds, yet this is the means by which our wealth has been removed from our control without our consent or knowledge. The system is complex, fantastic and unbelievable but it is true. The system also creates an invisible force over government and through government over the people, a force so powerful that it can keep the people ignorant of its existence, and even when informed of its existence, compel the people to rebel against acknowledgement.

The people have to be kept believing that they are still influencing their government through their elected officials and that all is as it was. The effort is being constantly made to keep them believing there are two political parties and that they are in opposition, when in reality both parties are controlled to a considerable extent by this "force" that is able to invisibly extract the wealth of the people by means of a law passed by government which makes government from that day forward a victim of its own act, the Federal Reserve Act.

In fact, then, a government cannot "rule" with wealth, a government elected by the people can function as a government guided by its citizens (the governed) if the citizens retain the right of ownership of property (the essence of freedom) and willingly and sincerely give of their wealth to support that government.

In fact, then, when any invisible means exists whereby the people can be relieved of the ownership of property, then the creator of that invisible means actually gains considerable control over the people's government and through government the people. The government is no longer responsible to the people but is responsive to the creators of the medium whereby all bills are paid and all economic functions are financed. Once a false medium is accepted by the people in exchange for the wealth they produce, that false medium will be used to acquire their means of production, ownership of their sources of resources, their means of communication and commutation. The government of the people, by the people, for the people will perish from the face of the earth. The invisible force considerably controlling government from behind the scenes, protected by a cloak of invisibility will endeavor by all means at its disposal to keep the people believing that the government has not changed and that all benefit from the expropriation of wealth benefits the "State," when inflation (money-credit) is referred to at all it is called a "hidden tax" of government.

Money-credit-inflation are all exactly the same thing, identically the same and the imaginary debt "dollar" numerical quantities are created on the books of the federal reserve, a system of private corporations, for profit. The situation at present is such that all economic functions today depend on their created debt dollars being continually created to add to the accumulation already there. Any sudden stoppage of that system would cause instant chaos in the nation.

What must be done is that we the people must get back the right to own property (abolish legal tender law) and control the distribution of the wealth we create with our labor. Once we have reestablished our right of ownership and can again make valid contracts, all the injustices that have existed because of "money" will die on the vine. Who would use worthless, irredeemable paper for economic transactions if real wealth were available and lawful to use? With the return of our right to control our wealth and the demise of the false medium, we would find that the control of government and good government would return and the United States would again be the land of the free.

RECAP:

People create wealth and support and direct the policies of government with it!

Government cannot "rule" with wealth, it doesn't create it!

Government confiscating wealth suffers revolution and unrest!

Government sanctioning counterfeit loses its sovereignty, and the people's to the invisible force

Chapter L

PARITY UNREALITIES OR SPECULATORS?

Whenever an international monetary crisis occurs, there is always talk, a great deal of it, about speculators. Speculators, it seems, get an idea that some national currency is undervalued and is about to be revalued upward in relation to the international monetary standard, the “dollar.” The speculators send their “dollars” to be converted into that national currency, with the intention, the talk goes, that when it is revalued they will again convert back to “dollars” and have a “windfall profit.” It is this “run on the dollar” that these speculators allegedly instigate that is blamed for the advent of the monetary crisis. We are constantly led to believe that these speculators are the cause of it all. Since the real cause is buried deep in the maze of confusion surrounding “monetary currencies” that we have been wandering in for years, it is simpler to accept the “speculator story” than to seek the real cause.

The real cause of a monetary crisis is the friction generated by man-made conditions in the economy rubbing against the natural laws of economics. Man has tried for centuries to control human nature and the thought processes of mankind and has let himself become obsessed with the idea that man can outwit nature. The Bretton Woods Conference in 1944 allowed the member nations of the I.M.F. (International Monetary Fund) to set the parities of their national currencies in relation to the “dollar” and only the “dollar” would forever maintain a parity directly with gold. Gold was the commodity commonly accepted anywhere as a standard of value *(it* “is” wealth). It was their belief that by controlling gold, and setting national currency parities, they could control the value of “monetary units.” Their national currency parities were to be allowed to fluctuate only on per cent up or down, in relation to the dollar, due to natural forces on the private sector’s second level of the Foreign Exchange Market transactions (interbank exchanges). In the event they made excursions beyond that tolerance, there was to be a “revaluation” of the “undervalued currency” or a “devaluation” of the overvalued currency,” to bring that national currency back within the allowable “parity range” with the “dollar” at which they could again exchange on the first and second levels of the foreign exchange market. In the event a central bank of a nation with an undervalued national currency did not want to revalue immediately, it could step into the foreign exchange market on the third level and “buy” dollars. For example, if banks on the second level of the foreign exchange market found that “dollars” seeking D. Marks were overvalued and the “price” of D. Marks too high to effect an exchange without the exchange rate pushing the D. Marks beyond their ceiling, the central bank of Germany could step into the third level of the foreign exchange market and buy “dollars” at the official exchange rate until the volume of D. Marks *created* cause their parity to fall by competitive bidding to where an exchange rate for them on the first and second levels would be within the allowable parity range.

The logic here is that the “dollar” is the standard of the system; it “is” tied to gold directly and it can only be devalued by changing its parity with gold. The German central bank “allowing” its D. Mark to become “worth more” in “purchasing power” than the “dollar” was obliged to revalue its unit of currency to a higher “parity worth” with the “dollar” (the amount of D. Marks per “dollar” was to become less). The significant thing is that if the Germans revalued their D. Mark upward in parity to the dollar, it would then require “more” gold backing per unit and “raise” the amount of “gold on hand” required to maintain the “official” D. Mark to gold parity relationship that its “new” D. Mark to “dollar” parity would demand. Germany would “suddenly” need the “difference in gold” added to their “gold on hand” to maintain the same degree of gold “backing” for their currency in circulation as they “had” before the revaluation. Since inflation is in reality the unredeemable portion of the currency in circulation, their inflation would increase proportionately to the

Treasury has to issue new gold certificates to the Fed for this new found gold to show the Fed's ownership of it. Also, when the Germans revalue the D. Mark upward, their gold value in D. Marks shrinks and they suffer a windfall "loss" of gold, and are inflated in equivalent to that loss of gold.

The German central bank "buying" "dollars" on the third level of the foreign exchange market, by *creating* more D. Marks, in effect results in inflation (more units of currency created in relation to the gold on hand to "back" them). Why, then, does the central bank of a nation with an undervalued currency always lean toward supporting the "dollar" and away from a revaluation of their currency?

The answer lies in the "parity influenced" purchasing power of their currency in relation to all "other" national currencies, not only the "dollar." If the "dollar" is devalued in relation to gold, then automatically all the currencies that are tied to gold, through their parities to the "dollar," are revalued upward in exactly the same relationship to "each other" as they were before. The real concern of all nations is the purchasing power of their currencies in foreign markets. If the "dollar" devalues in relation to gold and thereby automatically to all other I.M.F. member nations' currencies, they will each be able to get more dollars in return for less of their currencies. It holds, then, that goods in this country would lessen in value, in terms of their currency, and they would be able to buy our goods at "less cost" in their currency, and therefore they "should" buy more, thereby increasing our exports. If Germany revalued the D. Mark upward unilaterally, then German goods would become more expensive in all the other currencies and she would likely lose some degree of export business, and also less currency "seeking" exchange into D. Marks.

The economic well-being of a nation depends on the "real" purchasing power of its currency in the market place, and its "real" purchasing power is dependent upon the amount of wealth the wealth producers will surrender to obtain the currency. The people seek to satisfy their desires with the least amount of effort and they will sell their goods to the highest bidder, and buy their supplies from the supplier who will give them the most for their currency. If the parities are set between two currencies, and are unrealistic in the market place, then the natural law prevailing in the private sector of the economy will bring mighty forces into play to make those parities real. If a French franc and a German D. Mark were set by edict at 1 French franc = 1 D. Mark, but in the market place 1 D. Mark will buy two bottles of beer, and a French franc will buy only one bottle of beer, there will be a very distinct reaction. Everyone becoming aware of this very obvious unrealistic parity would seek to buy D. Marks with his French francs. It is that simple! It is not speculation that causes a run on a currency, and makes it rise in value. It is the natural awareness that generates in the market place, that a currency "is" higher in value that causes other currencies to seek exchange into the "undervalued" (stronger) currency.

The "dollar" went through its transition from being a world renowned reserve currency to a total fiat currency. The inflation caused its purchasing power to drop all over the world, and its parity became so strained it was necessary for other countries to support the "dollar" by creating more of their currencies to do so (inflating- so their currencies would "buy" less also) causing a falling parity for their currency (in relation to all commodities), to keep their relative purchasing power comparably proportionate to the "dollar's." This was to prevent the unrealisticness of their official parities becoming too obvious, thereby causing a change in the people's awareness and cause a "run" into their currencies and/or a monetary crisis. With the regulation that was exercised and all the unrealistic parities that were maintained over the years, an awareness and a "run" did develop. The United States "dollar" deficit in the balance of payments today amounts to $100 billion, which is a $100 billion unpaid bill to the nations of Europe and Asia. This 100 billion Eurodollar accumulation is the massive real unsolvable problem. There isn't any way to ease the situation; it must be repudiated.

We have closed the "gold window" and utterly refused to redeem those "dollars" for gold. The

If they were to agree to restrictions that would limit trade to an even balance, how could a $100 billion unpaid bill ever be redeemed, even in goods, if all effort is directed toward maintaining trade “balance”? The United States would have to “export” a great deal more than it “imports” for a mighty long time to redeem $100 billion, and that, if it were possible, would wreck their economies. Meanwhile, there isn’t any solution short of deflation, and until that is declared there will be one monetary crisis after another as the parity unrealities expose themselves in the market place. The one hundred billion, surplus trade, homeless “dollars” will “hunt down” the stronger (undervalued) currencies. There will also be other “dollar” devaluations until the official “dollar” “price” of gold is equal to the “free market” price and some of the nations can settle their unpaid accounts in the yellow metal. As it is now, what country will settle its debt with its neighbor in gold at the official, bookkeeping “price” of $42.22 an ounce, when it can get $90.00 an ounce in the “free market”? Meanwhile, all central banks that support the dollar, weaken their own currencies in the process. They issue their own, still partially redeemable currency to purchase “dollars” when the “dollar” is no longer redeemable. The U.S. monetary authorities have neither the obligation nor intention of redeeming “dollars” except for purchase of U.S. exports, and that is our producers exchanging their wealth for those “dollars” not the government redeeming them. The “dollars” the world is accumulating are “their” problem not “ours” is the feeling of our monetary authorities. The U.S. monetary authority thinks the world will go on supporting the “dollar”, but one by one the doors are being slammed shut in its face.

The world over, no one knows exactly what to do. The *gold* the “dollar” *uas* redeemable for “represents” the major portion of the *“gold backing”* for their currencies, and as they support the “dollar,” while knowing it is unredeemable, they are allowing the “gap” between our “worthless currency” and their “still worth something” currency to become shorter and shorter; they wish to go back to redeemability and reason in monetary negotiations. But the United States wants to sink further into the nonredeemable and il- lusionary monetary negotiations. The situation is deteriorating daily, and can only end in world-wide deflation and depression.

Unreal parities cause speculators to speculate!

Monetary authorities set the unreal parities not the speculators.

Chapter LI

IS MONEY NECESSARY?

It is true that if it were not for fiat currency, government could not manage the tremendous welfare and subsidy plans in effect today. It is important not to attribute this truth to wrong reasoning. If we were on an exclusive wealth medium of exchange basis, subsidy could not be afforded by government, because the people would not tolerate the excessive tax rate that would be required. It is too readily assumed that the reason fiat is required is because “there isn’t enough gold” to pay for all the fantastic government expenditures. It is the assumption that all production must be exchanged for gold directly, not taking into account the fact that a wealth medium of exchange is just as negotiable and versatile as fiat currency.

Anything that can be produced by using fiat currency can be produced by using a wealth media, if it is the desire of the wealth producer. The very fact that it can be produced by using the fiat currency proves that it was possible all along for the wealth producers to produce it. If the medium of exchange is limited to wealth, but not to any specific commodity. then there isn’t any limit to the amount possible to be produced. It must be remembered that there isn’t any limit to human desire for goods and were humans free to exchange whatever they produced, there isn t any limit to the could take place. One hundred per cent of all producers' production over consumption could be exchanged with all other producer's excess of production over that used during production and all would have not been limited, in any way, by a shortage of medium of exchange, *if all things* could be used as a medium of exchange. Why should barter be outlawed by legal tender laws which limit production to the volume of imaginary demand allowed to be created by a political force? It is a fact, easily determined by objective observation, that "tightening" credit (money) leads to illiquidity in the economy which lowers the number of producers employed and the "loosening" credit (money) leads to excess liquidity which raises the number of producers employed; the so-called boom and bust cycles.

Elimination of legal tender laws would free the productive capacity of the productive force to find its own level, which would only be limited by the desire of the producers to produce and exchange, which is again *unlimited.* There is a need for an unlimited amount of medium of exchange to facilitate the unlimited exchanges of a free market.

It would not matter what commodity or commodities developed as accepted mediums of exchange, as long as they were all free to fluctuate in response to the free market forces. Gold fashioned into coins with the weight and fineness clearly marked would fluctuate in value. Were the supply of gold to run out, the gold in circulation would rise in value in relation to all other commodities until another commodity came to be competitive with it, and a bi-metal medium of exchange would be the result. Should the second commonly accepted commodity also run out, then both in use would rise in value in relation to all other commodities until a third commodity became competitive and a tri-metal medium of exchange would be the result.

It is important to understand that until a commonly accepted medium of exchange commodity became scarce, its value relative to all other commodities would remain relatively "stable" because of the natural free-market balancing forces. Man can no more duplicate these forces than he can duplicate a tree. It is easy to understand that if bi-metalism is said to be impractical, in reality it will require objectivity to realize that it has never been tried by man. Production of commodities requires human exertion to come into being. In reality the only time we ever see one commodity suddenly rise in relation to all others is during, or shortly after, a frost, a flood, or when some other natural force has wiped out a crop and caused a temporary imbalance of supply of that commodity in relation to all others.

If the condition were to exist for any length of time, the increased value of that commodity in relation to all others would find human exertion seeking to concentrate on the production of that product instead of the others, to get the greater income return from its production. Very shortly, with all that effort to produce that high income item, its quantity would increase and the quantity of all others would decrease in respect to it and their value relative to it would rise and the system would tend to cause an increased effort to produce *them* to get an increased income return. The market, free to balance itself by natural forces, cannot remain imbalanced for any appreciable length of time.

It is easy to understand the possibility for bi-metalism or tri-metalism or for any number of mediums of exchange to exist in perfect harmony. But this can only occur in a free market. When man plays nature and causes artificial shortages, he affects relative commodity values and the very intervention of the artificial shortages is the force upsetting the natural balance.

If man were free to create all he desires in the nature of production, and were free to exchange that production for any commodities he is willing to accept as mediums of exchange, there can never be any limit to the amount of production. Man's desire for an ever higher standard of living never ceases and he will attempt to acquire that higher standard of living with the least amount of effort. Effort is human exertion and he will use his exertion wherever it provides the highest return.

had an example of this in the United States between 1874 and 1894, as a review of history would reveal. Were it not for the conjuring of money, man would today have all the things he now has and not have debt, crime, and injustice in our land.

The producers are also the consumers and were they free to exchange with each other without the requirement of a specified wealth expropriating, fixed medium of exchange, they would not owe the banker an interest charge for every unit of that medium of exchange on record. If the producers used their own production (the wealth itself) to effect their exchanges, every transaction would be complete and final and not involve credit (dollars) created psychologically, to limit and attempt to control their production by influencing the volume of exchanges of production. As it stands, whoever produces goods must receive money in exchange when the goods are sold. Money is the exclusive creation of the monetary authority; therefore the exchange of goods cannot take place until the monetary authority provides the “dollars.” Whenever the authority provides the money, it does so at an interest charge, plus a pledge from the receiver (borrower) to repay the authority with its exchange value at a later date. Therefore, the receiver, who received no wealth, must pledge wealth to guarantee the repayment of the “dollars” borrowed plus interest. The most significant thing here is that “dollars,” created of record and borrowed, can be completely returned at a later date, but the interest cannot; it has not been created, so the pledge of wealth assures the banker that he will get wealth back for no wealth given. The borrower, unknowingly, agrees to return wealth later for no wealth received. So, in addition to being a means of expropriation of wealth, money is also a means by which the monetary authority attempts to control the market.

If the volume of money created by the authority is restricted, it curtails the volume of exchanges that can take place and inventories become exhausted and an artificial shortage occurs which causes the market to speed up producton. Where the use of money is imposed on an economy, that economy cannot function as a free market, and all who produce will be robbed without their knowledge by the monetary authority. For every piece of goods produced that is exchanged, money must be provided for that exchange. These “dollars” of record accumulate in relation to the volume of exchanges as we see it; but in reality, it is the volume of exchanges that increases as the “dollars” of record accumulate in the hands of the producers.

Perhaps we can see this better if we refer to all producers as just two entities, and a third as the banking system. Producer “A” produces food, clothing, and art objects. Producer “B” produces utilities, appliances, and construction. Although both use each other’s production, they cannot effect exchanges directly with their respective production for that would be barter. So producer “A” borrows some dollars from the banker for which he must make a pledge to return them with interest. “A” now has the dollars with which to purchase utilities, appliances, and construction from “B”. After the transaction, “B” now has the money with which to purchase food, clothing, and art from “A.” When “A” receives the money from “B” after the sale of his production, “A” can repay the banker the dollars he originally borrowed, but there aren’t any dollars with which to pay the interest.

The interest accumulates as the permanent debt payable to the banker for the creation of dollars. If “B” had desired more production of “A” than he had money on hand with which to purchase it, he would have had to borrow the additional money from the banker, and in turn make a pledge to repay the full amount plus interest. As long as money is mandatory to facilitate the exchange of production, the creator of money, the banker, will accumulate a volume of pledges that producers owe him money. And since the producers cannot pay back more than is created and loaned in the first place, the debt will accumulate as a banker s claim on the producer’s production for which the banker gave up nothing. The banker cannot be caught in his own web, for he is not a producer of any production, and does not give up any wealth or exertion to satisfy his desires.

present time, the amount of dollars created and on record on the banking system books are in amount of $5,550,000,000,000.00. This represents the bankers' claim on the borrowers to repay plus interest and since the yearly production amounts to only $1,000,000,000,- 000.00 there isn't any way the debt can be paid. The entire debt is imaginary since the bankers created the dollars out of nothing. The dollars, recorded on the banking system's books as the deposits of individuals and considered by those depositors as their stored value and purchasing power, are all balanced by entries on the bankers' books listing other individuals as owing the banker for those dollars and are covered by pledges to repay, plus interest. For every dollar "owned" by depositors, there is a dollar "owed" to the banker by some borrower.

The present potential then is that since there isn't any wealth stored for the redemption of dollars, if every owner of dollars tried to exchange them for the current production of others, the operation would be impossible. If all transactions that could be made, were made, *there* would *still be* all the dollars "owned" by people who could not get others to give them anything for them. If the banks called in all the loans outstanding, $5,550,000,- 000,000.00, that demand equal to five and one half years of production, if the producers did not consume even one ounce of production during the production, and that is impossible. It takes food and energy (production) to facilitate production both from people and machines. At the present time, bankers, by fact of the $5,550,000,000,000.00 on the books as dollar loans outstanding, own the United States twice over. The United States and all its possessions, lock stock and barrel totals out around $3,000,000,000,000.00.

It should be evident now that if it were not for this foolishness on the part of producers to put up with this utter nonsense, all we have, we would have, and not owe anyone for it! We do have it! We did produce it! It is here! Money is imagination. Money debt is imaginary debt. If we wake up, go back to only wealth as a medium of exchange, we can help to rebuild our nation and the shattered lives of all those poor, unfortunate people who placed their faith in nonredeemable paper as a medium of exchange. Insist that Congress return the right of private ownership of property.

Chapter LII

WHAT "LAW" OF SUPPLY AND DEMAND?

There is no law of supply and demand! It may be referred to by economists and finance experts from the United States to Zanzibar, but it still does not exist.

Specifically it is referred to as being; When supply and demand are in balance the price is right.

When demand exceeds supply prices rise.

When supply exceeds demand prices fall.

All that is just so much snow for the people to put their belief in; it is a hoax. Supply can never exceed demand, because demand is supply. It was the introduction of imaginary demand that caused the imbalance of imaginary demand over real demand that required the invention of a "law" to support the hoax.

Webster: demand 5 econ. A desire to purchase a commodity, accompanied by means of payment.

Any demand for a commodity that is not accompanied by means of payment is imaginary demand, (all other types of "demand" not accompanied by means of payment would be burglary, robbery or fraud etc., all of which are unacceptable and unlawful). In reality the **means of payment" is the "real demand" that constitutes demand and must be something tangible, produced by human exertion, or the human exertion itself accepted as a service performed.

Anyone could spend many hours desiring something and not initiate one ounce of demand. To create the demand for some commodity someone has to offer something in ex change for it. Only production or a service offered in exchange for something creates a “demand” for that commodity. By using two separate words to represent “human exertion” it makes it difficult to see the real demand clearly. Real demand, the thing that makes exchanges valid and realistic, is “human exertion.” In reality all exchanges basically are exchanges of human exertion “result” *for* human exertion “result.” Human exertion is used either to perform a service or to produce a tangible product.

If an auto mechanic offered to repair a surgeon’s car in return for an operation on himself by the surgeon and they agreed to the exchange of services, they bartered. The services bartered were a direct exchange of human exertion for human exertion at an agreed upon parity of labor and/or professional skills. If a shoemaker traded a pair of shoes he made for a cabinet made by the cabinet maker the trade involved tangible goods produced by each, but in reality basically they were exchanging the result of human exertion expended by each in their particular labor skill. It was a trade of human exertion for human exertion at an agreed upon parity of labor skills.

Webster: supply 4 econ. The quantity of any article offered at a given price. Cf. demand.

We cannot accept supply as including a service performed because of the word “article” used in the definition of supply. In reality an “article” would have to be a “thing” (tangible) and that would exclude the human exertion in direct exchanges as services and limit supply to being only products resulting from human exertion, it then becomes clear that supply and demand are one and the same, they are production itself or wealth.

Jenkins; econ. Wealth is either supply or demand by use or viewpoint.

Since nothing can exceed itself then supply being demand, supply cannot exceed demand and demand being supply, demand cannot exceed supply. There is no “law” of supply and demand it is a hoax.

The referred to condition of supply exceeding demand appears logical when we are led to believe that the price has fallen because there is a greater supply than is demanded. If we analyse the condition we find that we would have to substitute a specific commodity for the word supply to see what is actually happening. If we use the word steel and say that steel abundance was so great it exceeded demand, then we would have to substitute a specific commodity for the word demand to see what is actually happening. If we use the word gold we find that when reducing the equation we get; Steel exceeded gold which doesn’t seem to make much sense. It would make sense if we were to accept it as a parity and say that the quantity of gold offered in exchange for steel will be less as the amount of steel increases in relation to the amount of gold. We used the word steel to be the supply sought and the word gold to be the demand offered and it makes more sense to say as the supply of steel increased in relation to the supply of gold, the amount of gold offered in exchange for steel, would be reduced. This is an accurate discription of a parity change and parities are established by exchanges, which are arrived at by competitive bidding. As the quantity bid of any commodity would *exceed* its normal relationship with the quantity bid of all other commodities its parity would *fall* in relation to all those other commodities. As the quantity bid of any commodity would *fall below* its normal relationship with the quantity bid of all commodities its parity would *rise* in relation to all those other commodities. It is using one common commodity as a purchasing medium and calling the parities established between all commodities and that one common one “prices” that causes the confusion. If we substitute the words human exertion in place of the words steel and gold, and study the realistic definitions of basic economic terms, and apply them wisely, the whole system will become simplified and more easily understood.

Cost: The amount of human exertion expended to obtain the wealth desired.

Price: The amount of human exertion expended to obtain the wealth to be surrendered to obtain the wealth desired.

because of the division of labor, each party to an exchange is free to decide how much of his human exertion "result" he will offer in seeking exchange for the quantity of human exertion "result" offered by the other exchanging party. The final resulting agreement to exchange is the result of the competitive bidding by the producers of the commodities exchanged.

If the producers of one particular product find the amount of human exertion required to produce that product decreasing they will bid larger quantities of that commodity to obtain the commodities they desire in exchange. These greater amounts of this commodity being offered will naturally lower its parity in relation to all others when the exchanges are finally agreed upon. The simple *law* this suggests is a law of competitive bidding.

If the producers of one particular product find the amount of human exertion required to produce that product increasing they will bid lower quantities of that commodity to obtain the commodities they desire in exchange. These lower amounts of this commodity being offered will naturally raise its parity in relation to all others when the exchanges are finally agreed upon. The simple law this suggests is the law of competitive bidding.

Commodity parities are established by the exchanges resulting from the competitive bidding of their respective producers with respect to the return on labor, variations in time, location and circumstances.

In a more condensed form:

As the human exertion required to produce a product *decreases* the quantity of that product offered in exchange for other products *increases* during competitive bidding for exchange.

As the human exertion required to produce a product *increases* the quantity of that product offered in exchange for other products *decreases* during competitive bidding for exchange.

Parities are established by exchanges resulting from competitive bidding of production by producers with respect to the return on human exertion expended.

Still further condensed:

As the total cost to produce a thing *decreases* its quantity bid *increases.*

As the total cost to produce a thing *increases* its quantity bid *decreases.*

Parities result from competitively bid exchanges.

Humans labor to obtain the human satisfaction desired from the use or consumption of the results of their efforts.

Humans seek to satisfy their desires with the least amount of effort.

By means of specialization of effort (called the division of labor) the amount of human exertion required by any one producer to obtain many various things can be reduced, by using a commonly accepted commodity as a medium of exchange in indirect exchanges. The amount of human exertion expended to *produce* the *product exchanged for* the *common commodity is* the amount of human exertion expended to obtain the final item, the common commodity is exchanged for.

It is imperative that the common commodity be the most stable commodity available to reduce the possibility of a parity change of that common commodity *during* the indirect exchange, which always involves a time interval. Any change in the parity of the common commodity after the initial exchange and before the final exchange would effect the *return* on the original amount of effort the original producer had expended to obtain the finally desired thing.

If we use the "parity" of the common commodity which is the interim thing (medium of exchange) between the initial and final exchanges it can explain "pricing." Using its parity in relation to all other commodities to *refer* to as a "price" we can then understand its *correct* relationship to the human exertion we call cost. The "price" of something is the *cost of the wealth* to be *surrendered* to obtain the wealth desired. The "price" is the parity of the commonly accepted commodity in relation to all other commodities.

decrease and *“its”* parity *only* would change in relation to the common commodity and we could say *it* had *increased* in “price.”

If *one* commodity’s cost of production *decreased* we can see its quantity bid would *increase* and *“its”* parity *only* would change in relation to the common commodity and we could say *it* had *decreased* in “price.”

In a more condensed form:

As the cost to produce a thing increases its “price” increases.

As the cost to produce a thing decreases its “price” decreases.

“Prices” result from competitively bid exchanges.

All *commodities* are related to *all other* commodities by their freely established *parities* and are related to the common commodity (the medium of exchange) by their respective parities to “it” which we call “prices.” Should any commodity’s parity “rise” in relation to *all other* commodities it will *also* ‘.’rise” in “price.”

Should any commodity’s parity “fall” in relation to *all other* commodities it will *also* “fall” in “price.”

Should commodities change in “price” *but not* in parity relationship with *each other*, it is the common commodity (the medium of exchange) that changed in parity, not an increase in the cost of production of commodities. When a *general* “rise in prices” occurs it is because the commodity used as a *commonly accepted commodity has fallen in parity* and not that the cost of production of the commodities had risen.

As the common commodity *falls in parity* the “prices” of all commodities rise *without* a rise in the cost of production.

When “dollars” which are in no way commodities or bearer certificates for commodities are used as mediums of exchange, it is the relative amount of human exertion it takes to acquire them that determines their parity with commodities. The creator has only to guide a pen across paper to create “dollars” and because his “cost” is nonexistant, he will bid them in great quantity to obtain the wealth he desires. The first producers in line receiving larger quantities of “dollars” per unit of human exertion expended will bid them in higher quantities also to obtain the wealth they desire and the “dollar’s” parity falls.

In the beginning it is a slow increase in “prices” which is hard to see, but as time passes and more “dollars” are introduced into the system the “prices rising” becomes noticeable. When the nature of “dollars” is finally realized and all holders try to rid themselves of them for things of value the “prices” run-a-way and a collapse of the monetary unit follows.

It is not the “law” of supply and demand that sets “prices.” It is the law of competitive bidding that sets “prices.”

It is the falling “dollar parity” that causes the inevitable deflation.

Falling dollar parity:

An increasing amount of “dollars” required to obtain the wealth desired in competitive bidding, because of a decreasing amount of human effort requiredto obtain the “dollars’ to be surrendered to obtain the wealth desired.

CHAPTER LIII OVEREMPHASIS ON DEFINITION?

I suppose I should apologize to all those who read this book, for my being too scientific.

I have been informed that I have this serious fault. I will try to explain my attitude to all those that may have felt, at times, that I am too scientific.

It seems that today most people feel that it is not so important to stress the exact meaning pecially when we use some words incorrectly. Personally I become extremely embarrassed when I catch myself using a word incorrectly. The fact is I really feel that I am being 'taken-up-wrong' (misunderstood) more than I prefer because others do not attach the same meaning, as I, to the words I use.

It is about time we all began to realize how much this 'bad habit' (not defining our terminology correctly) has cost us and begin to correct it to the best of our ability.

Earlier it was brought out that we may have accepted the exchange of the words 'unpaid bills' for 'deficit in the balance of payments' and the words 'bad checks' ('not redeemable in gold' "dollars") for the word 'surplus'.

> . . . . "Problems on specific language face international monetary fund negotiators, and rules requiring nations to correct serious payments imbalances are seen by the U.S. as the key obstacle to monetary overhaul."
>
> Editor W.S.J. F/P 8-30-73

We are getting a little advance reference to some of that 'new specific language' and we are getting it from every angle, even from sources that should "know better', as follows:

> . . . . "Although most currencies are floating at the moment, the ministers of the 20 are already committed to a fixed though adjustable exchange rate regime" . . .
>
> Paul Lewis U.S. Editor, Financial Times 7-30-73 . . . . "Exchange rates will be fixed but flexible, ie adjustable parities, to be changed in theory automatically but in practice little will be automatic" . . .
>
> Harry D. Schultz H.S.L. 303 end August.

Fixed: Securely placed or fastened. Finance: In general a charge that cannot be escaped or shifted, or altered. Webster.

Flexible: 1. Capable of being flexed; Pliable; Not rigid. 2. Ready to yield to influence; Tractable. 3. Capable of being adapted, modified or molded; Plastic; Pliant . . . readily adjustable . . . Webster.

Recap:

Fixed = Unalterable ....) contradictory!
Flexible = Readily alterable

Excuses can be made for Mr. Lewis heis an editor of a newspaper and is not expectedto be as knowledgeable as Dr. Harry D. Schultz on these matters. Somehow Harry should have pointed out that perhaps the 'fixed' as used, is meant to convey to us that we may return to "fixed parities" as was practiced before 'floating'. That the word 'flexible' may have been used to convey to us that there may be more frequent adjustments in the temporarily fixed parities and if that is what Harry meant, by what he said, then where is the . . . "Whole new system" . . . quoted earlier by Dr. Harry D. Schultz? This process of feeding us a rhetoric "pablum" of *adjustable fixed* exchange rates is an ugly attempt at trying to suppress the truth, which is, that there isn't any new decisionsas yet; that at the moment the monetary authorities are committed to more of what we have had all along, with vague and misleading announcements suggesting some sort of 'two tierism'.

Vague references to penalties to be suffered by "surplus" nations are very difficult to understand unless we convert back to more exact and scientific definitions for the terms we use, or at least *add* some *explaining details,* if possible, without becoming too confusing. The penalties are to be . . . "Imposed on countries with *surplus reserve assets* above a

In reality, in our history, the 'reserve' was the gold, the nation held in it's safest vaults, with which to redeem the paper bearer certificates that were issued to the people that originally deposited their gold in the banking system for safe keeping. The bearer certificate was a "claim check " for the gold as well as the holder's proof of ownership'. Paper "claim checks" and coins of gold circulated together in the market place, each easily exchanged for the other directly in all transactions. The paper readily redeemable for the gold coins at any bank, any time, as continuing proof that holding the paper bearer certificate, was proof of ownership. The process of testing' that by getting gold coins for paper was called 'specie redemption'.

In reality the use of 'redeemable for gold' paper bearer certificates was an equitable pay- as-you-go system that did not depend on credit, imagination or "money". People exchanged the things they produced for the gold, the certificates represented, then traded their certificates for the production of others. Any certificates not expanded immediately for the production of others were held as "stores of value" for future use, with government's guarantee that the banks would be forced to redeem them for gold at any time specie redemption' was demanded. The notes were plainly marked: "Payable to the bearer on demand."

Since the taxes collected by government were collected first and *then* dispensed, in those days, it was always possible for government to have gold on hand that had not been expended as yet, along with some that had not been allocated as yet for any purchase so that *this* gold was really: 1. An 'asset' (any item of value owned) 2. reserve' (kept in store for future of special use) 3. surplus' (some excess over that already committed, and expected to be expanded).

If we were completely objective on this we could say that surplus reserve assets' would be a fine definition for 'savings'. Savings: Sums saved from time to time, and kept unexpended.

But then it would seem as though that would be a poor excuse for *imposing penalties.* If we were very realistic about it; we would be more firm and say *it is* a poor excuse for imposing penalties.

We have to examine what we have been led to believe is the situation by the twisted meanings that have been applied to the words that make up the phrase 'surplus reserve assets'.

Today 'surplus' is used to describe the unexpended 'unredeemable in gold' foreign currencies held in a nation's 'reserves'.

Today 'reserves' is used to describe the foreign "currency" credits held on the books of a nation's central bank along with the units of it's own "currency" created on it's books and remaining unexpended.

Today 'assets' is used to represent Gold, S.D.R.s (imaginary gold) foreign and domestic 'imaginary demand' units ("currencies") in other words: things of value, and/or *imagination* per se are "lumped" together and considered to be of value equivalent to each other.

From the usage of the words, as we have been led to accept them, 'surplus reserve assets' then means that the surplus nations are, in a sense, 'hoarding' the gold, S.D.R.s, foreign and domestic "currencies" instead of being 'fair' and buying other nation's goods with them and because of this they are "bad guys" and should be punished. How should they be punished? "Well!!":

> . . . . "Under new rules surplus nations with lots of dollars to exchange won't be allowed to convert very many into gold" . . . Schultz

Which means, in reality, since the United States cannot redeem dollars for gold except perhaps in token amounts, we will convince the world that all they deserve' is to have small amounts' redeemed for gold, (it is not *our* fault *they* accepted our "green stamps" ("dollars") and now refuse to use our 'redemption center !) If they insist on the gold we promised, and don't wish to 'make another selection' they deserve to lose the production they forfeited. The feeling of our finance officials is: It is not our fault if *they contributed* to our delinquency by *accepting dollars* they *knew* we would never be able to redeem for gold.

> . . . . "During the decade of the 1960's American dollars overseas increased by a ratio of six to one over our gold reserve. It was pure fiction that the dollar was convertible into gold. We had simply expended our surplus and extended our credits until both were exhausted . . .
>
> John Connally former U.S. Secretary of the Treasury. . . . "But we never-the-less raise the question of whether the degree of imported inflation that countries have tolerated was entirely out of their control" . . . .
>
> Federal Reserve Bank of St. Louis Review August 1971 page 22

If these "ideas" can be 'imposed' and are believed, or if not believed then accepted, by everyone, a 'formal deflation' by the U.S. may not be necessary at this time. We might influence the "bad guys" to not submit their "dollars" for redemption except when "dollars" are more than, say 90%, of their 'surplus reserve assets'. We do not know at this time what exact figure they have in mind, they say:

> . . . . "This would enable creditor countries to convert dollars they acquired until their reserves reached a prescribed level, after which the dollar would become unconvertible again" . . . .
>
> London Times

If they hold "dollars" and keep them out of active competition for goods it may create as good a 'dollar deflationary effect' as if it were a formal U.S. deflationary exchange, where 90% of the "dollars" would be repudiated. Meanwhile they give us confusing items like this:

> . . . . "U.S. officials privately are enthusiastic about a new French proposal that a penalty be imposed on countries with surplus reserve assets above a specific level, thinking the French stand reflects growing European acceptance of the U.S. proposal.
>
> . . "U. . . . U.S. officials say it's unlikely that the Nairobi I.M.F. meeting will resolve such issues as the role of gold in the new monetary system, conditions under which the U.S. would restore the convertibility of the dollar into other reserve assets, the valuation of and the interest rate on I.M.F. special drawing rights, or "paper gold", and consolidation of U.S. dollar and British Pound holdings into special drawing rights or long term bonds whose value wouldn't decline. . . . "
>
> W.S.J. 8-30-73

All these reports are designed to convey to us the 'idea' that the monetary authorities may decide that the S.D.R. is the 'key currency reserve' unit and that instead of retaining it's link to gold, for which it also is not redeemable, they may link it to a group of "currencies", it would be the *'reserve unit' for,* and make it interest bearing. By that time everyone would be so confused they would not realize that "dollars" had been exchanged for S.D.R.s and that they still did not have anything that is redeemable for anything else except itself, (the old dollar 'trick' where the 'legal tender' was redeemable in 'lawful money' only 'lawful money' was never defined.) All of this rhetoric is designed by the authentic "bad guys" to confuse and confound everyone with false conceptions until they cannot tell the "good guys" from the "bad guys", and may 'go along with' and accept any amount of long winded, confusingly worded useless, misleading, self negating, and totally worthless 'first class trash' (I can do it too!) that may be forthcoming and called a 'new monetary system'.

However, nothing along that line is going to do any good. In the end the officials will be forced to accept the inevitable and we will return to a free enterprise, free coinage system. But until that

Inflation ends in deflation!— Jenkins economic truth #33
Deflation can be honorable only by redemption #36
The deflationary effect is possible without a deflationary exchange of tokens . . . #37
No one can discover and disclose truth based on a false premise ... ^51

Chapter LIV

ECONOMIC RHETORIC

Economic Rhetoric: Skillful use of the artificial elegance of language in speech to psychologically create “dollars” of “money.”

The very phrase “buy now—pay later” proves the existence of imaginary demand. Webster says demand is the human desire for goods *accompanied* by the means of payment. If the means of payment is deferred and the ability to create demand is *now* then the means of creating that demand must be imaginary. It is the use of physical things (tokens) that represent the imaginary unit of demand (“dollars”) that make it possible, and it is the fact that the tokens only have to exist in very small number to represent a large volume of “dollars” of “money” that is the amazing part of this scheme. The volume of “dollars” of “money” created and recorded on the books only require a small percentage of tokens to represent them because the great majority of borrowers will be satisfied to use the “dollars” of “money” as just, *numbers* on their checks.

It is allowing “dollars” of “money” to be “backed” by government bonds, when government creates “dollars” of “money” and has them sanctioned by the monetary authority, that is a contributing factor to the tremendously increasing volume of the “dollars” of “money.”

It is allowing corporate stocks and bonds to be the justification and “backing” for allowing corporate entities to create “dollars” of “money” that is the device that allows the tremendous expansion and contraction of the “dollars” of “money” volume. Something real, tangible and requiring human labor to produce would also take time to be fabricated, but “dollars” of “money” being only numbers written on paper with ink, can be created in the billions of units with the stroke of a pen, or just the push of a button on a computer programmer.

It is in this area that we find the easiest explanation of how economic rhetoric functions. If a borrower offers stock certificates as collateral for a “loan,” (the amount of “dollars” of “money” created that can be sanctioned by the bank) will depend on the market “price” of those stock certificates on that day. If it is a day of low liquidity and there is a bit of gloom, on the part of the people where the economy is concerned, the market will be “down” and the amount of “loan” available for those certificates will be proportionate to the lower “price” of the stock that day. To increase liquidity the economic advisors make public speeches, on the “fantastic boom” developing in the economy. Several government and market officials will give glowing accounts of the wonderful outlook for the economy, new defense orders and other contracts will be let and announced. All in all, the skillful application of speech will raise the hopes of the public, and through them the stock market will rise next day. With the stock “prices” higher in general, more “dollars” of “money” can be created and sanctioned by the banks on the same stock this day, than on the day before, therefore making the increase in the volume of “dollars of money official and thereby increasing the liquidity.

Where did all the new additional liquidity come from?

It came from the speech that raised the hopes of the public for a boom in the economy that caused increased investment in stocks, that raised their “market value” that allowed them to “back” result of the economic rhetoric* ''Dollars" are only the unit of measure of the imagination, the "thing" imagined is the "value" called " money," it is not real, it only exists in the mind. "Money," only exists as a reference to value in the mind, *left over,* from when the word "money" referred to wealth used as a medium of exchange. "Money" as a value reference, only exists in the human mind, it is created there, and it is destroyed there.

Economic rhetoric, is the means by which the "dollars" of "money" are induced to be created by the public. When the individual is motivated to buy now—pay later he has to assume that his *will* to purchase is the value extended in exchange for the item desired. His desire to own is not accompanied by means of payment (comparable wealth), he uses "credit" by signing a contract which is a *promise* to pay, and the "dollars" of "money" which exist in his mind only, are accepted by the clerk as "value" in exchange for the wealth being sold. When the contract arrives at the bank, the bank honors the "dollars" of "money" created in the mind of the purchaser and records those "dollars" of "money" in the bank's ledger.

It is extremely important to see that it is the bank's willingness to accept these "dollars" of "money" created by the individual, in his mind, that makes the system function. The bank's acceptance of these "dollars" of "money" is *expressed* as the individual having *used* the *bank's* "credit" in making the purchase.

The individual *does not* have the *government sanction* to create "dollars" of "money" but the bank *does.* The Monetary Authority and the commercial banks of the United States have the exclusive right to create "dollars" of "money."

The "dollars" of "money" created by the individual become the *officially increased* "money" volume, when they are recorded on the ledgers of the banks'. People create the "dollars" of "money" in their minds when they apply for a "loan" at a bank also. The public *is aware* that the paper and metal tokens, of today, are not redeemable in gold and silver coin (wealth), which was the "money" we measured "dollars," in the past. When the public today accepts a *series of numbers* as "dollars" of "money" instead of, ounces of gold, they are perpetuating an exercise in futility; no matter how hard they may *believe*—those numbers are only numbers and are not wealth. The belief in those numbers is the means by which the imaginary "dollars" of "money" become "ounces of gold" in their minds.

Of course, today, the people know that "dollars" of "money" are not redeemable for ounces of gold, but they go right on picturing in their minds that the numbers they borrow are ounces of beef or dozens eggs etc. All the other members of the public believe also, and will exchange those *numbers* ("dollars" of "money") for the eggs, beef and other commodities. But, the eggs, beef and other commodities cannot be produced as fast as the people can borrow numbers and so the numbers increase in volume and the *borrowers out-bid* the *producers* for the wealth produced.

The public remains *unaware* of the fact that "dollars" of "money" are *not* commodities for exchange and that they are not borrowing the deposits of wealth of others, but *are borrowing newly created* numbers of imaginary "value" which are born in their own minds as "dollars" of "money," they "spend," instead of exchanging their production for the production of others. The fact that the individual labors to acquire some tokens representing "dollars" of "money" supports the belief that they must have value and is also the justification for them to give up their wealth to get the tokens.

The banks continually produce the economic rhetoric to increase the conception of "dollars" of "money" in the minds of the people. The more the people create, the more the banker "earns" in "charges" for sanctioning the creation, (loaning their credit) and the more the public believes in the conceived "dollars" of "money" the easier it is for the *banker* to "buy" the wealth of the world from

Chapter LV

BARTER vs MEDIUM OF EXCHANGE

0.02857 oz gold was called one dollar which exchanged for 1 jar coffee.
0.02857 oz gold was called one dollar which exchanged for 10 apples.
0.02857 oz gold was called one dollar which exchanged for 1 jar honey.

Dollar was a name for a quantity ofgold (wealth).

That gold was the wealth exchanging for coffee, apples and honey.

Dollar was just a name (an abstract term) and is not a tangible thing.

It is true that:

1 jar coffee exchanges for one dollar which exchanges for 10 apples.
10 apples exchanges for one dollar which exchanges for 1 jar honey.
1 jar honey exchanges for one dollar which exchanges for 1 jar coffee.

And from that:

We are told that the G.N.P. (gross national product) backs the dollar. But under those circumstances the dollar is used as a medium of exchange that is used to purchase the thing that backs it!—It is at one time BOTH the “backing” for the “dollar” and the thing purchased with *that* “backing”—which is impossible!

When ‘dollar’ was a name for 0.02857 oz gold .999 fine and the “dollar” (as a gold claim check) was used as a medium of exchange it was acting by proxy for the gold which is wealth and it was the *gold* that was exchanging for the thing purchased. In one case an abstract term is used as a medium of exchange. In the other case wealth is used as a medium of exchange.

Wealth has the ability to be both barter and a medium of exchange. Wealth can be barter and then that same wealth can be a medium of exchange. It involve^ the understanding of the part time plays in transactions. Barter is the direct exchange of wealth where the wealth received by each party in the wealth ‘form’ desired—(the exact thing they wanted). If one party receives a wealth ‘form’ that is not the exact thing he wanted but which he can use in another exchange, later, to obtain the exact thing he wants, then the wealth form so received and subsequently exchanged is called a medium of exchange.

If “A” exchanges with “B” giving an apple to receive an orange and “B” desired the apple and “A” desired the orange—they bartered—and the apple and orange were items of barter.

If subsequent to that exchange “B” met “C” who had a banana and offered an exchange for the apple and “B” at that point, in time, desired the banana more than the apple the exchange could be transacted.

“B” exchanging the apple for “C” ‘s banana with both parties desiring the exact wealth received was barter and the apple and the banana were items of barter.

But, if one considers *both transactions*—in each case the apple was bartered—but with respect to both exchanges it was used by “B” as a medium of exchange.

No material thing *is* a medium of exchange *as such*—it may or may not be *used* as a medium of exchange. As a material thing it can at any time be used as and become an item of barter or a medium of exchange.

If we very carefully replace the word apple in the above exercise with the words gold coin we could see that “B” desired the gold coin from “A” in exchange for the orange. The gold coin would be an excellent way to retain the exchange value of the orange for an indefinite period, impervious to the riggers of corrosion through time. The gold coin is wealth and its ownership satisfies a human desire. The specification of barter has not been violated, both the orange and the gold coin were the form of wealth desired and therefore were items of barter. If at any time subsequent to the

But, if one considers both transactions—in each case the gold coin was bartered—-but with respect to both exchanges it was used by “B” as a medium of exchange.

If we very carefully replace the words gold coin’ in the above exercise with the words ‘gold certificate’ (claim check on gold coin to be paid to the bearer on demand) we could then see that “B” desired the gold certificate from “A” in exchange for the orange. *Gold coin* would be an excellent way to retain the exchange value of the orange for an indefinite period, impervious to the riggers of corrosion through time. The gold coin is barter. However, in this case “B” accepted a gold certificate (a promise of gold coin on demand) not the gold coin itself therefore it is not barter in *full measure*. It is true that the gold certificate could be used to neatly dispose of a wad of chewing gum. It is true that it could be folded and used to take the wobble out of a table. It is true that it could be rolled tightly, ignited and used as a tapir to light a pilot light on a gas appliance, which allows it to be barter, in some measure; but those values are very minute. However, as a promise to reimburse the holder with gold coin upon demand the gold coin would be full measure for the exchange but to get it one would have to make the *second* exchange and that allows the gold certificate to be a medium of exchange, by usage, but it can never be barter ‘in full measure’. The gold certificate acts as proxy for the gold coin during exchanges and as such it is acceptable. If the promise to pay the bearer on demand is not broken there is no unfairness. If the promise to redeem is broken then the holder of the certificate has suffered a *loss* of the *wealth differential* between the paper certificate itself and the gold coin it represented.

Anything that is not the *wealth* in *full measure* can be used as a medium of exchange, but it cannot be barter because to get the full measure would always require a subsequent additional or ‘second’ exchange.

When exchanges are made with items of wealth of full measure any exchange can be the ‘final’ exchange and no one will suffer a loss of *wealth differential.* When items of wealth in ‘minute’ measure are used as mediums of exchange only the last or ‘final’ holder will suffer the *loss* of the *wealth differential*—and what is extremely important to observe is that; as long as it remains acceptable the *loss potential* will be deferred into the future. The *wealth differential* where it refers to coins such as our former gold and silver coins is the difference between the “face value” and the material value of the coin and is called seigniorage. Seigniorage is infinitely variable it has been as little as 10% and currently our copper-nickel coinage is at a legal 97% level (coinage act of 1965). In the case of our largest $100.00 “Fed” note the wealth differential (seigniorage) is 1,250,000%—this makes it possible for us to see what the *loss potential* is—when we consider that our currency today is ‘fiat’ (there is no promise of redemption in gold or silver coin). When the present currency is no longer accepted the holder of a one dollar “Fed” note will have suffered a loss of more than 12,500% and the holder of a one hundred dollar “Fed” note will have lost more than 1,250,000% (each note is only worth $0,008 as paper and ink.)

The only way that paper currency can be used is if it is 100% redeemable in specified weight and fineness of some commodity by its issuer and is exchanged at the exchange value of that commodity at the time of the exchange. Extremely strict laws against counterfeiting must be enforced by government and local forces. Currency must be marked to identify its composition example; coins as 113-0 grains .999 gold or 371.0 grains .999 silver etc. Paper currency as claim checks drawn on the issuer for a specified number of gold coins 113.0 grains .999 or silver coins 371.0 grains .999. The weights and dimensions to be fixed by government as specified in the constitution.

All prices would also be specified in the same manner. All goods would be specified in grains of gold and or grains of silver with the seller setting his exchange value relationship and the choice of what coins to use up to the purchaser. Ficticious words such as “dollar” *must not be used* as abstract terms for specified amounts of wealth in pricing

Chapter LVI

“MONEY” IS A MYTH

“Money” is spoken of in monetary unit terms. The monetary unit of the United States is the dollar. When .we speak of dollars we are referring to “Money.” When we speak of “money” we are referring to dollars. We have a silver coin that contains 371.25 grains .999 silver that sold for 1 dollar. The same coin now sells for 3 to 8 dollars.

Silver *cannot be* the *same* as dollars anymore! Silver *cannot be* “money!”

We had a coin that contained 113 grains of gold .999 fine that once sold for 5 dollars. That same coin now sells for 50 dollars.

Gold *cannot be* the *same* as dollars anymore! Gold *cannot be* “money!”

They say tobacco was once used as “Money.” A pack of cigarettes once sold for 1/10th of a dollar. Now a pack of cigarettes sells for 1/2 of a dollar. Tobacco *cannot be* the *same* as dollars! Tobacco *cannot be* “Money!”

Tobacco never was “money!” Silver never was “money!” Gold never was “money!” Tobacco, silver and gold *are* and *always were Wealth!*

What is “money?” What is wealth?

Anything produced by human exertion having exchange value is wealth.

113 grains of gold *is wealth*—being *called* “money” or five dollars *doesn’t* change its’ nature—it is *still* 113 grains of gold (wealth).

371.25 grains of silver *is wealth*—being *called* a “dollar” (“money”) *doesn’t* change its’ nature—it is *still* 371.25 grains of silver (wealth).

Tobacco is wealth—being called “money” did not change its nature—it was still tobacco and was wealth.

When apples are exchanged for oranges and the apple grower wants the oranges to consume directly—he bartered—and the oranges were barter.

When apples are exchanged for oranges and the apple grower wants the oranges to exchange for bananas the oranges are a medium of exchange.

“All wealth may be accepted in exchange *as barter* or as *mediums of exchange.”*

“Whatever is accepted in exchange *in lieu of wealth* is “money,” and can only be accepted as a medium of exchange—it can never be wealth—by the very nature of its specification.”

When any type of imagined promise of “payment to follow” is received in exchange for wealth—”money” has been accepted in lieu of wealth—because it cannot be used or consumed as *barter* (it has no *substance* or *real value).*

“Money” is known by many names, Dollars, Francs, Yen, Marks, seigniorage, credit, and imaginary demand.

When apples are exchanged for “money” and the apple grower wanted “money” he has extended credit and subjected himself to possible embezzlement if the “money” becomes worthless before he can pass it on. (“Money” acquired for the purpose of saving).

When apples are exchanged for “money” and the apple grower wanted the “money” to exchange for bananas the “money” is a medium of exchange.

“Whatever is accepted—during an exchange—as a medium of exchange—in lieu of wealth—is imaginary demand.”

Imaginary demand requires token substances to represent it—for *it* to be accepted.

A piece of paper is wealth—marking it “one dollar” (money) doesn’t change what it is—it is still a piece of paper (wealth). Stamping a silver disk—”one dollar”—does not turn silver into “money”—it is still silver and it is still wealth. Calling 113 grains of gold five dollars does not turn that leave? Only imagination—therefore "money" must be imagined to be an entity at all—therefore "money" is a psychological entity. Proof of this can be easily demonstrated with three coins, a 1964 half dollar, a 1965 half dollar and a 1971 half dollar.

The	1964	"half' is	90% silver wealth and 10%	copper wealth.
The	1965	"half' is	40% silver wealth and 60%	copper wealth.
The	1971	"half' is	95% copper wealth and 5%	nickel wealth.

There is no "money" involved—yet they are called "money" because they are used to represent "dollars"—in *real substance*—'token' form.

As wealth—each individually—is of different value than the others by virtue of the commodity it is.

As "money" (dollars) each individually is exactly the same as the others—one half dollar. How can three physical things of known different values be considered to be of equal value without *that* valuation 'system' having its' base in fantasy?

Which system of valuation is more acceptable?—The wealth system which says 113 grains of gold *is* 113 grains of gold that can be seen, touched and used in the fabrication of useful or decorative objects,—or a system which uses as a unit of reference, something that has to be imagined (dollar) because it does not exist as an element in nature, or by synthesis in the laboratory.

If we say 371.25 grains of silver is equal to one "dollar" what then is a dollar? We know what the silver is, we can describe it, fabricate it, melt it, smelt it, see it, and feel it; it is tangible; it is wealth. We cannot see a "dollar" or feel it! If we could it would be a substance and then we could describe it, it would be wealth.

We are faced with an irrefutable fact; "money" does not exist, we just think it does—like Leprechauns—you either believe in them or you do not—but there aren't any on exhibit anywhere, dead or alive.

To call a gold coin "money" is more unrealistic than calling a streetcar an airplane. To call a silver coin "money" or a "dollar" is more unrealistic than calling a telephone pole a toothpick.

"Money" is the greatest HOAX on earth!

Everyone knows what a Sphinx is—it is a monster having typically a Lion's body, wings, and the head and bust of a woman—yet it *is* a myth.

Everyone knows what "money" is—it has the exchange value of gold (without being gold), the exchange value of silver (without being silver) and the substance of a vacuum; it *is* a myth.

Perhaps a more precise example of "the use of the word 'money' " can be found by saying that we might refer to an excellent *swimmer* as being a *'Mermaid.'* Everyone would know that you mean the young lady is an excellent swimmer by the reference to her being a Mermaid. Yet all would also know that there are *no* Mermaids.

Well, there is no such thing as "money" or its' unit of measure "dollars" either. They are merely words that were applied to excellent mediums of exchange (wealth) like calling a woman swimmer a Mermaid—a *mythical* being.

All wealth can be mediums of exchange but no wealth can ever be "money."

"Money" can be accepted as a medium of exchange but it can never be wealth.

"Money" was an abstract term applied to all things of wealth used as mediums of exchange—but there *had to be* wealth *present* to be called "money."

Today we are trying to use the abstract *term* itself *as* the thing it used to refer to without the *wealth* itself being present.

"We are trying to use the 'abstract term'—("money")—as a term *for* wealth and *as* that wealth, at the same time."

The 'abstract term'—("money")—cannot take the place of, and function as the thing it was only

The collapse of the “money” HOAX is imminent. “Money” is as real as the easter bunny, cyclops, flying carpets, flying horses, genies, Leprechauns, the medusa, mermaids, the sphinx, the tooth fairy and unicorns.

How do you go about proving there are no flying carpets? How do you convince a ‘believer’ Leprechauns are a myth? Does anyone have the ability to prove the non existence of the tooth fairy? Can anyone really prove there aren’t any Mermaids? Is there or is there not an easter bunny?

The above are all items we all ‘know about’ and also know—do not exist—except in fantasy (as figments of the imagination).

What about something we all ‘know about’ exactly the same way, but have not learned as yet—*is a myth?* How *do* you prove that something everyone believes in is a myth?

When I say “money” is the greatest HOAX on earth” everyone automatically assumes—that I do not mean *that!* They believe that there is such a thing as ‘good’ “Money.” All will agree gold and silver coins were good “money,” (when we had them).

I will agree gold and silver coins were good and still are good, but they were *not* and are *not “money.”* “Money” is a myth and does not exist—’nothing’ *is* “money”—and “money” *is* nothing. There is none of anything that *is* “money!”

The gold coin that was *called* a “dollar”—*was* a gold coin.

The silver coin that was *called* a “dollar”—*was* a silver coin.

The piece of paper that is *called* a “dollar”—*is* a piece of paper. The “money” (“dollars”) that we “buy” with every day is just a figment of our imagination—there is no thing that is a “dollar.”

I will make a statement as follows: “It is five inches.” What, is five inches—there are five of them but what do they look like? Try to describe the appearance of an inch!

Inch is a unit of measure—without a reference to what is being measured it is absolutely worthless; without a device somewhere that is a dimensional standard for reference, the ‘inch’ would be impossible to describe.

When gold was “money”—”dollars” were the unit of measure, and it was necessary to say that 1 /35th of an ounce was a “dollar’s” worth.

When silver was “money”—”dollars” were the unit of measure, and it was necessary to say that 371.25 grains was a “dollar’s” worth.

Property is exchanged for X number of “dollars” worth of gold, or property is exchanged for X number of “dollars” worth of silver.

Now silver and gold are no longer used but “dollars” remain.

Property is exchanged for X number of “dollars” and the “dollars” are exchanged for the property of others. Any kind of property, oil, apples, oranges, furniture, etc, etc. Any kind of property is exchanged for “dollars” which are exchanged for any kind of property; the “dollar” is not connected as a unit of measure to any one commodity, such as: ten apples equals one “dollars” worth, or ten oranges equals one “dollars” worth,—there isn’t any standard.

We cannot say the “dollar” equals anything because it hasn’t any value of its’ own to be equal to anything. The “dollar” is a unit of measurement and as such must have a standard of reference. The “dollar” cannot be said to *be* l/35th of an ounce of gold and at the same time *be* ten oranges or *be* ten apples. A “dollar” cannot be all things at once, or any one thing for that matter because it *is* only a term used to describe the standard it represents, (when it represents one).

If a “dollar’s” worth of anything is the amount of that thing that normally exchanges for 1 /35th of an ounce of gold, then the gold is the deciding value, not the “dollar”—the “dollar” is only a term, a word that refers to the standard.

Any token used to represent a “dollar” during exchange, that is not 100% redeemable for 1 /35th of an ounce of gold, held in reserve for its’ redemption, is a *Fraudulent* unit of exchange, and an ounce of gold .999 fine). Without a reference to what is being measured it is absolutely worthless; without anything anywhere as a standard for reference the “dollar” is impossible to describe.

Using units of measure—if we say a 2 ounce bagel has a value equal to a cupfull (8 ounces) of coffee, it would be understandable. If we said 2 - 1 6 ounce loaves of bread were equal to a “dollar’s” worth of gold (l/35th of an ounce) it would be understandable. But to say 2 loaves of bread are worth a *“dollar”*—is like saying a bagel is worth a *cup- full* of what?

No one has ever seen a “dollar” standing alone!

No one has ever seen a cupfull standing alone!

Without a reference to something tangible, units of measure are absolutely worthless, they are *not things* in themselves.

‘Money’ was no more than a ‘slang’ word to refer to wealth when some form of wealth was used as a common medium of exchange. Without a wealth form in use as a common medium of exchange we are *making believe* it is still there by referring to “it” with the old reference words “money” and its’ unit of measure “dollar.”

Gold was the common medium of exchange, wealth, we *called* “money,” 1 /35th of an ounce was the unit of, measure, we *called* “dollar.”

Without the tangible substance gold in use anymore—how can we continue to use “money” and “dollar” as realistic terms except in make-believe? We are in effect using an abstract description of something to replace that thing, in our imagination. We are deceiving ourselves by accepting, tangible pieces of paper that *look like* our old claim checks for wealth, as *that* wealth itself. We are deceiving ourselves by accepting, copper and nickel tokens, now, as being equal in worth, to the gold and silver coins they replaced.

This clearly defined difference between wealth and “money” has never, in recorded history, been revealed before. If it has I have not heard about the disclosure or ever read any reference to such a disclosure.

Wealth and “money” are as different as any two entities can be, one is tangible and the other is /wtangible.

The public’s freedom or existence under control depends upon the public knowing the difference between wealth and “money.”

Five thousand years of chronic monetary chaos and collapse can be finally ended, if the public will protect its’ freedom by seeking the knowledge and understanding of natural economic truth.

Armed with the sword of truth the people are invincible.

Chapter LVII

‘PSEUDO EXCHANGES’ (PASSING COUNTERFEIT)

Anything in use as a commonly accepted purchasing unit must be 10096 redeemable by it’s issuer. It does not matter who that issuer may be—it must be 100% redeemable. All personal checks must be 100% redeemable or we arrest and punish the issuer. The same element that makes a check ‘bad’ makes a fractional reserve currency ‘bad’! Anyone issuing a currency with less than 100% redeemability is issuing a ‘bad check’! Changing who is doing the issuing is not the answer it is the bad checks that must be stopped. No matter who issued the bad check it is the check that is bad!

When a bank holds gold on deposit at 50% reserve and issues two claim checks on that gold—it has created two purchasing units each only 50% redeemable in wealth (the gold on deposit). Each unit has only a 50% store of value through 50% redeemability. Each unit of wealth on deposit has two purchasing units outstanding based on its value stored. One unit of wealth cannot redeem two

The bad purchasing unit is inflation per se and causes the inflationary effect (eventual "rising prices") which in reality is the falling 'purchasing unit' parity. It is the creation of the bad purchasing unit that must be stopped. It could not be created if all purchasing units had to be 100% backed by wealth on deposit. What that wealth is does not matter as long as it is a good store of value. It is essential that it be a "store of value"—a purchasing unit must *be* that value or a claim on 100% of value deposited.

When Lincoln issued the green back' it was in payment for goods received. The green back' represented a debt owed to the holder for the goods he surrendered to get it. I do not take issue with the government borrowing from the people—there is nothing wrong with that. But there was something terribly wrong with the green back'—it was *negotiable.* If it remained as a note from country to citizen—returnable later as payment of taxes O.K. again—nothing wrong with that. I know that as a note it said the country owed the holder the value of the goods he gave up. If the holder (citizen) exchanged that note with someone else (citizen '2') for some goods—the debt was transferred and it doesn't appear as though there is anything wrong with that. If citizen '1* received goods from citizen '2' and citizen '2' received the green back' from citizen ' 1' it was a "fair exchange". Citizen ' 1 ' got goods and citizen *2'* got the 'green back' he can use for taxes later. But, if the goods received by citizen ' 1' are used as a medium of exchange to obtain goods from citizen '3'—then citizen T has a purchasing unit (the wealth received and used as a medium of exchange), and citizen '2' has a purchasing unit (the green back' and we are back to having two purchasing units backed by the same unit of wealth. There is no way that a negotiable I.O.U. can be used that it is not inflation.

Perhaps it will be easier to see if we refine a little more what an exchange really is—basically. There are only three categories of things on our earth: Resources—Man—*&* Wealth.

Resources: All things in the universe outside of man and his products.

Man: Humans.

Wealth: All things produced by man having exchange value.

Exchange Value: The ability to satisfy human desires.

Value: The amount of human satisfaction that can be derived from the use or consumption of any thing.

Service: The human energy expended in satisfying human desire that does not result in a product.

There are several kinds of exchanges; Wealth for Wealth, wealth for a service, service for wealth, and service for service. What is important to see is that whatever kind of an exchange takes place—basically it is an exchange of human energy expended for human energy expended. Whether there was a product or a service on both sides or a product or a service on one side the exchange was an exchange of human energy expended. The 'expended' is the important word; by its use we mean *used,* already performed, completed, accomplished—not *promised!* An exchange is an exchange when there is a receiver and a giver on *both* sides each freely agreeing to the terms of the transaction. Ifone side receives but does not give we usually refer to it as a hold-up', fraud, extortion or expropriation. Therefore if wealth (some product) is exchanged for a service (a performance of labor not resulting in a product) it is imperative that the service be already accomplished or it is not an exchange until the service *is* performed. Unless the energy has been expended on both sides—the exchange would involve the future' fullfillment of a promise.

Until the agreed upon terms of a transaction are fullfilled it is a negotiation and not an exchange.

That wealth however, was wealth obtained by 'pseudo exchange' not by *redemption.* For redemption to take place the token must be *redeemed* by its *issuer.* Just as in the case of the bad check the token's validity cannot be determined until it is presented for redemption. If the token's issuer will not redeem the token for its' promised quantity and purity of commodity then it constitutes fraud and the issuer should be arrested, convicted and punished just as is done with bad check writers.

Any token *that is not a promise* but is issued and used in 'pseudo exchanges' for wealth—is issued purposely to facilitate fraud and as such is COUNTERFEIT. Any and all people that use such tokens to obtain wealth from other people are guilty knowing or unknowing of passing counterfeit. The fact that it is legal counterfeit sanctioned by government is why the people go *apparently* unpunished. Punishment in the usual sense, arrest, conviction and penalty. The punishment in this case is the deferred suffering that will be suffered when the inflation finally results in deflation. The tokens issued in the U. S. are paper and metal and are twofold in purpose: they appear to represent wealth as 'pseudo claim checks' when in *reality they do represent* 'imaginary "dollars" written as numbers in books of account' which are *actually* the psychologically created "mediums of exchange" accepted by the people. It is extremely important to understand this dual role the token plays.

When the 'certificates' (real claim checks on specie) were in use it was not the certificates which were the wealth exchanged for wealth—it was the gold or silver coin on deposit which was the actual *'thing'* exchanged. The certificate, after it was used could be *destroyed* because the function for which it had been created was fulfilled. With the present tokens (paper and metal) in use as generally accepted mediums of exchange it is not the tokens which are being accepted for wealth but the *imaginary "dollars"* they represent. The "dollars" written as numbers are the replacement for the gold or silver coin (specie). By calling the tokens 'dollars' we tend to accept that they (the tokens) are the *'thing'* being exchanged. It is easier to accept *that* than to realize we are exchanging our wealth for imaginary "dollars" (numbers on paper and ink) that the tokens represent. If at any time we were able to destroy all the paper and metal tokens in so doing we would not have destroyed *ANY* "dollars".

"Dollars" are created in the mind when the commercial banker writes the numbers and we accept that record as being representative of "dollars" and that if he will transfer that imaginary-magic number to us we will make-believe also and consider it our obligation to return some numbers later to the commercial banker that were accepted by someone else from whom we got them by exchanging goods or services.

Once we have the number in our *account* we can use it as numbers and pass the numbers about by checks or we can use *tokens*—which we get by giving up some *numbers recorded* (deposit credits) in our account. Our giving up number records ("deposit credits") in OUR account *in no way* destroys the *number records* as recorded in the books of the commercial banker. The commercial banker records the numbers as we borrow them and his numbers recorded will remain until we "pay back" the loan.

There are several things that must be realized to be able to *comprehend* the situation. If all loans were paid back there would be ZERO liquidity in the economy. If all the loans were paid back there would not only be ZERO liquidity but all borrowers would still owe the commercial banks all the interest—because the interest had not been created yet! Any individual may make a loan and eventually pay it back plus interest—having obtained the "dollars" with which to pay it from another borrower by the exchange of goods or a service. Any group of individuals or groups of groups may pay back their loans plus interest in the same manner. But all borrowers could not pay back all loans plus interest at any one time because the "dollars" with which to pay the interest have not been created—"you cannot pay back *more* "dollars" than you *borrowed* to the *only* source of

Not knowing that interest *cannot* be paid—*(all* “dollars” borrowed are principal & draw interest) the borrowers dig themselves deeper and deeper into imaginary debt to the commercial bankers. The “interest” “payments” require that the amount of “dollars” created be ever increasing and that is why the volume of “dollars” continually expands—increasing inflation.

The Lincoln ‘green back’ did not require the payment of “interest” not to Lincoln or to a banker. It was simply a fiat currency issued in “payment” for value received. It was, however, a purchasing unit based on debt, because it was negotiable and could be used by it’s holder as a medium of exchange in the market place. Like the Continental which was redeemable in the *future* for silver coin—the Lincoln greenback was redeemable in the *future* for the settlement of taxes owed by it’s holder. The Continentals and the Lincoln green backs both were not claims on any tangible asset on deposit for their redemption. They were both basically notes conveying the belief that they would be redeemed in the future but were useable at that time as mediums of exchange.

All wealth in existence is usable as a medium of exchange at all times—all that is required is someone willing to exchange.

THEN IF ALL WEALTH IS USEABLE AS A MEDIUM OF EXCHANGE—AND ALL GREEN BACKS RECEIVED FOR WEALTH ARE USEABLE AS MEDIUMS OF EXCHANGE—THE WEALTH AND THE GREEN BACKS BECOME TWO ENTITIES USEABLE AS MEDIUMS OF EXCHANGE EXISTING WHERE BEFORE ONLY ONE EXISTED (THE WEALTH).

Wealth is at all times capable of being BARTER *AND OR* A MEDIUM OF EXCHANGE and any given exchange involving wealth on both sides is a completed transaction. Lincoln green backs could only be used as mediums of exchange and any given “exchange” involving them was a pseudo exchange until the receiver of the green backs in that- pseudo exchange used them to purchase from someone else and thereby received goods or service comparable to that which he gave up to get the Lincoln green back—the *‘second’* or *continuing transactions* are *required* to sustain the credibility of the Lincoln green back’s *purchasing* power.

The wealth purchased by Lincoln with his created green back could always be used as a medium of exchange—suppose he bought gold coins with green backs—the gold coins could be used to purchase goods from anyone—the *greenback* holder could use *them* to purchase also, therefore where only the gold coin before was a purchasing unit there was now both the gold coin and the green back—two purchasing units when before the gold was purchased with the green backs there was only *one*. The *same* gold was being “used” in two transactions at the same time. The gold is *good*—it is unredeemable paper and metal tokens that are bad.

Another thought that must be considered is that the green backs being redeemable in the future for future taxes increased the revenue for Lincoln at this time (the time of issue) and the income was necessary to support the war. But, what about the later years when the green backs would be *coming in* instead of *going out?* Coming in, in payment of taxes—at that time according to the plan they would have to be destroyed having completed the function for which they had been created. But, if the ones coming in could not be used to pay government bills (go out again) then what would the nation do for it’s necessary income to support government. All the taxes for these years had been spent to support the war and now there was no current taxes due to support the government.

WHEN GOVERNMENT DEFERS A DEBT IT DEFERS A TAX!

If government cannot support a war out of current income and borrows against the future then the current income *of the future* cannot pay for both the support of government and the deferred debt of the war. Taxes will have to be increased to pay off the debt and keep government supported at the same time. Increased taxes are harder to come by in peace time than in war time—the increased war as you go. But, the cost of wars are prohibitive not only in lives but in wealth and no people would willingly support a war if they had to pay for it as you go. Government knows this and invariably modern governments create inflation (“money”) with which to expropriate the wealth required to support the war, from the people. People unaware of the nature of “money” accept it and are in effect going-along with a massive “hidden tax” that will only be exposed at the moment of deflation. At the moment of deflation all savers of recorded “dollars” will lose 90 to 99% of all their savings in *payment* for the last few wars and all the “foreign aid” to date.

Chapter LVIII

‘‘MONEY” (DOLLAR) AS A REFERENCE TO VALUE

It is extremely frustrating to be in a position of being unable to transmit a message and have it received in its entirety undistorted. It is difficult to find the language with which to express a thought and have that language convey the thought undistorted to all listeners and in its’ full measure. It is infinitely more difficult when any thought involves the word “money.” Most people seem to think that “money” is a mysterious thing that is only understood by experts and is better left to them to think about. Proving to people, that the knowledge of how “money” and wealth effect every facet of their daily lives is vital to their well being, is the greatest challenge I have ever faced.

The public is being subjected to language, every day, that is distorted by untruths until they can no longer determine the message the words convey—let’s take just one example, the word “dollar” and examine it very carefully.

From the 1792 to 1834, 24.303 grains of gold .999 fine was called a dollar’. We do not want to be confused and we are examining the word dollar. It is important to realize that 24.303 grains of gold .999 fine *is* 24.303 grains of gold .999 fine. If you took away, just *one* grain it could no longer be 24.303 grains of gold .999 fine. It would have changed and become 23 303 grains of gold .999 fine. The word ‘dollar’ was a name applied to that amount of gold, at that point of time, that we are picking up the word dollar’ for examination.

For forty two years (1792 til 1834) the word ‘dollar’ was used as a name for a currency standard of 24.303 grains of gold .999 fine. In 1834 the *word* dollar’ was *defined* as *being* 23-222 grains of gold .999 fine and a *new* currency standard.

The word ‘dollar’ was used originally as a *name* for 24.303 grains of gold .999 fine and now it will henceforth be the *name* of 23-222 grains of gold .999 fine. What happened.[1]’ First of all, if the currency had been specified as ‘grains of gold .999 fine’ then all bookkeeping would have been kept as grains of gold deposited,’ grains of gold withdrawn’ and no way in the world to distort the entries. It was the designation of a ‘standard’ itself that allowed that *standard to be changeable.* In modern, international parlance, this is called ‘fixed’ but ‘adjustable’—a ridiculous conception!

The word standard has been accepted as meaning the commonly accepted unit of measure, volume, linear, weight etc. When we speak of inches’ we are aware that an inch’ is a ‘standard unit of measure’. The reference standard for the ‘inch’ is kept as a block of material surrounded by inert gas, in a vault for safe keeping. To be a standard unit of measure it *must not change!* We recognize this. There are different units of measure for different types of measurement. But the *units* must *remain undisturbed.* Inch and grain are units of measure and do not change, they are ‘standards’ *already.* A monetary ‘system’ based on grains of gold accompanied by the specification of purity .999 (999/1000ths pure) would be unpervertable.

By assigning a name to a fixed amount of gold they gave the *name* the *eminence* of the *gold* itself and actually perpetrated a continuance of the belief that a “dollar” *was indeed* gold .999 fine *into* 23-222 grains of gold .999 fine without anyone realizing that standard had been perverted.

It appeared, to all the world, as if only the “price” of gold had been raised, that now instead of one ounce of gold .999 fine being worth 19.75 dollars it was now worth 20.67 dollars and the *dollar* had remained *unchanged.*

But ‘dollar’ is only a word and does not exist in nature in any material state, not even for a billionth of a second. Dollar is only a word. Gold is a material thing. Dollar as a word can have tangible meaning only if it is assigned a relationship with something tangible. For forty two years from 1792 til 1834, 24.303 grains of gold .999 fine was called a dollar. From 1834 till 1934, 100 years, 23.222 grains of gold .999 fine was called a ‘dollar’. From 1934 till 1971, 13-714 grains of gold .999 fine was called a ‘dollar’. From this, then, we could *attempt* to *deftne* the word ‘dollar’ and say that it is a word to describe a *temporarily fixed* amount of gold. That would be good except that at different times we were on a silver ‘standard’. At one time 378.0 grains of silver .999 fine was called a ‘trade dollar’ and there are others that contain 371.25 grains of silver .999 fine that are called ‘dollars’. To ever entertain the idea, even for an instant, that a ‘dollar’ is anything, simply invites confusion. The mind would be subjected to tremendous indecision as to what tangible association could be honestly accepted as a ‘dollar’ and further subjected to the very basic fact that if at anytime 24.303 grains of gold .999 fine were called anything but 24.303 grains of gold .999 it presents another problem: The mind knows that nothing can be itself and some other thing at the same time. The mind knows that ‘dollar’ is just a word and cannot be the gold itself. If the dollar were the gold, it could not be the dollar. If the gold were the dollar it could not be the gold.

> There is no way in which this concept of the “*dollar*” *being gold* can be entered into the mind without a *degree of reality* having to be *expelled.*

If it is the bast of the mulberry tree, *it is* the bast of the mulberry tree and cannot be gold or silver. If it is paper, *it is* paper and no amount of lettering, in any color, can turn it into gold or silver. Perhaps the only way to ‘see’ this is to try to describe a ‘dollar’ without in any way describing anything else.

If we say a ‘dollar’ is 24.303 grains of gold .999 fine, it will not be valid, because
24.303 grains of gold .999 fine *is* 24.303 grains of gold .999 fine and therefore cannot be a dollar.

If we say a dollar is 371.25 grains of silver .999 fine, it will not be valid, because
371.25 grains of silver .999 fine *is* 371.25 grains of silver .999 fine and therefore cannot be a ‘dollar’.

Yet “dollars” are used every day!

If we say 24.303 grains of gold .999 fine *equals* a dollar then we are again, faced with the problem of what *is* a “dollar?”

If we say 24.303 grains of gold .999 fine is called a ‘dollar’ then we can say that ‘dollar’ is a word used as an expression of measure to describe a temporarily fixed amount of gold.

If we say 371.25 grains of silver .999 fine is called a dollar’ then we can say that dollar is a *word* used as an *expression* of measure to describe a temporarily fixed amount of silver. Can it be both? Is it either?

The dollar’ is a nothing—just a word used to perpetrate a fiction (hoax). A word to confuse and confound the mind. A word to create an aura of tangibility and to serve as an imaginary medium of exchange, because the public will accept a lie, as a fact, if it is repeated often enough. If what has been written here is the truth, then what are we using every day called ‘dollar’ and as a bookkeeping unit for the recording of debts and exchanges? What today is the monetary unit of the United States of America?

> ficial and individual conjurings; are seigniorage, credit, inflation, money and totally intangible, cannot be sighted, heard, smelled, tasted, or touched; can exist in human thought only and are shifted about by check and credit card to ‘settle by imagination’ 95% of all transactions.”

To facilitate the use of the monetary unit, ‘dollar’ there must be some physical form to represent them and nothing is better fitted for the job than the old “bearer certificates” minus any promise of redemption, of course. So we have the paper tokens marked ‘one dollar’ etc. We also have the cupro-nickel coinage to represent “dollars” during exchanges. There are some U.S. Notes still being used and they are unique. The U.S. Notes were issued by the Federal Treasury and not by the monetary authority. At one time the monetary authority would not accept U.S. Notes as valid units of payment for the National Debt. The U.S. Notes of 1928 issue had printed over the seal the following text: “This note is legal tender at its’ face value for all debts public and private except duties on imports and interest on the public debt.”

The U.S. Note was a paper token representing a ‘dollar’ during exchanges. They were used initially as ‘Lincoln Greenbacks’ to purchase supplies for government, directly, and were to be redeemed later, by government, as valid units in payment of taxes, and as such:

“A U.S. Note is a treasury receipt for *prepayment* of a possible future tax obligation.”

The public also uses paper tokens, to shift about the imaginary “dollar” units, called ‘checks’:

> “A check is a written order transferring a record of debt, already existing, from one account to another in payment for some goods or service.”

All these tokens are used to represent the imaginary “dollar” unit in the market place to facilitate the exchange of the imaginary “dollar” unit for the wealth created by the labor of the public. The public is forced into slavery by the enactment of legal tender laws that force them to give up their wealth for these conjured up “dollars.” The most ridiculous of all is the Federal Reserve Note. It isn’t a ‘Fed’ “note” because it is countersigned by U.S. Treasury officials, but is *issued* by the monetary authority and promises nothing. It is not a *‘note’* redeemable in anything.

> “A Federal Reserve “Note” is a paper token a$ evidence of a created “dollar” of imaginary debt, written as a number on the books of a bank, and accepted by a borrower as his debt to repay; are printed at the Bureau of Printing and Engraving, on orders of the Treasury, countersigned by officials of the Treasury, turned over to the ‘Fed’ for distribution and accepted by the people as mediums of exchange for wealth that is over a thousand times greater in value than the worth of the “note” itself.”

Definition, when it is finally arrived at and is in the form that does not offer a weakness to be challenged, helps us to ‘see’ the item in a much more realistic perspective. Take the ‘credit card’ for instance:

> “A bank credit card is a token representing a prearranged agreement for the bank to create dollars of imaginary debt in the card holder’s account, if and when the card’s option is exercised, combined with the order to transfer that record of imaginary debt to the seller’s account in his bank after the sale is recorded.”

Surely no one can disagree that the ones who create and issue “dollars,” have at their command the power to control and own all that “money” can buy. Surely if a government body was to confiscate all the wealth from the people and then set about redistributing that wealth wherever it was in their best interests to do so; that government would be labeled totalitarian, socialistic, and it would be using that power to perpetuate its’ rule! Is there any difference between that and a monetary authority which has the exclusive right to create, issue, and manage the nation’s “money” (dollars), the medium by which the nation can be bought and controlled.

The public is allowed to play in the ‘game’ and live beyond their means by being offered unlimited “credit” and credit cards without ever really knowing what they are doing. The public for the most part is *totally unaware* of what they are doing or why the Congress allows it to continue. The people are led to believe they can have it now and pay for it later. But that *pay later* depends on the continued “madness.” Look about you in any direction and you will see the wealth that represents the labor of humans to construct buildings, machinery, instruments, art and all other forms of wealth created. Humans built it all but it does not belong to the ones who built it. The wealth created belongs to the ones who “paid” the salaries and it was paid in make-believe “dollars.” The wealth was expropriated by created “dollars.”

Just think how much more the people who produced the wealth would have if the expropriation had not been going on, if they had been using wealth exclusively as mediums of exchange. It is the wealth expropriated (gone) and the “dollars” left to accumulate, in the hands of the ‘unknowing’, that causes the imbalance between the “dollars” available and the goods available. The solution recommended by the economic advisors is to “increase production!” If you were in a boat that had a hole and your companion kept chopping the hole larger, to let the water out faster, and all the while yelling at you to bail faster; is there any difference? The wealth expropriated is what is draining the economy and they advise faster and more abundant production in the same time and for the same pay.

Increasing production to neutralize the expropriation of wealth is just foolish as bailing faster while your companion pounds the hole larger instead of plugging it! There just isn’t any difference.

Unless you come to your senses fast the boat will sink.

Proving that the “dollar” is only a word and not a tangible thing is easy. Proving that the “dollar’’ is the means whereby all producers are reduced to practical slavery is easy. However, for millions of people in the United States the “dollar” is the only reference to value they have. The massive confusion that exists can be found to have its’ basis in this one fact. The “dollar” is worthless and everyone gauges the worth of all things in terms of it.

The “dollar” only appears to have value, because it can be exchanged for the things having practical value by virtue of being able to satisfy the desires of humans. The human satisfaction derived from consuming food and drink, the heat and energy from fuel that makes living more comfortable these are the factors that determine value or worth. But since all these things are reckoned in monetary terms now (dollars) instead of the direct barter terminology of other precious commodities we have lost sight of the facts. Unless an exchange to satisfy another human’s desire (demand) is accompanied by means of payment (his supply) an exchange of our supply for his imaginary demand is foolish. The “dollar” is *not* a commodity that can be eaten or used practically. It is not a commodity that can be efficiently burned as fuel to create heat or energy. It is not a commodity, therefore it is absolutely ridiculous to use it as a means of determining the value of other things. Value is found by comparing the human satisfaction to be derived from the use of consumption of *one thing* in relation to the human satisfaction to be derived from the use or consumption of *another.* The *value* of any *one thing* expressed in terms of any other thing is called its’ parity.

The difficulty *is* that we are expressing the value of a commodity in terms of “dollars” that will only have the value—of the commodity we are appraising—*if* we exchange the commodity for those “dollars.”

We are attempting, at all times, to have the “dollar” *assume*—the value of the commodities it can be exchanged for—and use *their known* /wr/Z/er-to-the-item-we-are- appraising, in order to assign a is a ridiculous exercise and if we could only *realize* that the “dollar” is a totally unnecessary imaginary entity, a phantom crutch we would be better-off without.

The *‘‘dollar’’* is *acquiring* the *value* of the commodities it exchanges for and *conveying* that *value* to the commodities at the same time, which is an exercise in sheer nonsense. The *dollar* cannot receive its’ exchange value *from* the commodity whose only value *source* is *that* dollar!

The “dollar” can only appear to have the value of the *thing* it exchanges for and if it gets its’ value from *it* then it (the dollar) *cannot be* the *source* of that things value. *Nothing* on this earth receives its value from being exchangeable for “dollars”, it is the other way around. However, to the public at large, things only appear to have value if you can get “dollars” for them. They *know* better, but they do not know that they know better.

Nothing was wrong with *comparing* relative values of all the different commodities with one common standard—such as ounces of silver of specific fineness—or grains of gold of specific fineness. We measure all types of things with the same standards of inches or yards. If a commodity or several commodities are used as standards there will be no conflict at all if it is remembered they are not *standards* of *value* but are simply standards of reference to facilitate *value comparison.* Silver and gold are commodities first, last and always and are themselves subject to changes in relative value both from their use as commodities and as standard reference media.

Gold and silver with continually respond to free market forces on the respective parity with *each other* due to natural laws, as well as the occasional nonuniform change in parity each separately may have in relation to all other parities.

Enough misery in the world has been caused by lack of adherance to this simple truth that nothing can have a fixed parity in relation to any other thing. Man cannot legislate natural law—or legislate to circumvent natural law. Any law that can be circumvented is not a natural law. Natural law is invincible.

Trying to use “dollars” to express value requires a complicated mental process, because dollars are twice removed from reality. The value of a ton of coal is that it will heat a home for X number of days. That value expressed in terms of oil would be, one ton of coal is worth X number of gallons of oil (the number of gallons of oil that would heat that same home for the same number of days the ton of coal would). The value of a ton of coal expressed in terms of oil is once removed from reality but nevertheless valid as a parity. The value of a ton of coal could be expressed in terms of electricity; one ton of coal is worth X number of kilowatts of electricity, again, (the number of kilowatts of electricity it would take to heat the home for the same period a ton of coal would). Again an expression of comparitive value that is *once removed* from *reality* but is a valid pair of parities: coal expressed in terms of electricity or electricity expressed in terms of coal. But the *real value* was that either of them would heat a home for X number of days.

Trying to use “dollars” to express value forces us to go another step. To say one ton of coal is worth ten “dollars” does not tell us anything about the *real value* of a ton of coal. We would have to know how many gallons of oil ten “dollars” will “buy” and how much heat that amount of oil could provide to get any idea of the real value of the coal (if we did not know the real value of a ton of coal directly). That involved two parities and was twice removed from reality. The parity of coal expressed in terms of “dollars” and the parity of “dollars” expressed in terms of oil; because the “dollars” themselves-burned- (ten) would not provide heat comparable to the heat derived from the coal or the oil those ten “dollars” can be exchanged for. Therefore if we are going to have to go *two stages removed* from reality to use a common medium of exchange such as the “dollar” which is imaginary (a number recorded in a book has no ability for satisfying human desires until it is exchanged for something tangible), why not use something that is real in itself and has the ability to satisfy human desires directly.

know the human satisfaction derived from burning a ton of coal for heat, we can compare that to the human satisfaction derived from eating thirty loaves of bread. That would be one worth comparison. If bread happened to be the common medium of exchange then we would have a second comparison of worth—*its exchange value* in terms of all other commodities.

Where “dollars” are used there is only one value that can be compared, its’ exchanged value or parity in relation to all other commodities, and *that* is dependent, at all times, on the legal tender law enforcement.

Where any form of wealth is used there are always two values that can be compared, its’ exchange value or parity in relation to all other commodities, which requires no legal tender law or enforcement, because of the second comparison value: the fact that the wealth form itself, be it bread, oil or coal has a *real value* in that it can be used or consumed directly to provide human satisfaction.

Bread may go stale, coal and oil are bulky and messy to store and so the wealth forms of precious metals which are always able to satisfy the almost universal desire to possess them, have always been the naturally chosen mediums of exchange in free markets. This is the fundamental truth that explains how the “dollar” which is pure imagination today, came to be accepted as a medium of exchange in the beginning. “It” was declared to be legal tender and given a parity to the precious metals by man’s law.

If we abandon this folly now and adopt a realistic commodity as a common medium of exchange, and only refer to it directly by weight and fineness (no unit name) it can *never* change and we will have the stability in our economy that will guarantee a *free* market and *free* enterprise.

Chapter LIX

INFLATION

The public today considers inflation to be “rising prices” and lets it go at that, which obscurs the expropriation of wealth that is continually taking place, and the public themselves are helping to perpetuate. Unless the knowledge of what inflation is and how it is produced is understood the public will never realize that the cure must start with them. It is extremely frustrating to reduce a theory to fact, by deductive reasoning, and in so doing discover an obstacle: that the power to correct an injustice rests with the people, gaining less from facets of the *injustice* than they are losing by it, and are unable to perceive the wisdom of doing away with the injustice.

Inflation is a non-entity, it is “money” and “money” cannot be seen or touched, it is imagination supported in the U.S. by paper and metal tokens called “dollars.” “Dollars” are not composed of matter, they are numbers written in a book and represented by minute bits of wealth as tokens. The commercial bankers creating “dollars” are in fact extending their legal credit. They have the benefit of the law which makes their created credit legal tender in the U.S. Money, credit, seigniorage and inflation are all words describing the imaginary debts listed on the books of banks and locked within the recorded numbers represented by the token coinage. Monetary authorities and commercial banks create “dollars”, out of thin air, and lend them to the public as the borrowers. The public as borrowers accept it and promise to pay it back, plus interest, as a debt. However, since the commercial bankers create the “dollars” at no cost to themselves the debt naturally has to be considered imaginary.

> “By making loans commercial banks increase their liabilities (demand deposits) and assets (loans), and in a sense “create” money. . . .
> Page 3 Fed’ reserve bank review August 1972

> “. . . . in the practical workings of the banking system the bulk of deposits originates

in the granting of loans . . . , and his ability to make loans and investments arises largely from the receipt of his depositors' money."

Page 24 'Fed' reserve system—Board of Governors

"As we realize that banks create their own deposit debts. ... we begin to see why these institutions are often referred to as "monetizers of debt" . . . ."

Page 58 The Economics of Money and Banking—Lester V. Chandler

To accept "dollars" created by a commercial banker, out of thin air, and pledge wealth to get "them" anyone would have to *believe* a debt existed; yet the "dollars" are unredeemable (the bankers will not give anything to redeem them) and not 'claim checks' in any sense (their tokens are not bearer certificates for any commodity).

The commercial bankers make an incredible profit out of this since they have absolutely no cost; everything is paid for with the "dollars" they create and lend out at interest. They have the benefit of the interest on the "money" they create without having to labor or perform any service to acquire; it is simply their legal prerogative to create "dollars", granted by the U.S. congress, through the U.S. monetary authority (the federal reserve system) they have a legal monopoly to "make money."

"The bank hath benefit of interest on all moneys which it creates out of nothing." William Patterson, Int. Banker 1694 (Tragedy & Hope)

"Those who create and issue money and credit direct the policies of government and hold in the hollow of their hands the destiny of the people."

Rt. Hon. Reginald McKenna former president of Midland Bank of England—Ex secretary of the Exchequer 1920

Inflation (money) is imaginary demand when used in exchanges of goods and services. Because it is imagination being used as a medium of exchange, it cannot be measured except by relation to its consequences. Inflation is an imaginary entity used to perpetrate mass expropriation of wealth from the public to the monetary authorities and commercial banks, directly manipulating the government of the people.

Inflation cannot be detected in its initial stages by the uninformed, it is hidden from the public by the very fact that they do not know it is imaginary and they do not know, that they do not know. The natural laws of our universe are inviolable; even though the people cannot see or witness the actual first act of inflating, natural law takes over to force the consequences upon us. As each ''dollar" represented by token or check enters the economy it exchanges for the production it expropriates and remains to accumulate as the production is used or consumed. Eventually the accumulation results in higher bids for goods and we have the 'falling dollar parity' we call 'rising prices' or "inflation."

In a free market with a pure barter system 100% of all the production, of all the producers, would be the maximum that could be offered in exchange. Where producers are exchanging each other's production; at any point in time some commodities might still be 'on hand' with their respective producers as inventory, unexchanged, simply because the exchanges of production (wealth) for wealth, *adjusts the production rates* of the various commodities to compensate for the *forces,* on the *parities of the commodities*, of time, location and circumstance. The supply of any commodity in relation to the supply of any other commodity is directly proportional to the return on labor for providing that commodity. Man is continually looking over the shoulder of his fellow man and when he thinks there is more profit in another line of endeavor he may switch. Man seeks to satisfy his desires with the least amount of effort. Because a *Free Market adjusts itself* as to what will be produced by the freely competitive parities that develop out of exchanges, some of the commodities in relation to many other commodities. The mutually acceptable exchange rate of any commodity to any other commodity is the parity "price," (the value of any material thing expressed in terms of any other material thing).

The need, of course, is for some common commodity that is safe against the rigors of time and corrosion to be accepted as a medium of exchange, so that all commodities could be related to this "one" to facilitate the computation of "parity price" of any commodity to any other commodity, at any time by their respective relationships to this one common standard. It matters not what this one commodity is. It matters only, that it is a commodity, a substance, something that can be measured as to volume, density, weight, etc.

Paper may be used as a medium of exchange only if it is a bearer certificate stating the quantity and fineness of the commodity it represents, and who is committed to its delivery.

If anything but a commodity or a direct claim on a commodity is used as a medium of exchange, it is inflation and causes an inflationary effect on the economy, *changing* the actual parity price agreed upon to effect the exchange.

When wealth is exchanged for wealth, the exchange is of *mutual benefit.* If the exchange were exactly equal, it would not have materialized. Only when the parties to an exchange are both convinced they are to receive more than they surrender are they freely willing to make the exchange. An exchange should be *final when* the wealth exchanges hands. Anything that may occur to the wealth exchanged once it has been accepted by its new owner should be the responsibility of the new owner. Most honorable exchanges are completed with a handshake. Only when fraud is involved is there any occasion for recourse on the other party to an exchange.

When an exchange is made that involves anything that is not wealth itself or a direct claim on wealth, fraud is involved, and though it is hidden and unrecognized, it is embezzlement and cheats the receiver out of part of his due payment.

When wealth itself or a direct claim on a set quantity of commodity is received, the commodity already *exists.* When "money" or any paper token that is not a direct claim on 'existing' wealth is received, then that token is an imagined claim on wealth to be produced sometime in the future.

It is extremely important that this point be fully understood. When a paper token received is a claim on the production of some producer in the future, the token is a *promise* of payment; it is not the *payment itself.* The significant thing to consider is the 'time delay' involved. At the time of receipt the paper token may have been "dollars", and because the stated parity of one dollar equals 0.0286 ounce of gold .999 fine, the goods exchanged for "dollars" were really exchanged in the belief that the dollars were in fact the equivalent of the gold they represented, and that eventually they could be exchanged for something equal to that given up, or at least something whose parity to gold would be the same as that originally surrendered to get the "dollars." The "dollars" received were related to gold, and *through* that relationship to all other commodities. The gold in this case is the common commodity, but "dollars" being unredeemable, any *representation of gold* is by government edict only and has to be imagined.

"Dollars" are inflation, and as such their parity relationship to gold is not through redeemability by the monetary authorities but only through exchangeability by the public and so is continually in a state of change because of their accumulation—(falling dollar parity). Therefore, by the time the "dollars" are used to complete the transaction that was in progress when they were received, the parity between the gold they "actually" represent, by exchangeability, and the commodity you wish to receive in exchange for them will have changed—(the "dollar's" parity will have fallen and you cannot get as much for them). Farmers who take their crop to market at one time and receive "money" in exchange and must make it cover their expenses throughout a long period until the next crop, are particularly hard hit by the inflationary effect during the time interval.

power, as time passes, in addition to the expropriation of wealth that takes place when the imaginary demand units (“dollars”) enter the economy.

‘Credit’ may never have been fully understood by many of the millions who have helped to perpetuate it through the centuries. It is not for any mortal to say the extension of credit to one person from another is good or bad, but it is important that we understand its unintentional effect on others. It appears at first that the creation of an L O. U. by one individual as a record of debt to another for freely loaned wealth is not the business of anyone else. It appears that it is a purely personal arrangement mutually agreed upon between parties, and as such has no effect on other people. Deeper study, however, reveals that an I. O. U. or promise of any kind—used in exchange for—or to represent—wealth is inflation, and can cause the inflationary effect.

The relatively stable commodity parities are the true measure of a balanced economy. Wealth is physically produced goods having use value and exchangeability. Services performed are generally traded for wealth at mutually agreed upon exchange rates. Services paid for with wealth are valid components of “supply” after performance. Any I. O. U. ever created denotes “performance promised”—its only excuse for existance is the fact the transaction’s completion is deferred. The service to be performed or the wealth to be delivered is to be some time in the future. An I. O. U. promising wealth for services received is not any different than an I. O. U. promising services for wealth received. In both cases an I. O. U. is imaginary demand (just as though it were “dollars”) that causes the inflationary effect, (falling dollar parity) that could not happen otherwise. The “dollar’s” parity is determined by competitive bidding during exchanges and any exchanges involving imaginary demand that lowers the “dollar’s” parity, *lowers it for everyone.* It is understood that one instance of credit extension between two parties would not lower the “dollar’s” parity noticeably for all. However, it must be acknowledged that the effect of a general practice of credit purchasing will have a highly inflationary effect (hyper falling dollar parity) or the so called ‘runaway rising “price” level’.

It seems only reasonable and fair that if a skilled worker is sick and unable to perform, a druggist may extend him credit for medicine. It seems only reasonable that the worker sign the bill for the drugs and promise to pay when he is again able to work. If the bill is held by the druggist until it is paid there is no inflationary effect but if the bill is in any way *negotiable* (as an I. O. U.) then it must be seen now that it does put a burden on the others participating in the economy. Before the advent of the present fiat money system, people had savings of wealth that could tide them over a short illness. Resorting to credit was not always as “necessary” as it seems to be today. Negotiable credit is inflation—inflation eats up savings—and lack of savings causes reliance on credit. Negotiable credit once established as a way of life perpetuates itself and always ends in the destruction of the economy. A nonnegotiable I. O. U. issued by a skilled worker is non-inflationary and not immoral or illegal. A negotiable I. O. U. created by a skilled worker is inflationary even if marked redeemable in his goods and/or his services to be delivered.

An I. O. U. created and issued by a commercial banker as a claim on the goods or services of the *HOLDER* is both inflation and *thievery.*

‘Time’ is the deciding factor in the determination of inflation. Any instrument conveying the right of property in the market place represents property either produced or to be produced. A negotiable instrument representing goods or services to be produced is an imaginary demand medium. A negotiable instrument representing goods already produced, and held on deposit, expressly for its redemption is a noninflationary “bearer certificate.” A balanced economy demands that in any transaction comparable, mutually acceptable “supply” (wealth) be exchanged. If one side of an exchange is represented by a promissary note it holds that supply (real demand) on one side was traded for imaginary demand only, on the other side, and supply will be forthcoming, other side and but for considerations of possible counterfeiting the exchange is non- inflationary. Except for counterfeiting considerations the use of bearer certificates as mediums of exchange in the market place would be entirely noninflationary. In the absence of central banking any counterfeiting would be disclosed by Gresham’s law. Giving up wealth and receiving a bearer certificate on wealth already in existence is not inflationary.

People with surpluses of wealth may deposit that wealth in banks for the purpose of earning rent. Banks might borrow it long from its depositors to lend it short to the borrowers, and charge rent for its use. Banks may lend its depositors’ wealth, on proper wealth-pledge collateral, and share the rent with its depositors. To accept a modest rent for such use of one’s wealth is not immoral or illegal. Rent is a mutually agreed upon, economic good, reflecting true use value in a free market. Using one’s wealth to allow others to go into business or to expand their operation is an economic good. Using created “credit” causes eventual economic collapse! Credit is only created when supply (wealth) is relinquished in return for an I. O. U. Sound banking can be conducted only where credit is not created. Only by strictly maintaining “borrowing long” to “lend short” (sound banking principles), coupled with only wealth and bearer certificates as mediums of exchange can our economy remain relatively stable forever.

Understanding why there is a difference between lending one’s wealth on an unbacked note, or on a pledge of wealth, already created is extremely important. It is easy to see why a note is inflationary since it is a promise only, and does not represent an already produced economic good. It may be more difficult to understand the pledge of wealth collateral as being a potential “supply” item. “Supply” accurately defined would have to read: all material things produced by human exertion, having exchange value (wealth). Wealth being: all material things produced by human exertion, having exchange value (supply). Wealth used as a medium of exchange is at all times also supply, a gold coin standing ready at any time to cap a tooth or be turned into jewelry. Services (human exertion not engaged in producing a product) are only exchangeable for wealth after performance—before performance services have only potential value. Pledged wealth then is unconsumed “goods” already produced and owned, and although not the most convenient “form” of medium of exchange, nevertheless stands ready to serve as supply. Pledged wealth can be accepted as being *reserve supply* with potential as a medium of exchange. A house as collateral for a loan of wealth and listed on mortgage papers is reserve supply (reserve potential real demand). An automobile as collateral for a loan, the title pledged, is supply reserved. An automobile pledged as collateral for the very wealth it took to purchase it, is still valid. The bank depositor’s wealth borrowed and used to purchase a car makes the loan noninflationary if it is a secured loan with the car as chattel. Both sides of the transaction are covered by supply (wealth—real demand) items; the depositor’s wealth on one side, and the car on the other.

The validity to consider all things produced, and not yet consumed, as potential supply is very evident during periods of deflation brought on by the inflation. During the periods of deflationary depression, unemployment is high, incomes are low and people will offer all types of belongings in the market place for exchange, just to get enough medium of exchange to exchange for food. The “dollar” (credit) volume reduced causes lower “dollar” amounts bid per unit of supply thereby raising the “dollar” parity. The absolute proof of the law of competitive bidding is evident as the supply of people’s belongings as consumer s goods, as yet unconsumed, enters the market from privately held sources to bid competitively with the surplus supply inventory brought on by less purchases due to unemployment, and tips the scales in favor of higher “dollar” parity we call lower “prices.” It is the combination of the lowering of the quantity of “money”—”credit”—(imaginary demand) against the increase of supply (real demand) that so readily proves the natural law so invincible. “Credit”—”money “ creation alone is ‘inflation’ and is therefore the cause of the in-means, cash and carry, will not raise the standard of living as rapidly as creating credit can appear to. This is the accepted belief, although the premise is false! Being able to create purchasing power out of thin air which is what credit buying is, is a get-rich-quick scheme for the money creators, and an economic "death trap" for all othes. Those who extend the negotiable credit commercially reap great immediate profits in interest and charges, but will have to suffer the deflation eventually. Great businesses collapse, and most times the government that permitted it all, collapses also. The people end up with great quantities of worthless paper. The monetary authority and the commercial bank members which created the negotiable credit mediums of exchange ("dollars") ends up with the wealth of the nation.

Chapter LX

WHERE DID IT ORIGINATE? WHO HAD IT FIRST? "INTEREST EARNED"

Our currency today is FIAT money—Webster: U.S. paper currency of government issue which is made legal tender by fiat or law, does not represent, or is not based upon; specie, and contains no promise of redemption.

Our former currency was based upon specie—Webster: coin, usually of gold or silver, and did contain a promise of redemption and were redeemable in the gold and silver coin.

What is the difference between the two entirely different currencies? Why does a nation using wealth redeemable currency flourish and prosper, while a nation using fiat currency flounders and fails? Why is it so difficult to see that it is the fiat currency that is at fault—not who issues the fiat—but the presence of the fiat itself. What is the nature of the fiat currency that makes it BAD—but ever so difficult to discover it inherent fault? It is the fiat currency that is wrong and the following disclosure will prove it.

Our currency today—both coin and bills are fiat money—the Monetary Authority admits it and they are secure in their belief that the public will never discover how that fiat money embezzels their wealth from them. It can only be exposed by investigating 'where it originated' and 'who had it first'.

Our currency (fiat money) today is called "dollars" just as our gold and silver coins and certificates were in the past. In former writings on this subject we covered the technical and specific nature of the "dollar"—but—for this exercise we will omit 'reality' and use the terms as understood by the public at large and endeavor to expose the fiat money for what it is: "a great expropriator of the public's wealth."

As of today—when any member of the working public earns a dollar it is done by expending energy—his or hers. It takes labor to get dollars, even speculators put in hours of laboring to plan their speculations. Anyone who receives a dollar has to work to get it, sell something they have to get it or pledge something they have to borrow a dollar. No matter how a member of the public gets a dollar it *costs* them something to get it. It is perfectly natural for anyone who obtained a dollar, by sacrificing something to get it, to feel that it is *worth* what they gave up to get it! Perfectly natural for them to expect *anyone else* to look upon the dollar as being *worth* exchanging for something they have and so dollars are used as mediums of exchange and no one can see *anything wrong* in that! The common phrase is: "the dollar is only a medium of exchange." The belief is that the dollar need not be of any "intrinsic value" to function as a medium of exchange—it does just fine and everyone is happy—except me!

I ask myself what does *having* a dollar really mean? It means I gave up something in exchange for it or I worked for it, or I borrowed it. Then I realize 'that' is true no matter *what member of* the commercial banks. They are created by writing numbers on books of account and are *borrowed* by the *public* to use as mediums of exchange. We used to get dollars by sending gold dust and silver bullion to a “free coinage mint” where it was fashioned into coins (according to the constitution) and then by depositing coins in the the bank we .received certificates of deposit which allowed us to reclaim on demand our gold and silver coin by surrendering the certificate. The certificate bore the legend: “payable to the bearer on demand.” We used the ‘claim checks’ for our coins (certificates) as mediums of exchange and they were acting by proxy for wealth. They did not have “intrinsic worth” but they were claims on wealth (our gold and silver coins).

Now we borrow dollars from the commercial banker which he creates by writing numbers on the books of account with ink. Dollars are paper and ink records of numbers we agree to borrow and place a *$* (dollar sign) alongside. If we deposit our check (paper and ink numbers with the $ alongside) they will issue us “Federal Reserve Notes” which are pieces of paper which imitate to a degree the old certificates we used to have and we use them as mediums of exchange. These pieces of paper are not claim checks on gold or silver coins and there are no gold or silver coins on deposit ‘payable to the bearer on demand’! These pieces of paper are fabricated at the bureau of printing and engraving on orders of the treasury and given to the Monetary Authority for distribution upon deposit of the paper and ink numbers created by the Monetary Authority and the commercial banks.

By means of the *INTEREST EARNED* on these numbers loaned—the commercial banker ‘buys up’ the nation on the open market. Here is how it works today.

A man in business uses title to his business as collateral to borrow dollars from the commercial bank. The bank holds title to the business for the numbers he lends. An individual borrowing dollars from the commercial bank must pledge wealth also to obtain the borrowed numbers. If a given community is worth 150 million dollars and the outstanding loans of that community’s bank is at 100 million dollars then the commercial banker holds title to 66 percent of the community’s total worth and he got it for *nothing.* Repeat *for nothing,* because even the paper and ink he used was paid for with *interest earned* on the numbers loaned. The commercial banker only *spends* the *interest earned* on the numbers created out of *nothing.*

‘The interest earned’ is a very important phrase to understand—what does it amount to? It amounts to a fantastic and unbelievable truth that cannot be denied or defended. The *reserve requirement* on certificates of deposit (CD’s) is variable and ranges mostly between 3% and 5%. A 20,000 dollar CD deposit at 5% reserve requirement allows the commercial bank to lend 400,000 dollars at say 8% interest. The interest earned would be 32,000 dollars annually *not counting* compounding. A 20,000 dollar CD deposit at 3% reserve requirement allows the commercial banker to lend 660,000 dollars worth of numbers at 8% interest. The interest earned would be 52,800 dollars annually. Of course we have to deduct the interest earned by the depositor which is the amount he gets for “buying” the ‘CD’—lets see 20,000 dollars at 8% = 1,600 dollars as the depositor’s share allowing the bank to net 51,200 dollars or 32 times what the depositor of the numbers gets. Perhaps that is fair since the commercial banker created and loaned all the numbers in the first place.

You cannot figure that the commercial banker only makes 3,200% profit because even the part of the interest earned that the depositor receives was not paid by the banker—he gets all the numbers he creates *free.* All interest earned is *pure* profit on an “investment” of *nothing* and the percentage of profit is infinite.

On checking and savings accounts the reserve requirement is much higher but the infinite percentage of profit remains the same—it cannot be calculated.

The people who own and control the Monetary Authority and the commercial banks create and expenses of their 'operation' is paid for out of the interest earned on dollars created out of nothing.

THIS IS NOT A SITUATION TO BE LAUGHED AT— IT IS A TRAGEDY!

We must return, by whatever practical means, and as soon as is practical to a system minus any form of *created* dollars (numbers alongside a *$* sign) as an accepted medium of exchange. There must be no tokens allowed that are not 100% redeemable in wealth already produced and set aside for the redemption of the paper or metal token used to represent that wealth during transactions.

Chapter LXI

'LEGAL' TENDER = "MONEY" CAUSES SLAVERY

"Those who create and issue money and credit direct the policies of government and hold in the hollow of their hands the destiny of the people."

Rt. Hon. Reginald McKenna former pres, of Midland Bank of England—Ex Secretary of the British Exchequer 1920

Slavery was outlawed in the United States some years back. The idea that one individual could purchase another and forever hold title to the production of the 'slave' was disagreeable. We as a people believe that all humans should be free to exercise the God-given right to pursue happiness in anyway they choose; as long as, it does not infringe upon the rights of others.

Prior to 1933 all U.S. citizens could, through personal effort, or investment acquire wealth in any form, including the form generally accepted as mediums of exchange, gold- and silver coin.

The public owned the United States and its wealth; it belonged to them. The public carried the nation's purchasing media around, on their persons, with which to conduct daily transactions in the nation's economy. That which was not carried about was stored in reserve to honor the paper claims and pass books they did possess, that proved their ownership of the wealth stored in banks and the official treasury. Today the actual gold and silver specie redemption has been taken from us by executive orders and the public no longer has the right to demand specie redemption. The public's constitution recognized and guaranteed the right of private property ownership; it has since been removed by executive orders of elected officials, in violation of their sworn oaths to support and defend the people's constitution. What seems so impossible to believe is that the public traded one kind of *limited* slavery for *total public* slavery.

With the creation of a monetary authority by the congress of the U.S. came the removal of the right to make contracts payable in specie; the public *must* use legal tender; only monetary authorities may settle debts with gold. When the public controlled and owned the wealth of the nation, the nation belonged to the public. The public hired, by election people to occupy offices in government, which "guaranteed" that the laws set forth in the constitution and the bill of rights would be carried out. By an act of congress a monetary authority was created and now the wealth of the nation is *owned* by the monetary authority which simply created the *legal tender* and through the use of the legal tender *purchased* the *country from the public* on the *open market.*

It is the great mass of the public that does not realize yet that they have been completely robbed of *their* nation. The public does not realize that the "dollars" already created and listed on the books of banks as belonging to the holders of pass books and check books are *recycled imaginary debt.* Every "dollar" created, whether represented by physical token (metal or paper) in the hands of the public, or not, is still a "dollar" created by and loaned by the monetary authority (the federal "dollars" ever created were created by the monetary authority or the commercial banks members and as such were *loaned* into the public sector. Therefore, all "dollars" are *owed* back to the monetary authority commercial bank member' from which it came originally, by someone who borrowed it. There are no *freely held* "dollars" anywhere in the world.

If an individual holds a 'dollar bill token' it *may* or *may not* be evidence of that individual's obligation to return it to the bank. If the holder was the borrower, then it is evidence of the holder's obligation to return it to the bank from which it was borrowed. If however, the holder is *not* the borrower then it is simply a token representing the fact that *somewhere* there is *someone* that is *obligated* to return a "dollar" to a bank. The holder may have obtained it from the original borrower by giving up wealth, or he may be the sixth, tenth, or the millionth 'trader' removed from the borrower; but no matter how many 'holders' removed from the original borrower it (the 'dollar bill token') is evidence, representing the fact that somewhere, 'back there', no matter how many transactions removed is a borrower with an obligation to return one "dollar" to a federal reserve member commercial bank.

No matter how many of the individuals that make up the public, hold claims on "dollars" and no matter in what form the claim exists: Bonds, Stocks, Bank Pass Books, Certificates or Checking Account Receipts, it does not matter which, they are still not claims on wealth promised for their redemption. The "dollars" are records of imaginary debt owed to the monetary authority commercial bank member which created the fantasy "dollar" by writing a number in a book. No matter how long the individuals that make up the public uses "them" as mediums of exchange to facilitate the exchange of production, they are *subject to recall* by the lending institution that loaned them—and then subject to recall *from,* the lending institution that *loaned* them, *to* the lending institution that *created* them (the monetary authority commercial bank member), unless, of course, in some cases the lending institution that *loaned* them may also be, the institution that *created* the "dollars" originally.

The volume of "dollars" created to date is in excess of five trillion five hundred fifty billion estimated; there is no way to know exactly. The federal government is presently going into debt at the rate of two million "dollars" an hour and the public at the rate of one million "dollars" every hour. But, the volume already there is almost twice the total worth, in "dollars," of the entire United States and all its possessions and resources known to exist at this time.

Every single "dollar" ever created on the books was created as an imaginary debt owed by the borrower to the issuer of the "dollar" and is subject to recall PLUS INTEREST. There is no way on earth that this "debt" can be settled should the monetary authorities through their commercial bank members decide to *FORECLOSE!*

Try to comprehend what you have just read, read it over one hundred times if necessary until you understand the truth or can deny the statements (if you can argue against the above to your own satisfaction then please contact and subject yourself to debate with me—M.M.E.J.)

There are, of course, a few million U.S. Notes that are among the tokens in the hands of the public, that are not interest bearing. All the borrowers could not pay back all the "dollars" borrowed, plus all the interest due and the only individuals of the public sector that could possibly remain solvent following such a foreclosure would be those that had exchanged their "dollars" for wealth and could "buy" themselves free of "dollar" indebtedness. All those who could not get, or did not have the "dollars" of principal and interest to repay would suffer the foreclosure of the wealth they pledged to obtain the "dollars" borrowed and would be completely upon the mercy of the monetary authority commercial bank members. The only individuals left with any degree of freedom at all would be those who had shed their "dollars" and resorted to wealth *early* enough.

Although it is hard to believe, and denied by most, when mentioned, *if* some group of economic means, they could not have designed a better *scheme* than our own federal reserve system, and the international monetary fund.

The United States public individuals are indeed slaves to the “almighty dollar”, whether they are bought in the body as the slaves in past history, and all production becomes the property of the purchaser of the ‘body’; or whether they THINK THEY ARE FREE but all their production is purchased with imaginary “dollars”, the sole right of the monetary authorities commercial bank members to create; it doesn’t seem to make much difference to me.

The creators of the “dollars” were able to devour up the wealth of the world’s public so successfully (from the viewpoint of the creators) that the rest of the world’s central banks are toying with the idea of trying it on the grand scale by replacing the “dollar” with the S.D.R. and making the public individuals of the world all slaves. Since the private ownership of wealth is the only defense against being committed to this form of slavery, every effort will be made to retain the legal tender provisions of the law that prohibits the use of wealth as a medium of exchange. Great effort will be made to destroy private means of earning a living. Business will be saddled with law after law, restriction after restriction, until all ambitious people capitulate.

When the monetary authority which regulates the member commercial banks finally have the entire world’s public using their imaginary medium of exchange, they will indeed have reduced all of the public to being their slaves.

GOVERNMENT CONTROLS ON THE USE OF WEALTH INHIBIT FREE ENTERPRISE AND CAUSE ECONOMIC DECLINE!

CONSPIRACY TO EXPROPRIATE WEALTH WITH “MONEY” ASSURES THE EVENTUAL DESTRUCTION OF THE CONSPIRACY!

THE MAIN ECONOMIC FUNCTION OF “MONEY” IS THE EXPROPRIATION OF WEALTH!

TAKE AWAY ALL THAT A HUMAN EARNS AND HE STOPS WORKING!

A FRACTIONAL RESERVE MONETARY SYSTEM EMBEZZLES PRODUCTION WITHIN ITS SPHERE OF INFLUENCE.

> “Those who create and issue money and credit direct the policies of government and hold in the hollow of their hands the destiny of the people.”
>
> Rt. Hon. Reginald McKenna former pres, of Midland Bank of England—Ex Secretary of the British Exchequer 1920.

Chapter LXII

COMPULSORY SAVINGS?

The United States dollar is no longer redeemable. It has not been redeemable in gold since 1933- It has not been redeemable in silver since 1969, by the coinage act of 1965, which gave the secretary of the treasury the right to take 97% seigniorage. Without the discipline that is the natural result of redeemability the dollar volume increases beyond reason. Once a nation embarks on a flat currency system it has accepted use of ‘imagination’ as legal tender (see previous chapters) and the volumes created cannot be controlled.

Great volumes of dollars are created, just by writing numbers on the ledgers of the banking system.

volume accumulates at an accellerating rate. With this ever expanding acculumulation it becomes necessary for the excess dollars created, over the goods created and consumed, to be fundered in some way.

When dollars were redeemable and a bank created too many, the excess would occasionally be found out and the bank would ‘fail’. It was a simple thing really. It seems that most people are satisfied to exchange the numbers created by banks called dollars, by writing numbers themselves on pieces of paper transferring records of debts from account to account by these written ‘instructions’ called ‘checks’. Only approximately ten percent of the dollars created were ever needed as coinage with which to redeem bearer certificates’ and checks presented at the banks for ‘hard’ cash. The ‘hard’ cash was the controlling device, as long as no more than ten times the amount of hard’ cash on hand, was ever created as dollars, to be ‘demand’ upon it, the banks would seldom get into trouble.

When we had individual banks issuing bank notes this was a problem for them. Whenever an individual bank created too many dollars and a demand for redemption oc- cured, for which they did not have enough coinage they would be ‘found out’, the bank would ‘fail’ and the banker would be severely punished. With the charter of the federal reserve system and its function as a central bank it was possible to greatly reduce this problem. With all banks connected, the difficulty any one bank might get into could be diminished by any number of the others coming to its aid with ‘federal’ money. The system as a whole though, was still governed’ by the dollar redemption for specie requirement and could not exceed the ‘ten times’ discipline or the whole system would fail.

It is the creation of dollars, that are in excess of the amount that can be redeemed with specie, that is ‘inflation’. Bearer certificates for which there is coinage (gold and silver usually) on hand to redeem, act by proxy in the market place for that coinage (wealth) and are not inflation. All excess dollars for which there is no wealth on deposit to redeem are *‘money’*. Inflation’ *is* ‘money’!

“Whatever during an exchange is accepted, in lieu of wealth, is imaginary demand,
money, inflation and credit.” Jenkins

The accumulation of dollars created from 1913 to 1933 was so great that the gold redemption was repudiated by executive order of President Roosevelt. By 1965 the dollar accumulation had increased to such an enormous amount the silver redemption was repudiated by the administration of President Johnson. The United States is now on total fiat; all dollars created are totally non-redeemable. Comparing the volume of dollars created in relation to the gold reported to be on hand, it would be found that ‘ten times’ had been exceeded and at present the U.S. Dollars created are in excess over 200 times. We are more than 20,000 percent inflated.

It can be understood how we arrived in this condition. Dollars are used as mediums of exchange and although *not redeemable* they are *exchangeable* for goods and so it was easy for the monetary authorities to say that the dollar is no longer backed by gold and silver; it is now backed by the gross national product (G.N.P.). This, of course, means that the concept that the production of the people is the *wealth to be purchased* with dollars and the *wealth that backs* those dollars at the same time, must be accepted. This is a mind twister and extremely difficult to perceive.

All dollars are exchangeable for production.
All production is exchangeable for dollars.
All dollars held are backed by the production sold;
All dollar holders sold the backing for the dollars they hold.

Then:

A farmer sells a watermelon for a dollar;
The farmer holds the dollar backed by the watermelon he sold;

ratio of dollars to production increases. As the volume of dollars exceeds the accumulated production of goods, more dollars are bid, per unit of production, in exchanges. The parity of commodities in terms of dollars increases and, since this is commonly called “prices” we say ‘prices are rising’.

The federal reserve act was passed with the justification that the federal reserve system would create and destroy dollars to maintain the volume of dollars in balance with the volume of production available for purchase. The Fed had no intention of destroying dollars once they are created. Dollars are simply numbers written in books of account, they have no substance. As numbers created, they are loaned to individual members of the public and are used by the borrowers as mediums of exchange in the marketplace. All dollars remain on the books ‘earning’ “interest” and when repaid by one borrower are promptly reloaned to another. Wealth pledged to the bank, when making a loan, does not in any way become backing for the dollars borrowed, because the dollars borrowed are not redeemable at the banks. It is ridiculous to pledge wealth to a bank for a loan from a bank—they did not give up anything to get the dollars. If as most of the public believes, dollars are only mediums of exchange, why can’t we just tote a bucket to the bank and say, fill it up please, I ran out!

With the dollar as marks in a book and as purchasing power in the marketplace, only those that are bid for exchange, will actually effect the commodity vs dollar parity we call “price”. The more dollars bid per unit of commodity the lower the ‘dollar parity’ and the higher the “price.”

The less dollars people have to exchange (spend) the less they will bid per unit of commodity. The more dollars people have to exchange the more they will bid per unit of commodity. The volume of dollars in the hands of the public reflects the amount of effort it took to retain that volume with respect to taxes etc. It is the amount of effort each individual expended in obtaining the dollars that influences the amount that will be bid; but since volume and effort are to some degree proportional it appears to the public that only volume has the influence on “prices”, hence the “law of supply and demand.”

The volume of dollars vs the volume of units of production influences the general level of the commodity parities, in terms of dollars. The ‘volume’ of dollars actively engaged as imaginary demand’ (money) in the market place bidding for exchange (willing to be spent) for goods can be increased far more easily, than can the volume of goods. The public can sell their goods to get dollars to exchange and that would not effect the “balance.” But a sudden withdrawal of “saved” dollars brought into the market will upset the balance *unless* it is offset by a like amount removed at the same time. This *is* the means employed by the federal reserve system.

With the bank’s creation and distribution of newly created dollars, to borrowers, being the greatest contribution to the overall dollar volume, this is the area of the greatest activity of the fed in its attempt to ‘control’ the ‘money volume’. The federal open market committee (F.O.M.C.) is the agency of the fed that is the one with this responsibility. The F.O.M.C. *sells* U.S. treasury securities into the banking system to *soak up* purchasing power at the *source* before the public can borrow it; and *buys* them back when the fed desires to put back the purchasing power. IN this way they attempt to control the money volume and keep the purchasing power in balance with the goods available to be purchased. There are other devices also: reserve requirements, interest rates, discount rates etc., but the main idea is to “control” the amount of dollars in relationship with the amount of goods so as not to upset the “price level,” (let the falling dollar parity become too noticeable).

> “. . . . targets for the accounts investment operations are set by the federal open market committee in Washington, but it is up to Mr. Holmes and his staff here at the New York

> exactly how much a given amount of new reserves will increase the money supply or just how long it will take for the increase to occur . . . . “I wish we knew more about the reasons for the substantial month-to-month deviations,” Mr. Holmes says . . . .   the fed tries to keep its portfolio as balanced as possible,, so that it won’t dominate any particular issue. That’s no easy trick, in view of the fact that the system owns more than a quarter of all marketable treasury securities. “There’s a lot of body english,” one official says. Not surprisingly, the trading is highly profitable; the fed can pay for its purchases merely by crediting a bank’s reserve account, . . .”
>
> Lindley H. Clark Jr. W.S.J. Wed. June 13, 1973

The total transactions of the F.O.M.C. for the year 1970 was $738 billion (more than three times the total transactions of the New York stock exchange for the same period) and fifty percent was handled by computer. In 1971 the volume mushroomed to $1.1 trillion and nearly sixty percent was handled by computers. At mid year 1972 the total stood at $968 billion with seventy six percent through the computer.

These sums are too vast to really comprehend, don’t try! It is enough to realize the vastness of the volume of dollars created that it requires that much effort at control. In fact it cannot be controlled, it is actually out of control, which brings us to the subject of this chapter. The regulatory facilities of the fed; income tax, social security, reserve requirements on banks, interest rates, and discount rate regulation, prime rates, etc. are no longer adequate and it is now necessary to have a direct regulation on how much the individual member of the public can spend out of what is earned. Before it was enough to regulate the immediate sources of the created dollars and as long as enough were being ‘saved’ (funded ie not being used to bid in exchange for goods) the regulatory facilities were holding, to a degree, but now there are such vast sums under the control of the public that *it* also must be regulated. That is the reason for ‘now banking’ N.O.W. (negotiated order of withdrawal), also public law 91-151 (the credity control act) and the new scheme of compulsory savings.

The hardest part of writing these chapters on “money” is the waiting for the supporting testimony to be published by the media. It was several years ago when I first predicted compulsory savings in the U.S. then last year on December 1st 1972 in the “trends” publication of the first national bank of St. Louis:

> “. . . . now is the time to curb spending because further stimulation is not needed and “the person who earns the money has also earned the right to spend a reasonable portion of it in his or her own way.”
>
> George P. Shultz

There must be some mighty powerful catastrophic force hanging over us, for them to attempt this and the following may explain it.

The gross national product is reported to be $1 trillion and the amount of dollar accumulation to date is around $5 trillion 550 billion. The public has $55 billion in U.S. bonds and $450 billion in demand deposits etc. If the public was to cash 5% of its U.S. bond holdings and add it to their normal daily purchasing power, it could double “prices” in one day. Just 6/ lOths of 1% of the public’s demand deposits could do the same. This is the terror striking at the hearts of the “money” mismanagers. Once the panic of trying to get something tangible for the intangible, incorporeal, non-material dollar begins nothing human will be able to stop it and chaos would be the result. The fed must find ways to prevent the public from spending at will more than the fed GUESSES the

> "I have no fixed views with respect to increased withholding for compulsory savings, although I imagine most taxpayers would view it as an increased tax."
>
> Wilbur Mills D.Ark W.S.J. Sept. 14, 1973

> "A ways and means committee source said the prevailing mood within the committee after the Laird announcement was "one of puzzlement" . . . . "Arthus Burns rekindled something that was dormant," commented one official. He said economic advisors presented . . . . a form of refundable tax . . . . during . . . .June and July, and Mr. Nixon rejected all options. At that time the administration thought that any tax
> change would be enacted too late to aid the inflation fight . . . . officials said
> there isn't any specific plan on paper for the refundable tax . . . . the theory would be
> to ... . soak up purchasing power asked when the "loan" would be repaid. . . .
> the official said the president would decide. . . . "
>
> W.S.J. Sept 14, 1973

The key words are *withholding* for *compulsory savings.* The fed needs a way to immediately deflate the purchasing power of the public, at any time, in any amount to attempt to avert catastrophy.

Tremendous dollar accumulation exists in the U.S. today far exceeding the productive capacity to absorb their imaginary "demand" within the time frame of an emergency.

Dollars are created, in the billions with the stroke of a pen, but it requires capital, labor, and time to produce goods.

If dollars were 100% redeemable in a commodity then dollars in or out of active exchanges could not in any way, of themselves, cause increased bidding, they would represent wealth and be real demand by proxy.

COMPULSORY SAVINGS LIKE INCOME TAX, VIOLATES THE BILL OF RIGHTS!

Chapter LXIII WHY "PRICE" CONTROLS DO NOT WORK

> "Now, here is what I will not do. I will not take this nation down the road of wage and price controls, however politically expedient that may seem. Controls and rationing may seem like an easy way out, but they are really an easy way in—to more trouble, to the explosion that follows when you try to clamp a lid on a rising head of steam without turning down the fire under the pot. Wage and price controls only postpone a day of reckoning. And in so doing, they rob every American of a very important part of his freedom."
>
> Richard M. Nixon, June 17, 1970

Everyone seems to agree that "price" controls do not work. A hunt to find a scientific answer in print as to 'why not', was unsuccessful. To find the answer it was necessary to investigate and discover the facts by logical deduction. Vague allusions to the shortages and "black markets" caused by "price controls," but never any scientific approach, whenever controls are mentioned anywhere. Always the same agreement, on the part of economists, that there isn't any science to economics, that there aren't any "real" laws of economics. It is the "real" that almost tells the story itself. It is because the mediums of exchange used in the world are not "real" anymore that make the exposure, of the real laws of economics, taboo.

It all has to do with whether or not currency, in use as a medium of exchange, is redeemable or nonredeemable. When a currency is one hundred percent redeemable controls are not to be found. When a currency is not redeemable it is inevitable that eventually, controls will be resorted to, but each and every time they fail, and no one wants to tell the victims why they do not work.

Wealth can only be created by the people from natural resources by their labor and when they exchange their production with each other they are free to decide *how much* of the *result* of their labor (wealth) they will exchange *for how much* of the other producer s labor *result* (wealth). Wealth is anything created with human exertion having exchange value. When wealth *form* obtained is the *form* desired by each party to an exchange they have bartered. When the wealth *accepted* by any party to an exchange is *not* in the form *desired* but can be exchanged later to obtain the wealth form *desired* then the wealth form accepted is a *medium* of exchange. Wealth accepted “in lieu of form desired” is a medium of exchange. When only wealth is used as mediums of exchange all exchanges are determined by competitive bidding between producers and the maximum wealth that can be exchanged is the *total* production existing unconsumed.

As the division of labor progresses, a common commodity becomes accepted as a most versatile medium of exchange, usually coins of precious metal with fixed weight and fineness. Without going into detail concerning the possibilities of counterfeiting and debasement, because it is not important to this explanation, we can progress more rapidly. Precious metal coins are the *most* common, as an example of a common commodity generally accepted as a medium of exchange. Private banking evolved from the business of storing the producer’s precious metal coin, wealth and providing bank notes as bearer certificates redeemable in the precious metal coins stored. The bearer certificates were used as the proxy “stand ins” for the precious metal coins they represented during the competitive bidding preceding an exchange agreement.

The precious metal coin was *owned* by the producer holding the certificate and he was bidding his “production” in the competition to decide on the terms of an exchange. The bidder was bidding his own production represented by a “warehouse certificate” that was a “claim check” for it. Turning over the certificate or claim check to anyone in an exchange was surrendering wealth by proxy. The use of redeemable certificates did not alter the basic concept of wealth exchanging for wealth, as long as all certificates were claim checks on wealth (precious metal coins) already produced and stored. The producers were exchanging their own produced wealth, they owned it and controlled by competitive bidding the distribution of that wealth. Controls by government attempting to set the volume of his certificates, a producer must bid, were not in existence nor would they have been tolerated by the owners of the wealth being exchanged. It was *their* wealth and they would decide *how much* they would exchange *for how much* of what they desired.

When government allowed the charter of a monetary authority (the Fed) the public was unaware of what it would cost them in loss of freedom and wealth. The notes issued by the Fed were honored for redemption—(in the beginning)—of the precious metal stored in the government warehouse or at the various banks. As long as the producers were still able to deposit precious metal coins at the bank and receive those uniform government printed- Fed-issued-notes, and as long as they were honored for redemption in specie by the banks, the public was not aware of the consequences that were to come.

First of all, before the Fed, when a producer deposited precious metal coin in a private bank and received *his* certificate, it *was his* certificate, it was *his* certificate and if he wished to destroy it, it was his prerogative to do so. A Fed note redeemable in precious metal was referred to by government as *its* obligation and the certificate was “owned” by them, and there were *penalties* for wilful mutilation or destruction of it.

Originally the amount of precious metal coins fabricated was determined by the amount of precious metal brought to the mint by the public to be made into coins. The producers for all practical purposes controlled the amount of coin minted and being used. The system was called “free coinage.” The system that followed gave the government the prerogative to determine how exchanges of goods and services and were redeemable in precious metal coin. Producers still thought they were exchanging "their production" (precious metal coin deposited) in whatever amounts they wished, to obtain, the wealth (production of others) they desired.

When the "precious metal backing" (redemption for specie) was removed from the Fed notes it meant that all the producer's precious metal, he had deposited, had been confiscated by the monetary authority. Confiscated without compensation. Confiscated in violation of the Bill of Rights of the Constitution of the United States on at least two vital counts: 1. That no private property shall be confiscated without due compensation. 2. No state . . . . shall make anything but gold and silver coin a tender in the payment of debt. The wealth of the nation that had been held by the producers and used by them as a medium of exchange, represented by bearer certificates as claim checks, was *gone.* The producer's wealth that had been deposited as savings and accumulated capital had been confiscated by the monetary authority.

The confiscation of the wealth left nonredeemable Fed notes in existence and circulation that were *not* bearer certificates or claim checks on anything held in reserve (stored) for their redemption. But habit is hard to break and since the precious metal coins were replaced with cupro-nickel tokenage, and since the Fed notes could be exchanged at the bank for these tokens, nothing seemed much different than before. The producers went right on bidding the nonredeemable Fed notes as if they were redeemable and did not take into account, or were completely unaware of the *imaginary* nature of the "claim checks" they were bidding. The Fed notes were *not* claims on any production, already produced and stored, but were being used to "be exchanged for" (purchase) the production of others.

> "Producers were unknowingly induced to accept the promise that their wealth is *both* the production to be purchased and the "backing" for the Fed notes at the *same time.* Whether in ignorance or with total awareness; this is the only conclusion that can be drawn since the Fed notes are still in use!"

The only value that could be associated with these Fed notes now was the amount of wealth they could be exchanged for, because there wasn't any wealth stored and obtainable by their surrender to the banks or the Treasury. Therefore a Fed note being bid now for the production of others was not acting by proxy for wealth produced—except in the *imagination* of the bidder. The public was still giving up their production to get the Fed notes (unaware of the fraud) and so they expected others (unaware of the fraud) to accept them and that is exactly what was happening. Since the Fed note could only be obtained from its source, the Fed bankings system by pledging wealth and promising to pay it back, the producers were fooled into believing it was worth the wealth they were pledging to get it. The notes exchanging in the economy were perpetrating a hoax and continuing an expropriation of the producer's wealth. The new Fed notes being created and entering the economy, each in turn confiscate wealth as they become part of the circulation. Each new one *created* —is not—obtained by the Fed issuing it—at any *cost* of wealth. The issuer gets it at no cost and will not give up any wealth to get it back (redeem it). However, the issuer insists upon a pledge of wealth as collateral before lending the Fed note and the "interest" it "earns" is used to purchase the wealth of the producers.

This continuous drain on the production of the United States has caused the economy to decline. The ease with which anyone acquires the Fed notes governs the amount they will bid in competition to obtain wealth. That some bidders get them for "nothing" increases the amount they will bid for goods and the "value" of the Fed note, in terms of the wealth it can be exchanged for, must fall. The Fed note's *parity* falls. Since the unredeemable Fed note's "value" is only what it can be exchanged for; as it takes more of them to accomplish a given exchange with a given unit of

Since it is the continually increasing amount of Fed notes, continually confiscating wealth and lowering the wealth left in the economy, for the producers to exchange, and the public individuals are holders of increased amounts of these Fed notes it is evident that, as a result, *larger* bids will be made for *smaller* units of wealth and therefore “prices will rise” (Fed notes exchange value falling). Controls are tried to stop this condition by *fixing* “prices” (the Fed note’s exchange value). The effort is to try to legislate the “value” of the Fed note and “fix it” similar to when it *was* redeemable—*without* the necessity of redeemability. The “control” is directed at the producer making the bid, trying to induce the bidder to bid the Fed notes at a “value” *higher* than the bidder placed on the wealth he gave up to get them; to bid them at an *unreal* value decided upon by authority. The public is being coerced to bid Fed notes at a higher value than *they know* they are *worth* in exchange.

When Fed notes were redeemable certificates they were acting by proxy for the producer’s wealth and he was *free* to decide how much of his wealth he would surrender in return for the wealth he desired in exchange. No “controls” would have been tolerated. Now he is asked to accept unredeemable notes for his wealth, in amounts far less than he has to bid to obtain the wealth of others, in free competition.

> “Price” “controls” do not work because they attempt to induce producers to exchange their production, at less than the value they themselves place upon their production, and less than they would bid for that same production from others.”

It would not be difficult to understand if it is remembered that the “controls” are *“price”* “controls” and that “price” is the word applied to the “value” of Fed notes in relation to wealth (the value of the wealth expressed in terms of Fed notes—the Fed note’s parity’) and trying to fix “prices” is trying to fix the relationship between *“Fed notes”* and the wealth *being produced,* by the producers, instead of the “Fed note” being a redeemable certificate and having a value in *wealth set aside* (stored in reserve) for its *redemption.*

> “Price” “controls” do not work because they attempt to induce producers to accept the premise that *their* wealth is *both* the *production* to be purchased and the *“backing”* for the “Fed note” at the same time and at an unreal parity with itself!”

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> “Price” “controls” fail because they impose “prices” that oppose parities set by competitive exchanges.”

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> “Controlled” “prices” oppose competitive parities.”

Chapter LXIV “NOW BANKING”

The monetary authority through it’s influence on government wishes to change the nations financial system, remove “interest” rate ceilings and authorize the “now (Negotiable Order of IP’ithdrawal) accounts. The significant observation to be made is that the banks could become competitive to a much greater degree than in the past. The fact of no ceiling could cause some really wild inducements to create new depositors and to cause existing depositors to switch’ banks. The vacillation of the depositors could be regulated by the “now” provision. Once you chose a bank and became it’s depositor you would have to negotiate with the banker before you could get you deposit back out again, to take to another bank with higher “interest” or to spend.

The purpose stated for the change is to improve the financial conditions and cut down the “inflation”. The idea is that be increasing “interest” rates more people would want to keep their “money” in the bank to earn the “interest” profit rather than take the “money” out to spend it and

HOARDING IS THE RESULT OF SHORTAGES DEVELOPING NOT THE CAUSE!

People are beginning to realize shortages are developing and will increase in the near future. However, taking “money” out of the active bidding for goods causes unemployment—always has and always will. It does not matter whether the “money” is removed from the consumer by higher taxes, investment in bonds, the stock market or by depositing it in a bank. By whatever means “money” is *funded* it takes it out of active bidding for goods and services. A decrease in the bidding for goods, decrease need for additional production which decreases the number of people employed.

The thing that is happening is that more people are beginning to see the “dollar” decreasing in exchange value before their eyes. In their effort to get something tangible for them before they are completely worthless they are *bidding higher amounts of “dollars” for goods* (by accepting higher “dollar” volumes of cost per item). The increased bidding of the “dollars” (created and existing in volume hundreds of times greater than the daily production of goods) is causing the “dollar” *parity* with goods to *fall faster* (referred to in error as “rising prices”). The attempt is being made to entice people to leave their “money” in the bank to get the higher “interest” and so *slow* the “dollars” *fall* by lowering the number of “dollars” *bid* for goods in the market place.

Chapter LXV

WILL CENTRAL BANKS SELL GOLD TO GET PAPER?

Information received from outside the sphere of influence of our economic mismanagers has lead to some interesting thoughts concerning the “threat” by the central bankers to dump gold on the “free market.” The “threat” is designed to confuse, confound and destroy the “speculators” by insisting they are going to be wiped out by a drop in the “dollar*’ price of gold. I have maintained for years to date, that it would be nonsense for anyone to sell gold for *Certificates redeemable in gold.* When gold jewelry is sold for certificates *redeemable in gold,* it is the workmanship in fabrication that is sold. The *gold* in the jewelry is replaced by a part of the *gold redeemed* the balance is for the labor and overhead. To sell gold bullion for gold bullion would be a ridiculous exercise. When gold is sold for “dollars” it is because the “dollars” are needed to exchange for U.S. production. It is well known today that central banks, all over the world are bursting with “dollars,” so selling gold for “dollars” just doesn’t ring true.

One informative letter recently described a reason why it could be possible for the central banks to actually “dump” gold on the “free market”. The writer suggests that since the central banks of the world are owned by people just as our own corporate central bank (the Fed). The people themselves may be planning a personal take-over of the officially held gold of their respective central banks. The plot is that they would cause their central banks to sell ‘‘official” gold on the “free market” then they would buy “it” *and* the other privately held gold that would be caught in the “price fall” and end up holding most of the gold of the world and would be able to “raise” it’s price later to whatever they wished and then allow a return to redeemable currency. I do not deny that this may be tried, in fact it makes more sense than imaginary gold (s.d.r.s). But, in considering how easily it could “back-fire” it does not seem too likely. The important and most significant thing for all to consider is that it does not matter which idea you accept as likely to happen, the course of action to follow does not change. Gold holders must continue to hold full owned gold and hang on tightly through any downward price excursions for in the end currency redemption cannot be resumed unless it is at a greatly increased “minidollar” price for gold.

There is talk going on now concerning new monetary rules to solve the monetary chaos loose in nations, mentions nearness to agreement on new principles. The new “reserve currency” is to be perhaps S.D.R.s or maybe “something” based on a value relative to a group of other currencies like the “dollar,” D-Mark, or Yen. If a nation became “surplus” it would be penalized for having developed a surplus in the balance of payments.

LET ME MAKE THAT PERFECTLY CLEAR.

The surplus nations would have to pay penalties to the nations with deficits in the balance of payments. It sounds like the nations doing the most business and making the most profit would have to share that profit. Suggesting of course that there was something unfair about their having a “surplus” in the balance of payments. But that is not *really* what they are saying; it is what you may be thinking they are saying.

In truth—if all nations were *bartering,* deficits in the balance of trade could not develop. If all currencies were 100% redeemable deficits in the balance of payments could not develop. If a *deficit in the balance of payments* does develop it means some nation has used an unredeemable currency and it is an *unpaid bill.* It is an unpaid bill because if the currency had been redeemable, the material it had been redeemable in would have been the *other product exchanged.* Any exchange involves exchanges of goods and/or services and if it is an exchange where currency is used as a medium of exchange and that currency, *if* redeemable, is redeemable in a *commodity.* If a currency is *not redeemable* it isn’t any different in value than a *bad check.* Therefore a deficit in the balance of payments means the deficit nation bought things and paid the bills with bad checks.

The nation holding the “bad checks”—BY A TWIST OF LANGUAGE—becomes a “surplus” nation. For having accepted “bad checks” the “surplus” nation is to be penalized by having to return the “bad checks” without compensation.

The 110 billion “dollars” held by the “surplus” nations at this time were accepted by them as being claims on gold. The U.S. cannot honor those claims due to a lack of enough gold to cover them. Asking those holders of “dollars” now to buy our other goods as *substitutes* for the gold we do not have is one thing; but, to ask them to return the “bad Checks” and forget the whole thing after we have consumed the goods we purchased is ridiculous. Yet that is what they are reporting is the agreement they are in the process of negotiating.

ANY NATION THAT CAN “INDUCE” ANOTHER NATION TO ACCEPT A “BAD CHECK” IN PAYMENT FOR PURCHASES, CAN “INDUCE” THAT NATION TO RETURN THE “BAD CHECKS” WITHOUT COMPENSATION AS A PENALTY FOR HAVING ACCEPTED IT!

With all nations operating on that basis, there would not be any great lapse in time before all international trade would be in a hopeless condition of stagnation; but we are accepting what we *think* they are saying, with *what we think* the words they are using mean?—No! it does reduce down to:

“Any nation that can induce any other nation to accept its bad checks in payment for purchases, can induce that nation to return the bad checks without compensation as a penalty for having accepted them.”

If we take this statement and examine it carefully then something quite significant can be read into IT. IF ANY NATION AGREED TO IT—THEY WOULD MAKE SURE THAT THEY NEVER AGAIN WOULD ACCEPT A BAD CHECK, OR AN UNREDEEEMABLE CURRENCY. That agreement would almost guarantee that all nations signing it would thereafter always insist on redeemable currency in future exchanges.

It is almost as if thfe group of twenty’ is agreeing to return to redeemable currency but does not want the people to “know” it just yet and so they employ a sort of code wording to obscure their real intention. Our officials have admitted in the past that they had to lie to us to avoid panic.

Chapter LXVI

SHIEKS BREAK DIRHAM TIE TO “DOLLAR” FOR TIE TO GOLD!—WHY?

What does it mean?

Before the currencies of the I.M.F. member nations were tied to the “dollar” and the “dollar” only tied to gold, which allowed the irresponsible actions of the U.S. Monetary authorities to cause fluctuations in the parities of their currencies in relation to gold. Fluctuations that were not comparable with the relation to gold they would have had were the relationships determined by cross reference with their currencies’ relationships to commodities.

The I.M.F. is in reality not functional now and has not been for sometime, but like it or not the I.M.F. members and Switzerland have had to use the “dollar” as an unreliable point of reference despite floating to bring average exchange rates (which are crucial for the joint floating) into harmony with the present parities of the currencies into commodities. Now, the Shieks have tied their currency to gold directly.

Since August 15, 1971 when the “dollar” was relieved of its tie to gold and tied instead to the S.D.R. (imaginary gold) The D-Mark also has, along with other currencies, been tied to the imaginary gold (S.D.R.s).

We now have a precise confrontation. The Shiek’s currency is tied to the metal gold and the “dollar”, D-Mark and other currencies of I.M.F. member nations are tied to imaginary gold. The Shieks are not allowing their currency (Dirham) to leave their country. They do not want to allow foreign “backed by imagination’ currency to exchange for their ‘backed by gold’ currency except under their supervision and control. In that way they can limit the “imagination backed’ currencies to exchange in quantities that can be used to purchase goods they need and can use and in effect limit those currencies to usage as mediums of ex- change^but *not* as *reserve assets.* This does not conflict with the French finance minister’s statement that the “dollar” for instance would be a *main currency* but would not be the *reserve currency.* The Shieks are in effect saying: “As a reserve asset we will use the metal gold.”

In those nations whose currencies were redeemable in gold, the currencies had parity to gold at the “free market” price (London fixing etc.) and the people could get the gold coin. The currency was redeemable but not at a fixed quantity per currency unit. To make that a little more understandable let’s take some examples.

If the “dollar” equals 1 / 35th of an ounce of gold ‘official rate’ and the D-Mark = 25< then 140 D-Marks = 1 ounce of gold. If the D-Mark were redeemable in gold at its find rate’ then 140 D-Marks would exchange at the teller’s window for 1 ounce of gold.

But that has not been the case! In actuality it went as follows: If the gold price in “dollars” on the “free market” is $100.00 and the D-Mark = 25<J then 400 D-Marks would exchange at the teller’s window for one ounce of gold. In Mexico the same way a fifty peso Mexican note would not exchange for a fifty peso gold coin. The present ‘peso exchange rate’ with the “dollar” divided into the “dollar” price of gold on the “free market” would determine the number of pesos equal to an ounce of gold at the teller’s window. The difference between being *‘exchangeable* for gold’ and being *‘redeemable* for gold’ at a *fixed quantity per unit of currency’* is extremely significant.

If by fixing the Dirham as 0.186 grams of fine gold it became redeemable for gold at that rate then the “government” would be extremely restrictive concerning the exportation of their nation’s currency. If the Arab Shiekdoms allowed their gold coin to freely cross the border than an imaginary-gold backed’ currency could be exchanged for Dirham and the Dirham be redeemed for gold. The gold would have been obtained by the imaginary-gold backed’ currency *indirectly;* but

The Arab Shieks by fixing their currency to gold at a fixed amount per Dirham and initiating Draconian controls have set the stage for a reversal of the usual process. Instead of losing purchasing power every time "gold goes up" they will maintain their purchasing power. Draconian controls when initiated direct the nation to not accept any 'imaginary- gold backed currency to exchange for it's currency unless its currency is to be spent within it s own borders. That way the nation is assured that all foreign currency coming in is of a "commercial" nature, and the currencies so received will be used by the Arab Shieks to immediately import gold even though the currencies are unbacked' by metal gold.

The process by which the Arabs will be assured of being able to import gold in exchange for the 'imaginary-gold backed' currencies is by reversing the original process. Before the Dirham was figured at it's parity to the "dollar" (25<). The Dirham's "dollar" parity divided into the "dollar" price of gold on the "free market" is what determined the number of Dirham to equal the value of one ounce of gold (the Dirham's 'gold parity'). Example: Gold = \$100.00 per ounce, Dirham = 25C, therefore \$100.00 divided 25< = 400 Dirham = 1 ounce of gold.

Now the process will be 1 Dirham = 0.186 grams of fine gold, 1 ounce divided by 0. 186 grams = 167.22 Dirhams = 1 ounce of gold, \$100.00 = 1 ounce gold therefore \$100.00 divided by 167.22 Dirhams = 1 Dirham = \$0,598.

The Shieks by fixing the value of the Dirham directly to gold (1 Dirham = 0.186 grams fine gold) it's 'dollar parity' of 25C X 167.22 (Dirhams per ounce of gold) *balances* when the "dollar" price of gold is \$41.80 per ounce. —The correct "official figure" it *would be* if the "dollar" had been devalued 10% in terms of metal gold from the \$38.00 per ounce, as had been announced. Because the "dollar" was in reality devalued in relation to imaginary gold at 10% its relation to metal gold was a devaluation of 11.1% which ended up \$42.22. The excursions of the "dollar" away from that *ficticious* "price" will automatically correct the parity of the Dirham in "dollars" to maintain the Dirham's direct relationship to gold examples:

If gold is	\$ 41.80	per	ounce	one Dirham	=	\$0.25
If gold is	\$100.00	per	ounce	one Dirham	=	\$0,598
If gold is	\$150.00	per	ounce	one Dirham	=	\$0,897
If gold is	\$200.00	per	ounce	one Dirham	=	\$1,196

If the "dollar" "price" of gold "rises" between the time a contract with payment specified in "dollars" is written and the payment received by the Shieks they suffer the loss because they get the number of Dirhams arrived at by dividing the *Dirham "dollar"parity* into the number of "dollars" specified in the contract and lose the gold value they would have originally had.

Now if they should ask to have all contracts written specifying payment in Dirham and then a rise in the "dollar" "price" of gold should occur between the time the contract is written and the payment received by the Shieks—the Shieks would receive a greater number of "dollars" to make-up the difference. The Arabs get the number of "dollars" arrived at by multiplying—(the total ounces of gold, determined by multiplying the contract number of Dirhams by 0.186 grams) by the "dollar" "price" of gold. Example:

Contract for 10,000 gallons of Arab oil for 16,722 Dirhams X 0.186 grams = 100 ounces of gold, gold at \$41.80 an ounce X 100 ounces = \$4,180.00.

Same contract gold price "up" to \$100.00 ounce. Contract for 10,000 gallons Arab oil for 16,722 Dirhams X 0.186 grams = 100 ounces gold, gold at \$100.00 an ounce X 100 ounces = \$10,000.00.

This situation would force the other nations of the world, wanting to do business with the Shieks, to "raise" the "official price" of gold to *justify* the number of units of their currency they have to exchange for Dirhams. The nations of the world would have to acknowledge that the gold parity of

“Raising” the price of gold in “dollars” to justify the number we would have to give per Dirham contract to pay for a shipment of oil would certainly solve that problem, but would cause other problems. The average exchange rates mentioned earlier *which were crucial* to maintain harmony with the present parities of the currencies into commodities would *still be crucial* and have to be reconciled somehow. To “raise” the price of gold and maintain the present parity between currencies involves a sequencial exercise called deflation.

“Raising” the price of gold to $150.00 per ounce would make the Dirham go from a “dollar” value of 25C to 89.7C and American goods would suddenly become very inexpensive to Arabs holding Dirham. To again bring the “dollar” value of a Dirham back to 25< it would be necessary to reduce the number of “dollars” until the value of the remaining ones was increased to where $41.80 would again buy one ounce of gold on the “free market”. To do this would require the repudiation of “dollars” by some ratio of exchange and replace the ones collected by some new ones—less in volume—but greater in value in the vernacular of the system ‘heavy dollars’.

Taking into consideration only the Arab currency Dirham and the figures developed here it would indicate an exchange rate of 3-58 to 1. This would mean that the U.S. would have to recall “dollars” in amount 3 58 and give back one new one. A loss to all “dollar” holders of 72% of all their “dollar” savings. This was all based on the Arab Dirham having a realistic gold value of 0.186 grams of fine gold per unit of currency outstanding. The Shieks may have been high or low with their evaluation of their currency and the figures might require a considerable adjustment to correct the Shiek’s judgment to the point where it will be confirmed in the “free market.”

This text was written to help people understand why *deflations* are inevitable as the final stages of “inflations.” It must be remembered that there are over 120 nations in the I.M.F. and that this type of exercise must be reconciled to where it is acceptable and compatible with all those nations. The exercise as outlined above is enough to ‘sober’ anyone still it must also be mentioned that there have been other deflationary exchanges before and that ours’ may involve a considerably greater loss than indicated (3-58 to 1).

In Germany 1948 10 old for 1 new was a 90% loss.
In France 1960 100 old for 1 new was a 99% loss.
In Brazil 1967 1000 old for 1 new was a 99.9% loss.

There is no way to *Know* ahead of time which way the monetary authorities will guide our sinking “dollar.” There is no information as to exactly how the Dirham will actually be used to force changes in exchange rates of other currencies. There is no way to know how far the monetary authorities will get trying to make a two tier “currency” function. It would seem that the intention will be to have the people use the ‘imaginary-gold backed’ currency as mediums of exchange to facilitate the international exchanges, but the finally developed “deficits” in the balance of payments would be settled by shipping metal gold between central banks as the reserve asset. The only difference between that and what we have now would be an increased “official price” for gold to facilitate central bank metal gold settlements which up to now have been impractical because of the unrealistic official price of gold.

In the end all nations will have to go to a direct gold relationship with their currencies to maintain the average exchange rates of their respective units because of the necessity to continue trading with each other or suffer very deep depression. When those nations who can go to direct gold parities as have the shiekdoms it will force the nations who cannot to accept their bankruptcies and deflate realistically.

Chapter LXVII THE S.D.R.: NONSENSE!

Paris 7-24-69:

“Well we got this thing launched.
Paul Adolph Volcker
U.S Undersecretary of the Treasury.

W.S.J. 7-25-69:

“The S.D.R. value is defined in gold, but is not payable in gold . . . S.D.R. payment will resemble settlements by transfer of gold. . . . S.D.R.s will really resemble “paper gold” . . . but that is only an illusion ... in reality . . . gold is mined from the Earth . . . S.D.R.s will be created effortlessly by discretion of the I.M.F. . . . thus gold is earned whereas S.D.R.s are allocated . . . unless a nation attains the blessed state of having a deficit, it cannot use it’s drawing rights,. . . when a country receives drawing rights ... it receives a wholly artificial asset . . . governments will “play at special drawing rights” during a few months or years like it played with general borrowing agreements, swaps, Roosa bonds, and increasing quotas of the I.M.F.”
Jacques Rueff Author, member academy, advisor to former president De Gaulle, W.S.J. FRIDAY 6-6-69

“Paper gold is a nickname for Special Drawing Rights.’’
Richard Dudman—Chief Washington correspondent of Post Dispatch-St. Louis 8-8-69

“It was no mean trick to get most of the world’s nations to agree to create a new reserve asset literally out of thin air. . . . Paper gold is essentially a bookkeeping device, not a circulating medium.”
Editor W.S.J. 10-7-69

Tricky little bookkeeping arrangement”
Editor W.S.J. 11-18-69

“The case for S.D.R.s originally led by former Treasury secretary Henry H. Fowler, is that the world needs a reserve asset that can be deliberately created and rationally managed. Gold mining is too chancy a source of reserves, Mr. Fowler reasoned . . . . S.D.R.s will be bookkeeping entries credited to each member as a percentage of its quota or contribution to the I.M.F. which in turn is scaled to the size of it’s economy. When a country in payments deficit wants to use S.D.R.s it would alert the I.M.F. headquarters here, which would require a country in payments surplus to accept them. In return, the surplus country would provide regular currencies—either its own or another nation’s—which the deficit country can spend ... a key U.S. planner says, “What we have to watch for is the psychological reaction of governments. Some may distrust S.D.R.s and dump them as quickly as possible to obtain dollars or gold.” Richard F. Janssen Staff reporter W.S.J. 9-29-69

JUST THINK!

Special Drawing Rights (S.D.R.)

Defined in gold—but not payable in gold.

Nickname: “paper gold”

Payment of debt with S.D.R.s will resemble settlement by transfer of gold but is an *ILLUSION!*
Metal gold (tangible gold) is mined from the earth.

Paper gold (imaginary gold) is created effortlessly out of thin air.

Metal gold is earned.

"Paper gold" is allocated by discretion of the I.M.F. by writing numbers on paper in the accounts of members, (tricky little bookkeeping arrangement).

Metal gold (tangible gold) is negotiable anywhere, anytime, by anyone, (except in the U.S. and U.S.S.R. where severe political 'investment and or speculation prohibitions for individuals exists).

"Paper gold" (imaginary gold) is only "usable" by a nation in the "blessed state of having a deficit" and is a wholly artificial asset.

"Governments will *'play* at special drawing rights' during a *few* months or years. . . Jacques Rueff

A FEW MONTHS OR YEARS!

S.D.R. born: 7-24-69—Died: ???? It is wounded—a mighty "projectile" launched by the Arab Shiekdoms has struck the blow, it may not be too long after all.

"Dollars" and S.D.R.s Unbelievable but true:

When the United States Congress chartered a private corporation to be the monetary authority of the United States, whether in ignorance or not, it created a force that has devoured the wealth of the people of the U.S., then went abroad to consume the wealth of the peoples of the world. It was accomplished by the creation of the 'imaginary demand' "dollar." U.S. "currency" that was accepted in exchange for the wealth of nations but was itself an evolution from a respected bearer certificate, redeemable in gold, that had earned the respect and admiration of the world, and had become the reserve currency of the world. By using "dollars" with complete abandon over many years we acquired the wealth of many nations, for which we cannot pay!

> "During the decade of the 1960's American dollars overseas increased by a ratio of six to one over our gold reserve. It was pure fiction that the dollar was convertible into gold. . . . "
>
> John Connally former secretary of the U.S. Treasury—London Mining Journal Aug. 73

When it became known that we did not have enough gold to redeem our "dollars" at 1 /35th of an ounce each, and that the people, and the central banks of the world were stuck with the bad checks' (unredeemable "dollars") our officials suggested that since we do not have enough tangible gold—if everyone would agree that some 'asset' must change hands to settle debts, why not use 'imaginary gold' that way we could make-believe we had all we needed, whenever we needed it and all we had to do was 'manage' it well. The word used by Henry H. Fowler was 'rationally' (see above), but how as irrational a "thing" as 'imaginary gold' can be managed 'rationally' escapes me! Anyway as Mr. Paul Adolph Volcker said they got the "thing" launched, but they did not, and do not understand the natural laws of economics. They did not stop to consider that they were playing a game of make believe and that, as Jacques Rueff pointed out, it can only last a few months or years and then reality will have to be faced..

> "The great free nations of the world must take control of our monetary problems if these problems are not to take control of us."
>
> John F. Kennedy June 1963

> "We have awakened forces that nobody is at all familiar with."
>
> John Connally W.S.J. 8-14-71

In a previous chapter I explained that a surplus nation was one holding unredeemable "currency". It isn't bad enough that a nation holding 'bad checks' is called "surplus"—the rules of

S.D.R.s, when instructed to, and in return the “surplus” nation must give up it’s or some other nation’s regular currency’ (bad check dollars?) from it’s reserves to a deficit nation to spend. This way the “surplus” nation can get to exchange the “bad checks” (“dollars”) for S.D.R.s, but then she cannot spend the S.D.R.s until she herself becomes in deficit. It might be said that the I.M.F. can direct a nation, with “dollars” that she might spend at any time, to give those “dollars” to another nation and take the S.D.R.s in exchange that she cannot spend except under certain conditions. It is like a “Federal Reserve of the world” with each “surplus” nation forced to accept a ‘reserve requirement’.

All this may seem complicated, but it really is not, it is just too unbelievable when it’s simple nature is understood. Simply stated it is agreed that any nation that cannot pay its bills (is in deficit) and wishes to use imaginary gold (S.D.R.s) may petition the I.M.F. to select a country that must take them. The I.M.F. decides and the nation that cannot pay its bills (is in deficit) gives S.D.R.s to the nation selected by the I.M.F. and gets currency it can spend. The nation that gave up the spendable currency gets to hold the S.D.R.s (imaginary gold) until it becomes broke and then it will be their turn to petition the I.M.F. to designate a country to actept their S.D.R.s in exchange for some currency that they can use to pay their bills because being broke they are in deficit, that is the way the ‘game’ is played! Example:

Denmark is broke cannot pay its bills in tangible gold.
Denmark petitions I.M.F. to let it use imaginary gold (S.D.R.s).
I.M.F. designates Germany to accept S.D.R.s from Denmark.
I.M.F. debits Denmark’s account with usable currency from Germany’s account.
I.M.F. debits Germany’s account with S.D.R.s from Denmark’s account.
Denmark now has currency it can spend.
Germany now has S.D.R.s to hold until she goes broke.

It is just a game and it is easy, once you understand the rules, but it is the consequences that nobody is at all familiar with. The end result can only be seen when natural law is understood. If all nations agree that the one who goes broke the most will not have to pay in the tangible gold. (That is what all this boils down to.) Then all of them will create their currencies and spend all they can to go as deep in debt as possible, to try to be the one who is most in debt and will not have to pay! However, each time some “surplus”nation has to absorb more S.D.R.s that it cannot spend, until it goes broke, the games lifespan is shortened, and eventually everybody wants everything for nothing and that cannot be! A fundamental law of nature: Take away all that a man earns and he ceases to labor.

> . . . “Tangible progress towards a new and more realistic monetary system remains an essential. . . . ”
>
> Mr. Anthony Barber Chancellor of the exchequer U.K. Financial times 7-30-73
>
> “Under one possible solution being canvassed to the problem, the U.S. would agree to make the dollar convertible again into primary assets within certain fixed limits. This would enable creditor countries to convert dollars they acquired until their reserves reached a prescribed level after which the dollar would become unconvertible again.”
>
> Paul Lewis U.S. editor Financial Times 7-30-73 “Not only is the gold-foreign exchange standard established at Bretton Woods defunct, but also the dollar exchange standard created in Washington at the end of 1971 has meanwhile been buried. Instead of a currency system, the world now has a currency confusion . . . unfortunately, important voices are being raised in support of solving both problems by a single device, namely the special drawing rights,

problems in respect to the special drawing rights as have befallen the dollar. We would then have to start all over again, although in that event it would hardly be possible to achieve a reform without a substantial increase in the price of gold . . . . Europe is ever more conscious of one fact; its fate and that of the entire free world are intimately lined to the United States. . . . The economic disintergration which has begun to manifest itself internationally, will reach a crescendo, with all the political consequences this would have for the U.S.A. and the world as a whole."

Mr. R. H. Lutz member general management credit suisse—Bank Bulletin summer 1973

One of the U.S. greatest gold manipulators before Paul Adolph Volcker, was Robert V. Roosa former assistant secretary of the treasury he was quoted this past July:

"Having participated in the early phases of the United States fall from grace and having anguished over each new step with diligent concern for the need to return promptly to the condition of freedom for flows of goods and capital, I am beginning now to wonder whether I fully grasped the significance of what we were doing, at the time, and of the causes for the action we were initiating."

Robert V. Roosa July 73

" . . . The monetary and trading system that provided the basis for the post war era has collapsed. There is no point in kidding ourselves about it, that it is just shaky, that we will reconstruct it. . . ."

John Connally London Mining Journal Aug. 1973

You cannot make sense out of nonsense and all the talk reported by the news media concerning 'primary assets' which are not defined, 'convertibility' (turning paper into gold which is beyond the wildest alchemist's dream) that is with certain fixed limits, and 'adjustable' 'fixed' exchange rates is too ridiculous to accept. The monetary authorities of the world do not know what to do and do not understand what they are doing, they are only stalling for time before we have to return to reality, or they have been at it so long they have fooled themselves into believing in imaginary gold, (S.D.R.s) and being *that* fooled, they are unaware that they are fooled, otherwise they would not be fooled.

The Arab Shieks are no fools they have tied the oil to gold through redeemable for gold currency and we shall have to do the same, if not now, then later!

Metal gold is tangible gold the kind they make jewelry with. How would you like to go about showing everyone your imaginary gold charm bracelet? They would 'charm' you right into a rubber room.

Chapter LXVIII A NEW "PRICE" FOR GOLD?

"In order for the new price to hold—it ought to be higher than the highest price on the free market. If the authorities plan to set gold, for instance at $140, they dare not let gold reach $140 on the free market. It would be to the interest of all central banks to keep the free market price of gold at a considerably lower level than the planned new price. No one knows what new official world gold price is planned— $70—$ 100—$ 150—$200."

C.V. MYERS Letter August 15, 1973

"In order to bring this about the central banks will need to exert influence in the market place to bring about a realistic figure where Arab countries—for example—would not be tempted to say: gold at this price is a bargain, let's turn in our paper currencies. No, the price will have to be realistic."

C.V. MYERS Letter August 30, 1973 To understand all the above and be able to reason to understand some fundamentals not included in Mr. Myers letter, or, for that matter, anywhere else today.

Parity: Value of any material thing expressed in terms of any other thing.
M.M.E.J./M.R.

“Price “: As used in above quotes is a word to refer to the parity of commodities in terms of currency example: One ounce of gold = $35.00, one ounce of gold = 105 D-Marks, or one ounce of gold = 167.22 Dirham.

If we were to refer to the parity of “dollars” in terms of gold it would be: $1.00 = 1 /35th of an ounce of gold.

The parity of currencies in relation to each other are called ‘exchange rates’ examples: $1.00 = 3 D-Marks or $0,333 = 1 D-Mark, $1.00 = 4.00 Dirham or $0.25 = 1.00 Dirham.

Currencies are used primarily as mediums of exchange, in the market place, for purchasing commodities all over the world. All currencies have parities into all commodities and these parities are *called* “prices.” To refer to “prices” of commodities at a time when commodities are stable in relation to each other, but the currencies ‘parities’ are falling, would *hide* the *fact* that the currencies ‘parities’ were *falling.*

A. $ .05 = 1 Apple = 1 Orange = 1 Peach
B. $ .10 = 1 Apple = 1 Orange = I Peach
C. $ .20 = 1 Apple = 1 Orange — 1 Peach

If we referred to the “price” of apples, oranges, and peaches in “dollars” during conditions A.B.C. we would have to conclude that the “price” of Apples, Oranges and Peaches is *rising.*

If we referred to the parity of Apples in terms of Oranges or Peaches we would conclude that the Apple’s parity had remained stable, during conditions A.B.C.

If we referred to the parity of the “dollar” in terms of Apples, Oranges and Peaches during conditions A. B. C. we would conclude that the “dollar’s” parity was falling. Example: Figure 1.

A. (Fruit is $.05 ea) $1.00 = 20 Apples or 20 Oranges or 20 Peaches
B. (Fruit is $.10 ea) $1.00 = 10 Apples or 10 Oranges or 10 Peaches
C. (Fruit is $.20 ea) $1.00 = 5 Apples or 5 Oranges or 5 Peaches

or Figure 2

A. $ .05 — 1 Apple or 1 Orange or 1 Peach
B. $ .05 = *Vi* Apple or *Vi* Orange or *Vi*Peach
C. $ .05 = !4 Apple or ^{X}*A* Orange or ^{l}*A* Peach ,

“Price” is not rising—
“Dollar” parity is *Falling.*

Whenever we refer to the “price” of anything we automatically, without realizing it, accept the concept that the currency is stable. If the currency is falling—”Price” reference—obscures the fact, (example figure 1 above) if we refer to the parity of the currency in relation to several commodities it will reveal the *true* condition.

Realistic’ currency exchange rates’ develop from freely competitive exchanges of currencies for commodities. ‘Unrealistic’ currency exchange rates are assigned by the central banks and are ‘made’ workable by cooperative international use of subsidies and tariffs. When we hear talk about raising the price’ of gold, it is a misnomer because what they would do is adjust the “fixed” parity of the currencies in terms of gold. This entails trying to assign a parity that will be both “realistic” representation of the gold it is redeemable in. Gold is a commodity first, last, and always and it has realistic parities with all other commodities just as in our example of Apples, Oranges and Peaches. Gold is historically one of the most stable commodities on Earth, (the extreme fluctuations of the gold “price” we have been experiencing was the non redeemable “dollar’s” parity FALT

NG. TO explain the problem facing the monetary authorities in trying to set a new “price” for gold we will need a new example:

Figure 3

$ 40 oz gold	—	$.20	=	.005 oz gold	=	1 Apple	or 1 Orange	or	1 Peach
$ 80 oz gold	—	$.40	=	.005 oz gold	=	1 Apple	or 1 Orange	or	1 Peach
$160 oz gold	—	$.80	=	.005 oz gold	=	1 Apple	or 1-Orange	or	1 Peach

If the “price” of gold was fixed at $40.00 an ounce and the dollar was redeemable in gold and apples were $ .20 each, anyone would be satisfied to hold the paper dollars because they could buy just as many apples with the paper dollars as you could with the gold they (the paper dollars) are redeemable for. Let the new “price” of gold be fixed at $40.00 an ounce and the apples were $ .40 each, then anyone holding paper dollars would want to turn it in for the gold because gold would buy more apples, oranges or peaches than paper dollars would. Example:

Figure 4

$40 oz gold—1 paper dollar (with apples at 40C ea) would buy 2.5 Apples $1 = 1/40 oz gold (.025 oz)—(1 apples = .005 oz) would buy 5 Apples.

It is not difficult to understand why, under the conditions of Figure 4 why everyone would turn in paper dollars to get the gold before going shopping.

If at any time it developed that more could be bought with paper dollars, than with the gold it is redeemable for, then everyone would turn in gold to get paper dollars. This is as close as we can come to explaining what Mr. C. V. Myers means when he says they must exceed the free market “price” to have the new fixing last any real length of time. Let the “price” of gold be fixed at $160.00 and the Apples be $ .40 each then everyone holding gold would want to turn in gold for the paper. Example:

Figure 5

$160 oz gold—$1 paper (with Apples 40$ ea) would buy 2.5 apples.
$1 = 1/160 oz gold (.00625 oz)—(1 apple = .005 oz) would buy 1.25 apples.

These examples are over-simplified to make them more readily understandable. It must be remembered that when people hold the paper dollars, they only hold promises of redemption for gold. As long as the pieces of paper have a legal tender exchange value, greater than the value of the metal gold they are redeemable for; people will be satisfied to hold them and use them in exchanges. The commodity gold is called a ‘monetary metal’ when it is used to “back” a currency. When the ‘monetary metal’ ‘as a commodity’ on the market reaches a ‘legal tender value’ in excess of the amount of ‘legal tender’ it takes to get it by redemption, holders of paper would turn it in for gold by specie redemption and melt the coins to sell the gold as a commodity. Example: Gold coins with gold content of one ounce redeemed for forty paper dollars—but paper dollars so depreciated that it takes 100 of them to buy one ounce of gold as a commodity; people would turn in forty paper dollars to get an ounce of gold in coin form, melt it and sell the bullion for 100 paper dollars and go shopping.

If these examples are studied carefully and objectively they will make it clear why the dollar’s redeemability was removed in the first place. The unrealistic fixed paper dollar parity in terms of issuers have their paper back. So the use of gold as a medium of exchange was prohibited in the U.S. to facilitate the withdrawal of the gold coin or bullion redemption of paper dollars.

At the present time, throughout the world, at least 125 currencies have exchange rates that are not in any way compatible with the so called official “price” of gold or the realistic’ exchange rates they would have if the ‘floating’ was ‘clean’. The ‘unrealistic’ exchange rates (parities) are made (usable) by the various support and tarriff gimmicks being used to conduct a ‘dirty float’! The system is in a shambles.

> “Instead of a currency system the world now has a currency confusion. . . . Europe is ever more conscious of one fact: its fate and that of the entire world are intimately linked to the United States . . . the economic disintegration which has begun to manifest itself internationally, will reach a cressendo with all the political consequences this would have for the U.S.A. and the world as a whole.”
>
> Mr. R. H. Lutz Credit Suisse

It has been made clear earlier that “Money” is an intangible. That paper “dollars” are tokens to represent the intangible. Imaginary “dollars” created as numbers on paper at the Federal Reserve Banks. For purposes of not causing confusion let us only refer to the paper dollar tokens and not to the great volume of imaginary “dollars” shifted about by check, for this explanation.

At the present time paper dollar tokens, to have exchange value in the marketplace, depend on people accepting them in exchange for goods—having confidence—that *they will be able* to exchange the tokens later for the production of others. In accepting the paper dollar tokens the people are also accepting the premise THAT *THEIR* PURCHASE IS BOTH THE PRODUCTION BEING PURCHASED AND THE BACKING’ FOR THE PAPER DOLLAR TOKEN AT THE *SAME TIME;* whether in ignorance with total awareness or not. It is the only conclusion that can be drawn, since the paper dollar tokens are totally non-redeemable by the issuer.

It is this totally unrealistic condition that is going to cause the collapse that we expect, and after that collapse takes place, the only way paper dollars will ever have exchange value again in the marketplace is if it enters as a bearer certificate acting by proxy for the commodity it is redeemable it. It is the paper currency token’s parities to commodities that are falling, all over the world. We have ‘hyper falling currency parities’ taking place.

In reality what must happen is that the currencies must be deflated in one way or another, by deflationary exchange or voluntary funding by the holders. When the volume has been reduced enough the *parities* of those units remaining will *rise* in relation to commodities. It is the commodities that have the power to satisfy human desires (worth) paper tokens only have exchange value when someone will give up wealth to get them. Silver and gold both are first, last and always commodities and as such, inreality, will always exceed paper tokens in real value.

Chapter LXIX

WHAT WILL THE NEW “PRICE” OF GOLD BE

The value of anything depends upon its’ ability to satisfy the desires of humans. Since the value of anything to different people will vary because people’s desires vary, the only comparative value means of expression we have is what we call “prices.” “Price” however, is a word that only has meaning if there is a commonly accepted commodity unit of exchange. We use the word “price” to express a parity of the commodity we are “pricing” in relation to the commonly accepted commodity unit of exchange. Price is a common term used to refer to the parity of any commodity in relation to the commonly accepted commodity unit of exchange (gold) that we *called* “money.”

This use of ‘slang’ words that have *no* direct meaning of their own, to replace the words that convey direct understanding has left the people subject to have the whole original meanings of the slang words completely changed *without notice.*

When the commonly accepted commodity was gold, all things were comparitively valued by various humans as to the amounts of gold the items would bring in exchange. A loaf of bread in 1933 would bring in exchange 1.1611 grains of gold .999 fine. ‘Grains’, ‘grams’, and ounces’ are all units of measure and when a commodity exchange takes place it is necessary to have some reference as to what quantity of ‘this’ exchanges for what quantity of ‘that.’ Therefore actually just saying one loaf of bread could be exchanged for 1.1611 grains of gold .999 fine was not accurate enough, one had to know *how much* bread. Saying one loaf was not descriptive enough. Bread always has a ‘weight’ marked on its’ wrappings. One loaf weighing one pound was exchanged for 1.1611 grains of gold .999 fine. All commodities must have a *unit* of *measure* to express quantity to facilitate accuracy of understanding and honesty in exchanges.

Ounces of gold was the commonly accepted unit of measure used to express comparitive parity between commodities instead of a direct parity. Instead of saying one apple equals one orange it was understood that if one apple would exchange for .0024185 ounces of gold .999 fine and one orange would exchange for .0024185 ounces of gold .999 fine, it was very clear they were equal to each other. It was a great system for simplifying the expression of parity. If two different things were equal to the same amount of gold they were equal to each other. However, if you wanted to exchange gold for one apple you would need a very fine scale.

The answer was to have coinage that was premeasured and authenticated by government and these coins could be used in exchange easily. Coins were fabricated of gold and marked with the content and purity of the metal. Tokens were used for purposes of making change and were redeemable at any time for the gold coins. The system worked well until the word substitution came into play again and the word ‘dollar’ was adopted to represent a coin containing a specific amount of precious metal of specific purity. The word ‘dollar’ took its’ place among the substitutions as a unit of measure for “money.” We now had “prices” expressed as “dollars” of “money” instead of ounces of gold or other precious metal. Instead of a one pound loaf of bread exchanging for 1.1611 grains of gold .999 fine we expressed the parity as a “price” of one loaf of bread is 5$. The token cents were exchangeable for a gold “dollar” coin at the rate of 100 cents = one “dollar.” The substitution of words of no direct meaning for words of direct meaning had jumped another notch and now instead of dollar’ being a word used to express a unit of measure for “money” the “dollar” had become the entity itself in confusion.

The amount of relearning the world must do in the future about value and how to express it is staggering to the imagination. We cannot just say that we will set a new “price” for gold and then have a deflationary exchange and go back to redeemability and reality. It is not that easy. We must realize that just using the word ‘price’ is *unreality.* Using the word money’ is *unreality.* Using the word *‘dollar’* as the *entity* the word ‘money’ was used to represent was even more wild than using it as its original reference as a unit of measure for “money.” Gold the commodity was referred to as “money” and the “dollar” was the reference unit of measure of “money” that was equivalent to 23.222 grains of gold .999 fine, until we accepted that a “dollar” *was* 23.222 grains of gold .999 fine. ‘Dollar’ was and is a *word*—23.222 grains of gold *is* 23.222 grains of gold.

To get BACK to REALITY we must know some things. And the first one is—what determined, in the first place, whether or not one pound of bread exchanged for 1.1611 grains of gold or not. It is too easy to say a thing is worth what you can get for it. It is better to consider a few conditions that might effect the system of evaluation. A thing is worth *less* than what you can get for it, in a free market, because if it were worth the *same* the exchange would not have taken place. Worth is same worth to either exchanging party there would be no exchange because there would be no reason for exchange. To effect an exchange each party to it must expect a higher degree of satisfaction will be derived from what he is to receive than from that which he is giving UP-

If it is his personal exertion to obtain something, that gives a thing value, it should be seen that it was the degree of satisfaction to be derived from the use or consumption of that thing that caused the physical exertion to be expended. Then we must see that in reality all humans value things in relation to the amount of their human exertion that it would take to obtain them by direct labor or by exchanging something they had already produced by their labor. The *parity* of a loaf of bread is determined by how much of another's product of his labor' he will exchange for it in a free market. If an apple-grower will exchange one apple for one orange, and the orange-grower will exchange one orange for one apple, the parities resulting are—one apple equals one orange, and one orange equals one apple. The *value* of the apple to the orange-grower is higher than one orange because he has lots of them, but he hasn't any apples. The *value* of the orange to the apple-grower is higher than one apple because he has lots of them but he doesn't have any oranges.

Therefore a *thing* is *not* worth what you can get for it—it is worth *less* than what you can get for it or you would not give it up.

"Price'' then refers to *parity* (the value of any one thing expressed in terms of another) *not* to any *direct value* or *direct worth.*

Worth refers to the degree of human satisfaction to be derived from the use or consumption of wealth.

This brings us to some definite understandings. Humans will not give up something they *value greater* than the thing they would receive in return. The degree of human satisfaction any human could personally expect to derive from the use or consumption of a given item of wealth is his *own conception.* To express that worth in terms of a STANDARD VALUE, or an intrinsic value is impossible. Nothing existing or that ever existed was worth exactly the same to all humans. This point should be very easy to understand if we consider the relative value of a comb to a bald-headed man versus a man with a full head of hair. To express the *worth* of something an individual will bid in exchange—to purchase—or ask in exchange—to sell—wealth in another form in quantity enough to effect an exchange. In this manner, in a free market we arrive at realistic parities, between these two individuals during *that* exchange. Any other two people left alone to decide on an exchange of the very same two forms of wealth may decide on an exchange that establishes two *entirely* different parities.

Each and every individual determines for himself exactly how much of anything he worked to obtain he will exchange to acquire something that someone else worked to acquire. What "price" one man may accept and pay to obtain something, another may consider too high and pass up. "Prices" than are not a true measure of value but a reference only—to the generally accepted parity of *that* wealth form in relation to a *standard commodity* being *used* as a *common* reference to value by the majority of individuals. If two people are, each of them holding something that they value exactly the same as the thing the other is holding, they could not be expected to enter into an exchange. Which one would initiate an exchange? Why?

Value or worth can not be expressed in direct terms since value or worth is an individual conception. Worth is a human conception. Humans labor to acquire the things they desire to obtain a degree of human satisfaction that can only be derived from owning and using or consuming the thing they desire. Humans seek to satisfy their desires with the least amount of effort. If bread and gold had an established parity and man desired bread, he would determine which was *easier for him.* To produce the bread himself or produce his own product to exchange for gold to exchange for pend to acquire that which he desires and if the “price” is too high he will not buy. No one *man* or group of *men* can set the value or worth of anything, they may set the “price” but the value will be assigned by individuals according to the amount of labor they will expend to acquire it. When man sets the “price” too high it will lay on the shelf unpurchased. When man sets the “price” too low (“price” regulation) then a shortage develops.

Since all the “money” units of the world no longer are claim checks on wealth (redeemable in a commodity) their “exchange values” have been falling rapidly. Their parities to all commodities have been increasing at an accelerating rate. The “price” of gold bullion (the parities of currencies in relation to it) is set twice daily by a group of men in London but does not reflect the true value or worth of gold. The parity of gold itself in relation to other commodities is still as stable as ever in its’ only free market—where gold coins are legally sold to the public. Five “dollars” was the monetary reference to *U* ounce of gold (roughly *1’A* of a 20 “dollar” gold coin) in 1933 and that would exchange for 100 lbs of bread. Today that same coin sells for 200 “dollars” and !4 of that (50 “dollars”) will still buy 100 lbs. of bread.

The gold coin exchanged for the “dollars” will still exchange for the same amount of bread as in 1933- But where bullion is concerned—because its real worth is concealed by artificially declared parities to currencies—*lA* ounce of gold exchanged for “dollars” will only buy 50 lbs. of bread. Someone will say “Oh yes!” “but that is because the 20 “dollar” gold coin has numismatic value, over and above its bullion content.” Agreed, but, isn’t the exchange value determined in a free market, the *real* parity? Granted that a coin will always bring a premium over bullion, in this case if the bullion “price” was not being artificially depressed, it would be being used as a common commodity medium of exchange and as coin *‘A* ounce would exchange for 100 lbs. of bread and the “old coin” would be *higher* than that because of its numismatic value. The only way that gold can be used by the public today is in ;he “old coin” form and with the bullion “price” artificially depressed the only real parities we have are established by the “old” gold coins.

But what will the “price” of gold be after the official collapse of the world monetary system? What will the gold parity in relation to commodities be then? Just think what it would be like without any minimum wage laws, unions (as we know them now), social security, unemployment insurance, or welfare. If everyone had to work to eat or live off charity from those that are working. If charity were the only alternative to working for a living how hard and how long would a man offer to work for enough food to feed himself and his family. Food is essential and if you could not eat unless you worked, how long would you work for a meal? If a man had to work a full day for a farmer to receive a place to sleep and three meals, but, a *half* a day effort at gold mining would exchange for the same thing he might decide to mine gold instead. Natural market forces would eventually establish a whole new set of realistic parities between gold and all other commodities.

In 1933—233 30 grains of copper (5c) bought a loaf of manually produced bread. Technilogical progress since that time allows the making of bread to be completely automated. In the absence of inflation—realistically a loaf of bread would now bring (1C) or 46.66 grains of copper. When the monetary system finally collapses officially all inflation will be wiped out by one bold stroke of deflation. That could trigger a “world wide” return to *realism* which could *return* the *evaluation* of certain metals to the public directly and cause a return to 233-30 grains of copper exchanging for 1 lb. of manually produced bread. Maybe a return to realism with some retention of technical skill and a 46.66 grains of copper (1 old U.S. cent) exchanging for 1 lb. of bread. Think about what a weeks salary would look like if bread sold at 1C a loaf.

What would the new “price of gold be?—

In “dollars,” 1 02. .999 Gold = $ 1 followed by all the zeros you can put.

In man’s labor, I 02. .999 Gold = 1 months salary or thereabouts.

Note: Explanation for the above reference to the “price” of gold in “dollars”.

“Dollars” of “money” only had relevance when the commonly accepted exchange commodity was ounces of gold. To establish a “price” for gold in “dollars” would require an excursion into fantasy—”dollars of money” *used to refer* to “ounces of gold” (where “dollar” was a unit of measure and gold was the “money” being measured)—to “price” gold in “dollars” of “money” is to “price” oranges in oranges or apples in apples—there is no way to make it mean anything. “Dollar” today is not a unit of measurement for gold, oranges, or apples—it is completely unredeemable—and soon to become unexchangeable (like continentals of colonial times) therefore the new “price” of gold in “dollars” = 1 followed by all the zeros you can write!

Chapter LXX “MONEY” EXPROPRIATES WEALTH!

WEALTH MEDIA METAMORPHOSIS INTO “MONEY” MEDIA!
“MONEY” AT THE TIME OF ITS ORIGIN WAS WEALTH!
“MONEY” HAS UNDERGONE A METAMORPHOSIS SINCE “ITS” ORIGIN! TODAY “MONEY” EXPROPRIATES WEALTH!

Gold and silver, precious metals, were fabricated into ‘pieces’ for use as mediums of exchange at the Roman temple of the Goddess Juno. The surname of the Goddess Juno was Moneta and so from the Latin Moneta the product became known as “money” or “mint.” Time elapsed and eventually ‘mint’ became the establishment for making coins of gold and silver which were called “money.” Coins first appeared in the district of Lydia, in Asia Minor, which was the principle industrial nation of the old world, about the eighth century B. C.

At that time they did not envision the metamorphosis of the “money” they fashioned into the “money” we have today. They did not foresee that imagination would one day replace their invention as a medium of exchange and be called “money.” Their coins were of gold and silver and were wealth; it did not matter that they were called “money.” The important fact is that they were *wealth.* The proof that the economic truths, that really govern, have not been known is evidenced by the fact that under the Roman Empire the standardization of sizes, weight and values of coins was inaugurated by banning private or unauthorized minting. The beginnings of the use of imagination as a medium of exchange was present, but its true economic function was not recognized. It was at this point that coining gold and silver into ‘pieces’ that were exchanged at the value of the metal they contained plus fabrication (commodity value) was deviated from. Coins were given ‘names’ and ‘face’ values were declared that were in *excess* of the value of the metal contained and the cost to manufacture. That portion of the ‘face’ value assigned to the coin that was in *excess* of the value of the metal contained plus cost to produce (commodity value) was ‘imagination’ being used as a medium of exchange. That differential was recognized and was called seigniorage’ and was considered the sovereign’s prerogative to *take.* As centuries past, the Shekels’ of ancient Babylon, ancient Greek ‘Drachmas’ and those that followed were considered to be either standard coins or token coins. Standard coins were those whose face value was comparable to their commodity value (true wealth as mediums of exchange). Token coins were those whose ‘face’ value was far in excess of their commodity value (more imagination than wealth as a medium of exchange).

It has never been understood that *nothing tangible*, in this world, can ever have a fixed value in relation to other tangible things. It was precisely the transition of going from; “This coin *is* one ounce of silver” to “This token is *worth* one ounce of silver that was the ‘parity’ *fixing* that allowed the use of imagination as a medium of exchange. To accept a coin in exchange, at a value that exceeds the value of the metal it contains plus manufac turing cost (commodity value) is to accept the *loss of wealth* equal to the excess (the differential between 'face' value and commodity value called 'seigniorage'). The excess value attributed to the coin and accepted can only be accepted by the acceptor in imagination. The value is *not there* in any *tangible form* of metal content and workmanship, so it must be *imagined.* The workmanship in the fabrication of the coins did add some exchange value to the coin over the value of its pure bullion content. This fact must be understood, it is self evident. The standardization of the coinage whereby the official mints did guarantee the weight and fineness of the metal contained in the coin did make that amount of bullion worth more and more readily acceptable in exchange; this value was the commodity value of the coin.

Exchanged at their commodity 'parity' with all other commodities no matter how much that parity may vary from one exchange to another could never involve the expropriation of wealth.

"Parities are determined by competitive bidding with respect to return on labor, variations in time, location and circumstance."
(Jenkins economic truth #40)

DETERMINED IN THAT WAY PARITIES ARE AS FREE OF IMAGINATION AS IS POSSIBLE.

"Freely competitive exchanges determine true parities."
(Jenkins economic truth #41)

It is possible that an assigned 'face' value fixed upon a coin by political edict may at some time and place coincide with its true parity determined by a freely competitive exchange. This is true quite often in coin collecting, numismatic circles.

What is important is to understand that under normal circumstances, in response to the forces of natural law, parities between commodities vary with respect to return on labor, variations in time, location and circumstance. It would not be realistic to expect the parity of a California grown commodity to have the same parity with other things in New York, as it has in California. Transportation alone would increase its exchange value in New York. The same is true of a New York commodity shipped to California. This is not meant to convey the idea that the parity between two commodities, from two widely separated places might not have the same parity relationship in both places. One California orange may be worth one New York apple in New York and one New York apple may be worth one California orange in California, because relative charges of harvest labor and transportation might well coincide. However, in Cleveland, Ohio their respective parities might be quite different since Ohio is closer to New York than to California and apples would have a lower parity than oranges were all other factors equal.

This 'freely competitively determined parities', truth, must be fully understood to facilitate the comprehension of the economic truth that natural economic law cannot be deviated from without the accompanying expropriation of wealth, which negates its being a free market. When a coin is fabricated and assigned a 'face' value in excess of its 'commodity' value a parity 'inequity' 'is locked up within it' and cannot escape until all legal tender laws are repealed. That the people do not understand this is evidenced by the facts of history. To this day there are people who believe that there are several kinds of "money" such as commodity "money," credit "money," and fiat "money." They believe:

Commodity "money" is "money" with a value nearly equal to the material contained in it. Credit "money" is paper "money" backed by promises by the issuer, to pay in 'standard coinage.'
Fiat "money" is paper "money" without any promise of redemption and with value fixed by

They are totally unaware of the error that has been perpetuated for these many centuries. Gold and silver coins are wealth! Whether they were aware or unaware, calling ‘wealth’ money’ was an error! Wealth: All material things produced by human exertion having exchange value. Jenkins

All commodities are wealth and not “money”. “Money” was a name applied to wealth in error and necessitated the addition of words like credit’ and fiat’ to distinguish the imagination containing units’ from their invention ‘commodity’ money, which was in reality just simply wealth fashioned into a most convenient and recognizable medium for exchanges—’coinage.’

The expropriating power of “money” (imaginary medium of exchange) was understood, by some people, others thought it was only necessary for the people to have confidence in “money” for it to have value. This deviation, from the dictates of natural law, that caused the eventual collapse of all ‘fiat’ ever experimented with, was never fully understood. They attributed the collapses to the people’s loss of confidence in the government’s fiat. In our own colonial America the ‘behavior’ of “money” economics was known.

> “This currency, as we manage it, is a wonderful machine. It performs its office when we issue it; it pays and clothes troops, and provides victuals and ammunition; and when we are obliged to issue a quantity excessive, it pays itself off by depreciation.” Benjamin Franklin April 1779

“The attitude of the average member of congress was: “Why should I vote to burden my constituents with taxes when it is simpler to have our printer turn out a wagonload of money, one quire of which will pay for the whole?”

Page 664 Colonial America by Barch-Lefler

The behavior of money was known but the natural laws that behavior were not known. The continentals’ were issued with redemption promised in Spanish milled dollars, at a future date. The effort was honorable but not quite equitable. The ‘continentals’ were issued redeemable in Spanish milled dollars that were not in reserve for the redemption. The acceptance of the continental’ was acceptance of imagination as a medium of exchange, they were ‘inflation’ per se and was understood as ‘inflation.’

> “Maryland did not allow her printing presses to run overtime and it was said that she had “solved the problem of paper currency” ... yet in areas of unregulated emissions, there did develop strife between creditors who wanted sound money, and debtors, who desired inflation. . . . English merchants appealed to their government against colonial paper, especially that which was declared legal tender ... on the other hand, Benjamin Franklin defended inflation at this time. He said that it was a means of keeping plenty of currency in circulation, attracting artisans to the colonies, raising prices, and lowering interest rates.
>
> Page 375-376 Colonial America by Barck-Leffler

They knew what money (inflation) caused but did not understand why:

> “All the perplexities, confusions and distresses in America arise, not from defects in • the constitution or confederation, not from want of honor or virtue, as much as from downright ignorance of the nature of coin, credit, and circulation”
>
> John Adams in a letter to Thomas Jefferson

> and I sincerely believe, with you, that banking establishments are more dangerous than standing armies; and that the principle of spending money to be paid by posterity, under the name of funding is but swindling futurity, on a large scale. Thomas Jefferson in a letter to John Adams

They may not have known why it behaved the way it did, but they did know it was wrong and did

1. The congress shall have power: 5. to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures. 6. to provide for the punishment of counterfeiting the securities and current coin of the United States.

There isn’t any mention here of ‘legal tender’ such as the ‘continentals’. ‘Regulate the value thereof does not mean for congress to set a parity for ‘token coins’. It definitely meant congress was to authorize and supervise the fabrication of gold and silver into standard coinage and regulate the metal content of the coinage to be compatable with foreign coinage so as to be easily and readily exchangeable in international trade. In paragraph 6. they specified punishment for counterfeiting per se not for ‘illegal’ counterfeiting. They were to fashion silver and gold into coins with accurate weight and fineness and in units comparable to foreign coinage to facilitate interchangability. To make absolutely certain that the intention could not be misunderstood they follow it up in section 10 paragraph 1 with:

“No state shall . . . make anything but gold and silver coin a tender in payment of debts. . . . ”

It is hardly likely that the signers of the constitution meant it to be misleading. They did not understand the natural laws of economics but they did know what happens when ‘fiat’ money and ‘credit’ money, that cannot be redeemed is used. They were trying to eliminate their ‘bad’ experiences with fiat, from reoccuring. That the experiences with fiat were costly is summed up in another quote:

“Dame experience keeps a dear school, but fools will learn in no other.”
Benjamin Franklin

That the instructions were not followed is history.

“Money” is cheap to the issuers but then “money” can only be cheap to the issuer. If the issuer gets it at no cost and can exchange it for commodities, in as large amounts as could be gotten with gold and silver coins the currency would be cheap to the’issuer; but to those who gave up the commodities for the “money” it would appear no cheaper than the coins would have been. Anyone who issues “money” takes a corresponding amount of wealth out of the economy, which is there or would be there if the “money” had not expropriated it.

In 1796 John Adams wrote to his wife, in view of his approaching accession to the presidency, that the paper money of the country was the worst evil he saw. “ . . . The fluctuations of our circulating medium have committed greater depredations upon the property of honest men than all the French piracies. To what greater lengths this evil may be carried I know not. . . credit cannot be solid when a man is liable to be paid a debt, contracted to any, by one-half the value a year hence.”
John Adams 1799

In the U.S. today we no longer have any ‘commodity’ money or ‘credit’ money and are completely committed to ‘fiat’ “money”. Our monetary system has collapsed and teams of people are working to fashion another from the ruins, before the public finds out. Most of the volume of our fiat is destined to be declared worthless and be repudiated. The fact that we are on total fiat (imagination) there is no longer any way to continue in that direction. There must be a return to the use of *wealth* in the form of *coinage.*

The word “money” was applied to wealth in error, so far back in time that today the words ‘money’ and ‘wealth’ are still considered to be the same entity, when in fact one is intangible and the other tangible. Until the difference is generally recognized and understood the basic fact that: “Money” expropriates wealth (Jenkins economic truth #52) will not be accepted. That the exact workings of the natural laws that govern can be explained and proven will not be believed. Meanwhile why not return to the original instructions:

“No state shall . . . make anything but gold and silver coin a tender in the payment of debts . . ”

THE PUBLIC SECTOR

THE WEALTH PRODUCERS

/ THE
/ ELITE
f SECTOR
OWNERS & OPERATORS OF THE FEDERAL” RESERVE SYSTEM AND THE COMMERCIAL BANKS— THE MONETARY AUTHORITIES.

PEOPLE PEOPLE

POPULATION

Chapter LXXI IT IS ‘WHAT -NOT ‘WHO’!

Many voices in our land today are raised against the Federal Reserve System. The big effort by almost all is to have the Federal Reserve System owned and operated by government through the congress of the United States instead of the present arrangement whereby the “Fed” and the “money” creating facilities (the commercial banks) are privately owned and operated for a profit.

No one seems to remember their history well enough to remember that in the beginning it was the congress that had the “money” creating power and that the unit of currency they put out (the continental) also failed miserably just as the “dollar” is doing today.

Sooner or later the REAL EVIL must be brought to the attention of those people with enough voting power to abolish the legal tender laws and all the diabolical thievery they facilitate. It is with that goal in mind that the effort will be made here to expose that evil with enough clarity to be easily understood.

IT IS NOT WHO IS PERPETRATING THE EVIL THAT MATTERS—WHAT REALLY MATTERS IS THE ABOLISHMENT OF THE EVIL, SO THAT IT IS NOT BEING into only two sectors—one labelled the elite sector (people “A”) and the other labelled the public sector (people “B”). It is the intention here to show that people “A” exploit to the fullest and have as their virtual slaves people “B”. For the people “B” in the public sector to know that it is being done and the means by which it is accomplished is in itself the beginning of the cure for the situation. In no way does this infer that the people “A” in the elite sector themselves know and understand the terrible consequences of their unwitting acts. In reality the evil has been being perpetrated on and off in this world of ours for so long that the earliest known attempt at wage and price controls failed about 2500 B.C.

Economics is the science that investigates the conditions and laws affecting the production, distribution and consumption of wealth, or the material means of satisfying human desires.

Science: 5 specif., accumulated knowledge systematized and formulated with reference to the discovery of general truths or the operation of general laws. 6 esp., such knowledge when it relates to the physical world.

This science deals with the distribution of the resources of the earth converted to wealth by the human exertion of people. Before we can understand a science we must investigate the premise upon which it is based. The basic premise: (man must labor to produce wealth or perform a service in exchange for wealth produced by another) is the means by which all human desires are satisfied. To understand any science we must have a series of key words and their meanings well established and available. To be of any use at all these key words must be noncorruptable. In science a word must have a precise meaning ‘one’ and only ‘one’, and all things must have one descriptive term ‘one’ and only ‘one’. The key words we will be concerned with are: RESOURCES, WEALTH, CAPITAL, RENT, SUPPLY. DEMAND, SERVICES, BARTER, AND THE TERM: MEDIUM OF EXCHANGE, AND some fictitious words like: “MONEY”, “INTEREST” AND “DOLLAR”.

RESOURCES: All material things except man and his products.

WEALTH: All material things produced by human exertion having exchange value.

CAPITAL: Wealth used in the production of more wealth.

RENT: Wealth charge for borrowing wealth.

SUPPLY: Wealth received in lieu of a service in an exchange.

DEMAND: Wealth given in lieu of a service in an exchange.

SERVICE: Performance of labor not resulting in the creation of a product. BARTER:
Wealth given for wealth desired.

MEDIUM OF EXCHANGE: Wealth accepted in lieu of wealth desired.

“MONEY”: Imaginary demand.

“INTEREST”: “Money” charge for borrowing “money”.

“DOLLAR”: The make-believe monetary unit of the United States—paper and ink
records of numbers preceded by a mystical sign ($) in bookkeeping entries, accepted by the public as imaginary mediums of exchange whose volume increases daily with official and individual conjurings; are totally intangible, cannot be sighted, heard, smelled, tasted, or touched—are psychologically created in the human mind and are shifted about by check, credit card, and token to ‘settle’ by imagination 100% of all transactions. THE “LAW” OF “SUPPLY AND DEMAND” WAS INVENTED TO EXPLAIN THE PHENOMENON OF IMAGINARY DEMAND.

ALL PHYSICAL THINGS ARE EITHER RESOURCES OR WEALTH.

ALL CAPITAL IS WEALTH—but—ALL WEALTH IS NOT CAPITAL. “MONEY” IS A PSYCHOLOGICAL CREATION OF THE HUMAN MIND. “MONEY” EXPROPRIATES WEALTH!

“Money” expropriates wealth by replacing wealth as “demand” during transactions thereby acting as an “imaginary medium of exchange” and cheating the other party to the exchange out of the wealth he is due. Passing the “imaginary demand” from person to person during subsequent

The method and mechanics of the operation is known as the Fractional Reserve System practised by the Monetary Authority and the commercial banks of the United States which are owned and operated by that sector of the population labelled in the diagram as the elite.

To understand the operation full we will have to start by understanding the system before the advent of the legalized fractional reserve. Before the "Fed" the public was allowed to have and hold gold in any form and to make and settle contracts in gold or any other commodity. People sold their services and production for gold coins and accumulated wealth. Wealth in excess of daily needs was stored in banks and receipts for those deposits were issued to the depositors. A depositor received one claim check (receipt) for each unit of wealth deposited. The claim check was called a banknote and was redeemable at the bank for the wealth deposited *on demand*! 100% redeemable—only one claim check (banknote) was issued for one unit of wealth deposited.

With the advent of the Federal Reserve System a 40% "reserve" requirement was stipulated, which meant that for every unit of wealth deposited by the public in a commercial bank—the bank could issue two and one half claim checks—*one* claim check *to the depositor of* the wealth, and *one* and *one half for the bank* to use in its lending operations. The producer of the wealth gets 1 claim check for the wealth deposited and the *custodians* of that wealth issue themselves 1 *Vi* claim checks in addition *for* the same wealth. The sector of the population who own and operate the Monetary Authority and the commercial banks of the United States get 1 *Vz* claim checks on the production of the public for no expenditure of effort beyond the writing of the numbers in their books. No matter how unbelievable this may seem it is nevertheless true. That sector of the population labelled the elite get almost all their purchasing power in the market place for doing nothing while the sector labelled public must slave to produce all the wealth. The elite sector of the population has purchased the entire nation from the public on the open market using "dollars" they created out of nothing.

When the elite finally gained title to all the gold on deposit they stopped issuing gold redeemable certificates and discontinued giving gold coins for "dollars" tendered for redemption.

Later the reserve requirement was lowered to 25% and from then on the elite gave themselves 3 claim checks on each unit of wealth produced and deposited and only one claim check to the producer of that wealth—with only silver coin as the wealth obtainable at the bank for silver certificates tendered in return to the bank. When the elite finally gained title to all the silver on deposit they stopped issuing silver certificates and discontinued giving silver coins for "dollars" tendered for redemption.

THIS WAS ACCOMPLISHED IN 1965 WITH THE PASSAGE OF THE COINAGE ACT WHICH SPECIFIES THAT THE SECRETARY OF THE TREASURY MAY TAKE 97% SEIGNIORAGE.

SEIGNIORAGE: The prerogative to take from the people the difference between the face value of a coin and the cost of the material and the fabrication.

This meant that the "dollars" tendered for redemption at the banks could be redeemed by the banks with coinage consisting of only 3% of the wealth the "dollars" formerly would have been redeemed for in gold and or silver coin, therefore the claim-check-ratio had increased to 33.33 to 1—33 33 claim checks for the elite against 1 for the public producing the wealth.

Unfortunately this reasoning although accurate does not tell the whole story. Coinage in the United States today is such a small portion of the volume of monetary units in use that it represents considerably less than 1% of the "dollars" in use. All "dollars" created by the facilities owned by the elite are loaned into circulation and at the moment there is a total well in excess of six trillion.

Six trillion "dollars" loaned at an arbitrary 6% "interest" means that 360 billion "dollars" of wealth is extracted from our 1 trillion G.N.P. each year as a tribute paid by the public to the elite for the priviledge of being allowed to use their created dollars .

Since all the “dollars” created are not redeemable for coins their possession does not in any way give us title to anything—but—to get the “dollars” we had to pledge our wealth and those pledges give the elite title to all the wealth we temporarily have the use of.

THE ELITE THROUGH THE COMMERCIAL BANKS THEY OWN AND CONTROL CAN FORECLOSE ON THE PUBLIC AT ANY TIME!

With all the corruption that “money” can buy our nation was ‘taken’ from us and is being ruined by the elite. The public must insist that the elected officials representing them in congress introduce and vote for bills to rescind the legal tender laws and force the elite to accept “dollars” from the public in return for their ill-gotten wealth still remaining—the public could get something back ‘on the “dollar” ‘. A return to 10096 redeemability of banknotes issued by public banks, strict enforcement of counterfeiting laws and a system of free coinage our nation could rapidly resume its travel on the path to greatness.

For those who believe that congress should create the “money” and set the value thereof it must be asked by what means would this be carried out. How would the “money” units get into the hands of the public? What method would be used to determine the distribution?

Originally when we had ‘free coinage’ any producer depositing wealth was given a paper receipt acknowledging his ownership of the wealth deposited. By means of the receipt the wealth was immediately reclaimable by its owner on demand. The receipt was usable as a medium of exchange because it acted by proxy in the market place as the wealth it was a ‘claim check’ for.

When bankers created excess receipts and loaned them into the economy they were accepted as ‘claim checks’ on wealth—because no one knew that there wasn’t any wealth on deposit to facilitate their redemption.

When congress created the ‘Continentals’ during colonial times they were claims on silver coin to be made available in the future for their redemption and so they were accepted in the market place as proxy representatives of silver.

When Lincoln created the green backs they were in reality I. O. U.’s which were to be honored by the government at a future date as ‘prepaid tax receipts’.

If congress was to repeal the Federal Reserve Act and take over the issuance of an interest-free “money” *HOW* would it be distributed?

The people who make-up the PUBLIC labor to produce the wealth of the nation—if anyone should ‘have’ the “money” to purchase that production it should be the people who produced it! If government agencies require “money” with which to purchase their necessities it should be obtained from the people by means of taxation. If the government who produces nothing can create all the purchasing power and purchase all of production directly then where is the need for taxation—and where do the producers get their necessities except at the benevolence of government?

If government were to only produce enough “money” for *their* necessities then where would the people get the “money” *they* need to use in exchanges to facilitate the division of labor.

If government was to lend producers all the “money” they need upon the pledge of wealth, then title to wealth equal to the entire “money” volume would be vested in government without the formality of taxation.

If the government was to lend producers all the “money” they need *without* the pledge of wealth then *who* would *work* to get “money”?

AS LONG AS IT TAKES HUMAN LABOR TO PRODUCE THE WEALTH NO *ONE* THAT *DOES NOT LABOR* SHOULD HAVE THE RIGHT TO CREATE “MONEY” WITH WHICH THAT WEALTH MAY BE PURCHASED!

Note:	Free coinage is a system where the government-operated mint is limited to only

Chapter LXXII

PRESERVING ONE’S ASSETS—LIQUIDITY

Liquidity: State or quality of being liquid. Webster.
Liquid: 4. such as are cash, or can be promptly converted into cash, as, liquid assets. Webster.
Asset: 1. any item of value owned. Webster.
Cash: Syn. coin, specie, currency. Webster.

The important meaning to attach to the word liquidity is that it means the ability to have one’s assets in a “form” that will be readily acceptable in exchange anytime, any place. It is exactly that quality present in one’s wealth (assets), that makes them ‘liquid’ and hence the term ‘liquid assets’. In the history of the world, to date, the most liquid asset anyone could ever have was gold coin. Throughout history the very freedom and independence of people was almost proportional to the amount of liquidity they controlled.

Gold is necessary to assure individual liberty. Adolph Hitler came to the conclusion that individually held gold was an enemy of the ‘Super State’, and from beginning to end of the Nazi regime the Nazi conducted a ceaseless campaign against gold. Another great dictatorship, the Soviet Union feels exactly as Hitler did towards gold. It is a “crime against the state” to hold gold in Russia and in the United States.

The reason is that gold is wealth and unlike “money”, it is created by the people and cannot be regulated like “money.” Privately produced and held, gold is a refuge of citizens, it allows them to make financial transactions in areas beyond the reach of the state, which hates to permit liberty and declares private ownership a crime. Gold would have value, if for no other reason than, that it enables a citizen to fashion his financial escape from the state.

“Gold is for those who do not trust the financial management of their government.” John McFalls 1968

“Gold in its natural state as recovered from natural sources, that has not been melted, smelted or refined, by any process, may be mined, held, purchased, sold and transported without a U.S. Treasury department license regardless of the amount.” Arizona Dept, of Mineral Resources—Mining Journal June 20, 1973

Gold in any other form is subject to regulations and restrictions that are complex and can best be summed up by the following:

IN THE UNITED STATES TODAY, UNDER PRESENT LAW, AMERICANS MAY BUY GOLD, FOR INDUSTRIAL PURPOSES, OR THEY MAY OWN GOLD JEWELRY, FABRICATED GOLD, OR RARE GOLD COINS.

* HOWEVER, THEY ARE *PROHIBITED* FROM *ACQUIRING* GOLD *FOR SPECULATIVE* OR *INVESTMENT* PURPOSES.

By Executive Proclamation #6102 Pres. Roosevelt April 5, 1933

Speculate: . . to buy or sell with the expectation of profiting by fluctuations in price.” Webster.
Investment: The investing of money or capital for income or profit. Webster.

It is generally accepted, by some of the public, that the specification above allows coin collectors (numismatists) to acquire rare gold coins *as collectors.* To avoid the prohibition however, it is necessary ing is an interesting thought. But how you would prove *what* you *were not* thinking is even more interesting.

The whole thing is contrary to the 'constitution' and the 'bill of rights' as well as being totally ridiculous for an American Citizen, in the land of the "free" to be denied the right to own and trade in gold. Until the laws are changed there is always the possibility that 'gold coins' held privately could be declared contraband. The only coins that are safe are the ones you own outright and have in your possession as a coin collector. The law prohibits the use of gold coins directly as mediums of exchange, but the fact that at any time anyone might liquidate his collection for the current currency is what makes them perfect liquidity.

Gold is so stable in value that almost all currencies were valued in terms of gold. It is the increasing ratio of paper "money" units in relation to the gold that causes the paper "money" units to suffer a 'falling parity' in terms of gold. If it were not prohibited to use gold as a medium of exchange all intelligent people would choose to use gold and no one would use "money." It is for this reason that the use of gold is prohibited.

There were restrictions on silver for many years also, until the way was found to suppress its spot "price" by short selling silver in the commodity futures market. Today all restrictions on the ownership and use of silver have been removed. Except for considerations of weight and bulk our old silver dimes, quarters and halves, dated 1964 and before, are excellent if not the most preeminent forms of liquidity. It is the consideration of liquidity that all Americans should be concerned with at this time. The "dollar" is sinking fast and the preservation of accumulated savings should be begun as soon as possible. All savings that are in any way 'figured in dollars' are vulnerable. All paper instruments that pay-off in "dollars" are subject to severe losses. The object is to divest oneself of all currency and get into material things that are figured in weight and fineness. It is a must that everyone learns what the "new" terminology is. There is Avoirdupois weight (ordinary commodities); Troy weight (precious metals, jewels etc.); and Apothecaries weight (drugs etc.).

It is not necessary to learn them all. Everyone is familiar with the ordinary commodity system (Avoirdupois weight) which is the weight system the stores use and the public uses around the home. It is only necessary to learn the 'troy weight' for use with precious metals, jewels etc. and its relationship to avoirdupois. It is easy to convert one to the other if we learn about the common unit the 'grain'.

In	Avoirdupois	1	ounce	=	437.5	grains.		
In	Troy	1	ounce	=	480	grains.		
In	Avoirdupois	1	pound	=	7000	grains,	=	16 ounces.
In	Troy	1	pound	=	5760	grains,	=	12 ounces.

Although all gold and silver coins are weighed with troy weight they are not marked in grains, which is the common unit, they are very often marked in grams. Grams can be converted to grains easily by just dividing grams by 0.0648 (grams per grain) or by multiplying the grams by the factor 15.4323 (grains per gram). It is easy to find the troy ounce weight of a coin by dividing its weight in grains by 480 (grains per troy ounce) or if multiplication is easier multiply the weight in grains by 0.002083 to find troy ounces.

All coins are not pure gold or pure silver, most will be alloys and the purity of the metal contained in a coin is shown decimally as .899 or .999 etc. .999 means there is only 1 part in a thousand impurities or that it is 999/1000 ths pure. .9999 would mean 9999/ 10,000ths pure or only 1 part in 10,000 impurities. In gold jewelry they specify 'carats', 24 carat gold is pure gold or (.999). 22 carat gold means 22/ 24 ths purity or 22 parts gold 2 parts impurity; 18 carat =18 parts

480 by 113 we would find it takes 4.247 British sovereigns to equal 1 ounce of gold .999 (24 carat) fine. When $20.67 would buy one ounce of gold $20.67 divided by 4.247 = $4.86 would buy a British sovereign—now it takes $40.00 to buy one British sovereign, which shows how far the “dollar” has fallen in parity to gold. $40.00 X 4.247 (no of sovereigns per ounce of gold) = $169.88 required to buy an ounce of gold in “our” world; the real world; the world that the public has to live in. This figure $169.88 (on the minute) for an ounce of gold is in the form of British sovereigns—the gold coins that are probably the most liquid form of wealth in the world today.

The so called free market “dollar” cost of gold is around $105.00. The $105.t)0 is for bullion in the form of bars, which Americans are not allowed to own, invest or speculate in. The public’s cost of the gold form they are permitted to own is $169.88 (example above) on the minute, but of that 30 percent is an accepted figure for the fact that it *is* in *coin* form and recognizable as gold in certain quantity, because it is an officially minted coin. Allowing for the added commodity value of gold coins of 30 percent premium above the bullion content value. Multiplying the free market “dollar” cost of gold bullion $105.00 by 130 percent = $136.50. The difference between that and the $169.88 the public must actually pay is $33 38 and that is the ‘panic’ premium or whatever you would like to name it. It is the increasing amount of “dollars” being bid as increased amounts of people become aware of the situation and competitively bid for the gold coins. As late as mid-year 1971 the panic premium on British sovereigns was less than two “dollars” per coin, now it is over eight “dollars” per coin. There just isn’t too much more time to spare.

Another good gold coin is the Columbian ‘5 peso’ it is plainly marked G-7, 988 -Ley-

0. 916 2/3 which if we work it out, is the same as the British sovereign. G-7,988 is the grams of weight multiplied by 15.4323 (our factor to convert to grains) = 123-2732 grains multiplied by the purity factor (0.91666) = 112.9999 or 113 grains of .999 purity which is exactly the same as the British sovereign. Although it is the same it can sometimes be bought a little more economically than the British sovereign. It is not quite as well known and therefore has less liquidity value. The whole purpose here is to explain, that it isn’t how much gold you can acquire at how little cost; because it is not just the metal, but how easily it can be exchanged later, that is the most important factor.

Gold bars would be great, except that, you would need papers attesting its authenticity as gold before you could sell it. Coins are recognized for themselves and are readily saleable anywhere anytime.

The United States gold coins cost more “dollars” than most others today, per unit of gold contained, because their numismatic value premium is higher, (over 66 percent of those originally minted were remelted by government and are no longer available). They are a ‘good’ buy in a continuing ‘falling dollar parity’ (inflationary effect) condition; but when the ‘correction’ comes and we are in a ‘depression’ the volume of ‘coin collectors’ is expected to drop. The ‘market’ will be smaller during the coming depression and the numismatic value of coins will not mean as much. The more common the gold coin the lower will be its premium value over bullion value and since it is liquidity that is or should be the main concern the effort should not be to collect “uncirculated” coins. Circulated coins are far less likely of ever being counterfeit and if one buys from reputable coin dealers there is little to worry about from this area.

Silver coins are as good as gold coins in many ways and it is much easier to invest in them. There are several reasons why silver is easier. Silver is completely legal, anyone can do anything they wish with the silver coins; buy, sell, melt and sell, hoard, convert to jewelry etc. in any quantity. The silver coins are more plentiful and worth much less per coin, than gold. For lower exchange values silver coins have greater liquidity than gold. The silver coins to seek are the ones referred to a ‘junk silver’ (no apparent numismatic value). The silver coins that were in circulation for over a century in America. The dimes, quarter and halves up to date 1964’ were .899 fine silver to remember that getting the *liquidity* at the most *economical cost* is the uppermost 'human' desire. Silver dollars have been bringing a very large (several hundred percent) premium for quite some time and are considered collector's items almost exclusively. The dimes, quarters, and halves can be bought in bulk in bags of $1000.00 'face' value which means 10,000 dimes; 4,000 quarters or 2,000 halves or a composit mixture and here again it is extremely important to think of it only as buying liquidity. The liquidity is in the value of the metal contained and the fact that the 'container' is recognizable as having the con+ tent. To figure the amount of silver .999 fine in a bag, it is only necessary to weigh it on an ordinary scale. A bag containing $1,000.00 'face' value of 1964 or before U.S. old silver coins in mixed or individual denominations should weigh about 54.93 lbs. (54 lbs. 15 ounces) multiplied by 16 (ounces in a lb avoirdupois) = 878.88 ounces multiplied by 437.5 (grains in an avoirdupois ounce) = 384,510 grains, divided by 480 (grains in a troy ounce) = 801.06 ounces troy, multiplied by .899 (purity of coin 1964 and before) = 720.152 ounces silver .999 fine.

There are other shorter factors that can be used, but this one, being in detail, may be more understandable for those who want to figure small quantities starting perhaps with ounces. All that has to be remembered is that dealers, selling bags of junk silver coin of $1000 'face' value, guarantee that the bag will contain 720 ounces troy of silver .999 fine with all the impurities and wear having been considered. Knowing the bag contains 720 ounces troy of silver .999 pure you can multiply that by the spot "price" of silver and know the value in "dollars" of the silver metal in the bag with all allowance for wear and .899 purity 'taken into account' automatically. By subtracting that figure from the "price" being asked for the bag you can find the premium you are being asked to pay. It can be figured on the 'per ounce' basis also example: One bag purchased at $2,100.00 with spot "price" at $2.80 on that day. (spot "prices" of commodities are reported daily in some newspapers). The bag contains 720 ounces therefore $2,100.00 divided by 720 = $2,916 per ounce. $2,916 less $2.80 (spot price) = $0,116 or 11.6c per ounce premium or expressed as a percentage, the premium of 11.6c in relation to $2.80 = 4.1%. Only between 4 and 5% premium for perfect liquidity; silver coins of 90% purity.

Silver bars, medallions, plates and coins are being fashioned and sold in great quantities, as a good hedge, against the "dollar" failing. Most of these items are being fabricated of silver with a .999 purity. These are silver, it is pure silver and silver is going to hold its value when the "dollar" fails, however, these forms of silver are *not* repeat *not* good liquidity. There are two reasons above all others; one is that these forms are more in the nature of collector's items and do not have as big a market as the coins and the other reason is their "dollar" cost in relation to coins. The bars, medallions, plates and coins being fabricated by private mints are being sold at "prices" ranging from $4.25 an ounce to over $10.00 an ounce of .999 fine silver metal content.

At just $4.25 an ounce for a coin from a private mint, in relation to the cost per ounce of the old U.S. silver coinage at $2.916—$4.25 less $2,916 = $1,334 per ounce premium or expressed as a percentage it equals 45% which is considerably higher than the 4 to 5% for the old U. S. coinage which is excellent liquidity.

The contention, expressed by the sellers of the 'private mint', items, that the old U.S. coins are only .900 fine and that the charge for refining them into .999 silver would offset the difference in cost, is not valid. Nobody seriously expects to ever see these junk silver coins melted by the public. They are such excellent liquidity, as they are, that their premium will continue to rise as more people bid higher premiums to own them.

Note: During 1965, 66, 67, 68, and 69 U.S. half dollar coins containing 40% silver content (.400 fine) were minted and are still in "circulation." Obtaining these 40% halves at par value (50<) is buying silver at $3-45 an ounce .999 fine.

To sum up:

preeminently excellent forms of liquidity.

Liquidity considerations are extremely more important than numismatic value in efforts to preserve one’s wealth.

Coins are for superior for the liquidity purpose than any other form of precious metal, stones, art objects etc.

For quick in and out’ protection gold coins are better than silver coins, at this time, for they are closer to reality.

Gold coins are better for the protection of larger sums; they have less weight and bulk per unit of relative parity.

Silver coins are very heavy and bulky per unit of relative parity with gold at this time, but could offer more profit’ in the long run (when control attempts have collapsed) as an initial effort, liquidity should be sought in silver, and followed by gold as individual decisions indicate.

Silver first, because of smaller more viable units and gold for larger amounts.

In all considerations it must be remembered that the monetary authorities could at any time instigate the passage of regulations governing all coinage and restricting the accumulation and ownership. Individual decisions concerning the maintenance of one’s liquidity must be determined with the following factors in mind: Bulk, weight, ability to liquidate in emergency, ease with which it can be stored to assure security.

> “There should be no war upon property, or the owners of property. Property is the fruit of labor; property is desireable; is a positive good in the world. That some should be rich shows that others may become rich, and hence, is just encouragement to industry and enterprise.”
>
> Abe Lincoln 1864
>
> “No other rights are safe where property is not safe.”
>
> Daniel Webster
>
> “WHEREVER “MONEY” IS ACCEPTED AS A MEDIUM OF EXCHANGE WEALTH AND FREEDOM ARE FORFEITED.”
>
> Jenkins

Chapter LXXIII

WHY HASN’T MONETARY COLLAPSE HAPPENED YET?

Many times I am faced by people who say: “You have been saying the monetary system will collapse and it has not as yet happened!” The only reply that can be made is:

IT HAS!

On August 15th 1971 President Nixon said it collapsed when he ‘closed the gold window’.

On August 17th 1971 President Nixon said it collapsed when he declared the United States in a state of national emergency.

The monetary system has collapsed. The officials of many nations know it and are frantically trying to set up a new system to perpetuate the expropriation of wealth that has been going on for so many years. One has only to listen and hear the words.

> “ . . . .tangible progress towards a new and more realistic monetary system remains an essential against further market upheavals.”
>
> Mr. Anthony Barber Chancellor of the exchequer U.K. F/T July 30, 1973
>
> “. ... the prospects brightened today for a compromise agreement on reform of the world monetary system, when the French financial minister unexpectedly proposed a system of triple sanctions against countries which run chronic balance of payments surpluses in the future.”

M. Valery Giscard D'estaing F/T July 30, 1973

"Washington, August 22 - secretary of the treasury George P. Schultz today named three former treasury secretaries and eleven other men, mainly bankers, to a new advisory committee on reform of the international monetary system."

Edwin L. Dale Jr. N.Y. Times August 23, 1973

Why do the financial ministers, of the numerous countries *know* the monetary system has collapsed, but the 'public' (all those not a *monetary authority)* do not? There must be something *'they ' understand* that the *public does not!*

". public is any person or institution other than a monetary authority or a commercial bank . . . "

'Fed'

The extreme concern of the 'officials' and the lack of concern of the 'public' can only be explained by approaching the subject with a great deal more respect for definitive terms; a more objective examination of basic facts instead of accepting too readily the 'explanations', for conditions, offered by officialdom. Let us consider only the "dollar" and try to understand why it is still in use even though it is *worthless.* Obviously we are going to have to resolve *that* because one can *make you believe* it is *worthless* when you can still *exchange* it at the jewelers for gold.

President Nixon closed the gold window on August 15, 1971 and said the U.S. would no longer *redeem* "dollars" for gold, for anyone, unless it was in the interest of the U.S. to do so. O.K. then, how come, foreigners and everyone else can still use "dollars" to buy gold in American jewelry stores? Well!, you guessed it! Because it isn't the monetary authorities giving up gold for "dollars", it is some member of the U.S. 'public'. What's the difference, you say? Well, there is a lot of difference and it has to do with the words used above; WORTHLESS, EXCHANGE, AND REDEEM; 'PUBLIC' we already understand (it was defined above by the 'Fed').

Worthless: Destitute of worth; useless; waste. Webster.

For the purpose of this exercise it will not be necessary to go into the 'imaginary nature of "dollars" ', we can do this one accepting momentarily, your belief, that the paper token labeled 'dollar' that we carry about and exchange, is a dollar, and not just a physical representation of an imaginary object of thought. Let us consider the physical substance you hold. It is a piece of paper with 'printing' on it and it is called a dollar. Worth is dependent on ability to be used; let us consider the uses to which the substance you hold can be put.

1. Stripped of its printing its uses may be many.
   - A. It could be used to support a written message.
   - B. It could be used to safely discard chewing gum.
   - C. It might be folded several times and used as a wedge to remove the wobble from a short-legged table.
   - D. It might be rolled up tightly, ignited and used as a taper to light a fire.
   - E. It could be wrapping paper for extremely small article etc.

2. With its printing undisturbed it might still be used for some of the purposes set forth above, but it is not likely. With its printing intact it has a greater use value in *exchange.*

Exchange: Act of giving or taking one thing in return for another as an equivalent; trade; specif., barter. Webster.

The printed substance you hold called a 'dollar' is useful in exchange because someone will give you something in return for it. As long as someone will give you something in return for a dollar, the dollar is usable in exchange. The dollar only has *worth* as long as any member of the 'public' will still exchange things for dollars. The individuals that make-up the public still has to dollars appear to have worth and so are used in exchanges and therefore have “worth”. But we have one more word to go redeem’.

Redeem: To regain possession of by repurchase, or esp, payment of amount due as on a pledge or mortgage. Webster.

The monetary authorities and the treasury of the United States have now gone on record by refusing to exchange “dollars” for the gold *they* have. They will not *exchange* gold for “dollars” and to be minus *exchange value* is to be *minus use value* therefore to be minus *use value* in *exchange* reduces the “dollar” to its gum wrapping, fire lighting, table wobble removing duties outlined above. It is our officials who have declared the dollar *virtually worthless* but not the public as yet.

The American public had the redeemability of the dollar for gold removed in 1934 by executive order of President Roosevelt. The redeemability of the dollar for silver was removed entirely in 1970 by the coinage act of 1965. We now have extremely slight redeemability for dollars in copper-nickel “coins” and paper tokens by the monetary authorities. The American public has been operating with a non redeemable dollar for so long that they do not see why it cannot go on forever. The American public has confidence in the dollar and cannot see why confidence alone is not enough.

With the *redemption* of dollars *by the issuer* no longer practiced each new issue *adds* to the *growing debt.* Anyone accepting dollars today is doing so on the *assumption* that it will be *exchangeable* at some future time in return for something of value, but at the rate the dollars are accumulating the value of what you can get in exchange for dollars is *dropping* very *rapidly.* It is only a matter of *time* before the public will refuse to take dollars in exchange; they also will join the ranks of those that *know* the dollar is *worthless.*

The reason the American public has been able to keep the dollar going so long is because we have not had the experience that other nations have had. We do not realize what the conditions we see in our economy today lead to. The individuals, of our public, reason that since they give up things to get dollars, and others take dollars and give up things, all is well. They never consider *who* had the dollar - *first* - and what did *he* or *she* give up to get it. The treasury orders them printed at the Bureau of Printing and Engraving. The paper and the ink and also the labor is all “paid for” with the *product* ‘paper dollars.’Just the same as any other counterfeiting operation only *this one* is *legal!* The ‘bank notes’ evolved from deposit receipts’ that were *‘proof of ownership’* and were redeemable on demand whenever anyone wanted to reclaim his deposit. The very nature of it being a *claim* on *wealth deposited guaranteed* that - MORE * *Could not* be issued than there was *wealth stored* to *redeem,* or there would be dire results; bank failures, monetary crisis etc. By removing the redemption requirement the public lost contact with the amount being created and at this time the world has hundreds of billions of dollars for which we do not have the gold to redeem. The U.S. is bankrupt the officials have declared it, but the public refuses to believe it. When the day of settling ‘so much on the dollar’ arrives all those holding dollars at that time will suddenly become very well educated on matters concerning “money.”

An economy using a non-redeemable dollar as an exchange medium, is somewhat like a ball game played without the ball. It is by observation of the ball that the umpire calls the ‘strikes’ and ‘balls’. It is by observation of the spheroid that the umpire can tell whether the runner or the ball reached the base first. Without the ball to observe the pitcher would claim he struck the ‘batter’ out. The ‘batter’ would claim he hit a ‘homer’. The outfielder would say he caught a fly ball. The baseman would say he stopped a hot grounder etc. Sounds silly doesn’t it. But let us assume for the moment that the ball teams were the monetary officials and the fans were the public.

With a little planning and staging the pitcher could go through the motions of throwing the ball, the batter could swing, all heads could appear to follow a fly, the outfielder could appear to catch, drop, pick-up and throw to first base, the umpire could call the play. For years you would be able to had seen the ball, others would agree there wasn't any.

Commodities usually remain quite stable in their relationships to each other and since time began one of the most stable of all commodities is gold. When dollars were redeemable for gold the exchange value of the dollar was readily determinable. It was only necessary to see how much gold you could get for the dollar. When it began to fall rapidly the officials cancelled redeemability and began to refer to inflation as RISING PRICES rather than the FALLING VALUE of the dollar. When the dollar was redeemable in gold and gold *being* the most stable of all commodities (it still is) it was permissible to speak of some other thing as having a price' in dollars. The dollar was redeemable in gold and had the stability of that commodity. At this time with the dollar no longer redeemable in gold and it's exchange value dropping in relation to all other commodities it is ridiculous to speak of *prices.* It is absolutely idiotic to speak of prices.

When we refer to the 'price' of anything we automatically, without realizing it, accept the totally unrealistic concept that the dollar is *stable* and the commodities are *rising* in relation to it. When we speak of prices we are accepting the totally unrealistic concept that the dollar is still as stable as gold *if we think it is.* Since the 'unredeemable for gold dollar' is connected to value only through its continued acceptance in exchange by the public—it appears to be 'worth' what the public *thinks* it is 'worth', but the "true value" is dropping rapidly, as can be seen by checking its present value in units of its old redemption commodity. Gold is not rising, the dollar is falling but as in our 'ball game' without the ball, some see it one way and some see it the other way. However, it is the truth that will prevail and some time soon the dollar will no longer 'exchange', and all will agree it is worthless.

Chapter LXXIV HOW TO HELP YOURSELF

Friends insist, I must include some words on how to help ourselves under the present conditions.

If Swiss francs or D. Marks were recommended here as a hedge and our international relations were to break down you would lose. If buying gold and silver stocks were recommended and government nationalized the mines you would lose. If buying foreign stocks were recommended and government increased the penalties (interest equalization taxes) you may lose. If you invest in silver bullion and government confiscates silver you are again out your investment. If you buy precious metal futures and government takes over to close the commodity exchange, you are out again. That leaves only certain forms of the precious metals themselves.

Investing in the precious metals has to be considered with respect to many and varied aspects. The first consideration is to determine for certain exactly what the investment is to accomplish. Are you investing in gold and silver for the metal itself or for the liquidity it represents. If you are in the business of melting the metals and fabricating them into other art forms, it is proper to obtain the metal at the most economical outlay. Gold is only legal for the United States citizen under very strict conditions.

> "Under present law, Americans may buy gold, for industrial purposes, or they may own jewelry, fabricated gold, or rare coins. However, they are prohibited from acquiring gold for speculative or investment purposes."

The belief that U.S. citizens may own all the gold coins they wish is not correct if they are held for speculative or investment purposes. This executive order, taken as it is written, conflicts with any license issued to allow trading in gold. It would be unlikely that any coin dealer would trade or traffic in gold, strictly for the pleasure of it, if he makes a profit, or takes a loss it would have to be concluded that he had speculated or invested either wisely or unwisely.

Therefore the executive order, now considered law, outlaws any U.S. citizen engaging in the business of handling any gold at all for speculative or investment purposes, no matter how acquired. Gold acquired for speculative or investment purposes is best obtained in coin form. Realistically acquiring gold for investment purposes makes it imperative that it be held in as highly “liquid” a form as is possible to obtain, (off record as well). In this sense we are obtaining gold as a hedge against the possible collapse of nonredeemable paper. Should the collapse come or if a deflationary exchange takes place, and we are provided with new “heavy currency” (new redeemable certificates) it might become desireable to change our gold back into the new currency at some time. It is the smoothness and ease of exchangeability of an asset into the current medium of exchange that is referred to as having “liquidity”. In the event of a prolonged depression it might be necessary to exchange some gold for the accepted medium of exchange of the time period. It is the degree of ease with which this can be accomplished that determines the degree of liquidity.

At the time of this writing the three gold coins most popular are the British gold sovereign, the Columbian five peso gold coin and in some coin shops the Mexican fifty peso gold coin. They are obtainable at different prices per unit of gold content. The sovereigns and the Columbians are exactly the same in gold content but are usually sold with a price differential of one to two dollars, the Columbians being the most inexpensive. The explanation for the price differential is the fact that the sovereign is more abundant, more easily recognizable and more readily saleable, that is why the sovereign commands a higher premium as a coin over its gold content than the Columbian over the exact same gold content.

The most inexpensive way to buy gold in coin form, of these three, is the Mexican fifty peso coin and again it is because it occupies a lower level of liquidity. It is certain that if this quality of liquidity is used to explain the “price” differential between coins at the time of purchase it will certainly be used again at the time of sale and therefore if liquidity is what is being sought, liquidity is what should be purchased. In the interest of most clarity, although gold bars may not be acquired by U.S. citizens, and for the benefit of the non U.S. citizen reader, it should be pointed out that the gold in any other form beside coinage would of course have less liquidity since it would take papers, records, hall marks or knowledge of testing techniques to ascertain validity of assessed purity during an exchange.

Silver may be owned by U.S. citizens without restriction as to quantity or form. Silver coins may be melted and the metal sold as bullion or fashioned into any desired shape and held or disposed of in any way that is desired. Silver is being acquired by many citizens as a hedge against the coming dollar failure. There are so many selling agents for silver that a variety of stories has evolved as to which form is the best to have. Again it must be decided first for what purpose the silver is being purchased is it silver or liquidity that is being sought?

There are those poeple who are earning fortunes selling silver and some of them are not telling the whole truth, in their efforts to induce the purchase of their particular form of silver. Perhaps it is wrong to think that in this time of crisis all people with knowledge should be trying to impart that knowledge to all others, for the sake of the survival of all to the best of their ability. There has not been, nor will there be, in this book, any condemnation of anyone making a profit from the use of capital and labor whether it be individual endeavor, or cooperative endeavor. Salesmanship is an honorable skill and should be applied honorably. To honestly believe that one’s product is the best and to sell its properties to a prospective buyer is proper. To freely compare one’s product with others is fair, most desireable, but it must be done honestly. Errors in judgment, or just plain lack of knowledge can be excused in anyone, but when a professed expert makes statements that are proveably untrue or so close to the truth that by stopping short of telling the whole truth it causes a predictable assumption of error on the part of the prospective buyer, it is less than honorable.

New independent mints are being established throughout the United States and they are selling silver of .999 purity in many forms. Private mints are turning out plates, medallions, bars, coins etc. for sale. They are alerting the people to the coming "dollar" failure by means of seminars, lectures and speeches at all levels of society. Their arguments for owning silver are good, but it must be remembered that they are in the business of selling silver to make a profit, and they will lean their arguments so as to favor that endeavor. One speech that has been taped and is being distributed actually tells the listeners that our old junk silver coins are not the thing to invest in. That the cost of converting the .899 silver coins to .999 was so prohibitive that something like thirty five per cent of the investment would be lost when the coins were sold. There are several errors here and it may be that the speaker is just not knowledgeable on those points or that he just arrives at different conclusions from the facts.

At this writing .999 silver is pure and is a desireable commodity. However, .999 silver newly smelted and fashioned into the new mint forms is selling at fairly good premiums, between four and five dollars an ounce. Junk silver coins bought in bags of one thousand dollars face value per bag are selling for considerably less dollars per ounce of silver .999. Taking the facts of the case a one thousand dollar bag of old silver coins, U.S. coins, dimes, quarters, and halves minted 1964 or before (silver dollars are traded separately) contains 720 ounces of silver .999. This figure takes into account the wear and the fact of the alloy of the coins as .899 silver with copper. If the coins were ever to be melted it is fair to allow a few cents per ounce plus the copper for smelting. Buying a bag of junk silver coins at \$ 1 ,- 980.00 is buying "silver .999" at \$2.75 an ounce (\$1,980.00 divided by 720) allowing five percent for smelting, if smelting were desired would add 14c per ounce to that. \$2.75 plus 14c = \$2.89 an ounce .999 is still considerably less than \$4.00. Silver acquired as silver desired is most inexpensively acquired as old junk silver coin.

The U.S. half dollar coin minted 1965 through 1969 contain 40% silver which figures out to be silver at \$3-45 an ounce .999, also a considerable saving over \$4.00.

When liquidity is considered it is again apparent that the coins are the best form in which to have silver. The coins are so easy to recognize for what they are. Our old silver coinage .899 fine will be the easiest silver form to exchange into whatever is the accepted medium of exchange at the time you desire it.

Granted that the newly minted plates, bars, coins etc. will have their collector values but those values will be spread over a very much smaller group of people willing to accept those items during a depression or its immediate aftermath. All forms of collector items lose value during a depression. The desire for liquidity will be high and the highest bids will go to the silver forms having the highest liquidity.

It is extremely doubtful that the junk silver coins already saved once, from the smelter's furnace will ever see the smelter's furnace again, but will be kept as silver coins because of their excellent value as liquidity. The private mints today are faced with some hard facts, they are expanding rapidly and their stock in trade is silver. There is a shortfall in silver, it is being used faster than it is being produced, the melting of the old junk silver coins had been the material filling the gap. It would be nice for the private mints if their efforts were rewarded with a twofold return.

If by discouraging the purchase of junk silver coinage at the same time they encourage the purchase of .999 products they can help to lower the price of *their raw material* and increase its availability, they would have the maximum benefit. It is a very significant observation and deserves to be considered, when deciding for one's self who is telling the whole truth.

After the decision is made as to what is desired, the precious metal itself or its liquidity, another decision must be reached. Is the investment as a hedge against the future "dollar" failure or is it an investment aimed at future profit as well. If the "dollars" being exchanged at this time may be needed shortly to meet some obligation, then an investment in gold should be considered because it has been moving upwards in "price" right along as the "dollar" sinks. Should it be necessary to change back into "dollars" in the near future, for any reason, there is a good chance it would be at a (profitwise) since it has yet to make its big “price” advancement. Silver may offer the best potential for profit of all in the long run, many points concerning its abundance support that belief. Another consideration that must not be overlooked is the bulk of the material investment. A thousand dollar (face value) bag of junk silver coins occupies a space just a little less than a gallon jug. A five thousand dollar (face value) assortment of our old dimes, quarters, and halves minted prior to 1965 would occupy a space of about one cubic foot and weight around two hundred seventy five pounds. A thirty thousand dollar investment in gold coin (at today’s “prices”) would fit into a one pound candy box. It is necessary to consider the volume and the weight of the investment and the ease with which it can be moved about. Everyone should consider having some old silver coinage.

There is another area that should be mentioned here. Deflation and the present cupronickel tokens, along with the pennies and nickels we are so familiar with. The constitution stipulated that only gold and silver coins were to be offered as a tender in the payment of debt. The pennies and nickels were “legal tender” only for purposes of making change and could not be used exclusively to settle a debt of any large amount. There is a possibility that the cupro-nickel dimes, and quarters presently in use may be allowed to continue to circulate in that capacity also after a “dollar” failure or a declared deflationary exchange of paper tokens.

When the government decided to go from silver to cupro-nickel dimes and quarters the people took the silver coins they found still in circulation, out of circulation, in accordance with Gresham’s Law and the fact that they were silver. Government took and melted the largest amount because it had advanced knowledge and the machinery to sort silver from cupro-nickel automatically at a rate of 2,000 coins/tokens per minute. If government were to recall the cupro-nickel dimes and quarters during a deflationary exchange at say ten cupro-nickel “old” quarters for one new silver quarter it is doubtful if they would get many back from the people directly. There are 124,000 coins/tokens per minute inserted in vending machines in the United States, and with billions of perfect government-issue “slugs” available it is likely a great many of those cupro-nickel dimes and quarters would be passed through the vending machines before going in for exchange. This would cause the vending machine industry to suffer the loss for the millions of people holding cupro-nickel tokens to exchange.

It would be most sensible to issue a new silver or gold coin of specified weight and fineness to “back” the new redeemable currency and let the “old” cupro-nickel tokens continue as change making “coinage” for the new “heavy currency” (new redeemable certificates).

On the basis that this premise may actually come to pass it would be wise to favor all metal tokens over paper tokens at all times when it appears likely a deflationary exchange may be near at hand. In an effort to express extreme clarity on this point let us assume that one held 40 cupro-nickel quarters (1 roll) at the time a 1 new for 10 old deflationary exchange of paper tokens only was declared. The 40 cupro-nickel quarters would be exchangeable for ten old paper dollars *before* and ten new paper dollars *after* the deflationary exchange. If one had been holding a ten dollar bill (old one) it would be exchanged for one (new one) and “it” could only exchange for 4 cupro-nickel quarters to show a loss of 36 cupro-nickel quarters as a result of holding paper in lieu of the metal tokens themselves; *only* if the “old” cupro-nickel dimes and quarters *were retained* unchanged and the deflationary exchange limited to the paper tokens being exchanged ten old for one new. The cupro-nickel halves and dollar tokens may be recalled and exchanged or restamped with a lower value, since there are very few vending machines that could use those “slugs” and there would be a good chance that the people would turn them in for exchange, especially if there was a counterfeiting penalty for their unauthorized use.

To plan for what is coming involves studying this book, its disclosures can help you to know the truth and to choose the wisest path. You should conclude from its study that having the tools of one’s trade and the skill to use them is of the highest priority. Wealth with as much resistance to time, temperature and corrosion as possible stored in as safe a *private* place as can be devised, fully owned and with as little outside knowledge of same as is possible.

> "Those who do not produce food directly will have to produce wealth, or perform service with which to exchange for it."
> Jenkins economic truth no. 21

> "Armed with the sword of truth the people are invincible."
> M.M.E.J./M.R.

The entire book is a guide as to how to provide for you and your family's security. How to help others: "Influence them to *study* this book."

HOW IT IS NOW!

How does the public get dollars?
Work and receive dollars as wages.
Produce something and exchange it for dollars.
Pledge wealth and borrow dollars at interest.

How does a Savings & Loan get dollars?
It borrows them from the public at interest.
It lends them to the public at greater interest.
It supports itself on the NET interest earned.
How does the commercial bank get dollars?
It borrows the reserve requirement from the "Fed" and *creates* them.
It lends them to the public at interest.
It benefits from the interest earned less the discount rate.
It borrows dollars back from the public at interest.
It lends them back to the public at greater interest.
It benefits from the net interest earned.
It *creates* dollars in proportion to the public's deposits.
It lends those dollars to the public at interest.
It benefits from *all* the interest earned on *those* created dollars.
All the dollars created are loaned against the wealth of the nation as collateral.
The *KEY* people who *own* the 14,000 banks in the United States *own* the United States.

If any member of the public obtains dollars without working for them or borrowing them it is STEALING.

If government obtains dollars without working for them or borrowing them it is TAXATION.

When the Monetary Authority and the commercial banks create dollars on their books and lend them into use as "currency" it is *legal monetization* of *imaginary debt.*

The Monetary Authority or commercial banks do not produce a product or give up anything to create dollars, therefore any obligation to repay the created "dollars" has to be *imagined!*

U.S. currency (paper and metal tokens) are *FIAT* (not redeemable in specie) (gold or silver coin), therefore are *COUNTERFEIT.*

When the Treasury prints paper tokens to represent units of monetized imaginary debt it is *legal* counterfeiting.

When the Treasury mints metal tokens to represent units of monetized imaginary debt it is *legal* counterfeiting.

If anyone besides the Treasury prints or mints "dollar" tokens it is *ILLEGAL* counterfeiting and is

Any member of the public exchanging a “dollar” token for goods or services is passing counterfeit.

Any member of the public accepting a “dollar” for their goods or service is giving up wealth or labor for *FIAT* “currency” (any idea of redeemability has to be imagined) and is UNAWARE that if the World *wakes up* and repudiates “dollars” before they get to pass them on’ they will suffer the loss of all they gave up to get dollars.

THE JENKINS SOLUTION: “A WAY OUT!”

Our entire economy is operating solely on monetized debt as a medium of exchange. Any attempt to shut off the created dollars without first introducing something to take their place would spell instant disaster.

The American public must have their right of contract restored (by the removal of the legal tender laws) and allow a gradual and orderly removal of the created dollars as the new wealth currency takes over.

The introduction of a new 100% redeemable currency into the economy would force out the created dollars by the discount that would naturally develop between the two currencies.

The Gresham’s law very often sighted that: “Bad money drives out good*’ does not specify that it only happens if the “bad money” is made the legal tender. Take away the legal tender specification on created dollars and a wealth currency (“good money”) will drive out the bad money!

Any licensed Public bank should be allowed to issue the 100% redeemable currency (certificates of deposit) just as it now issues cashier’s checks and there shouldbe strict government and local law enforcement against counterfeiting. Certificates of depositshouldonly be allowed to be issued in one to one relationship with the units of wealth on deposit. The certificates of deposit should be specified as to the number of coins of specified weight and fineness of their precious metal content.

Value is a human conception!
Parity is the value of one thing expressed in terms of another.
Since all humans create their own sense of values—
Nothing has intrinsic value, and nothing has a constant parity.

Precious metal ‘backed’ currency would bear the parity of the precious metal it is a claim for, therefore man should not attempt to fix the parity of any currency in relation to any other currency either domestic or foreign.

Natural law regulates values in a free market and all commodities exchange at freely- arrived-at parities.

Parity changes inspire increased or decreased production of various commodities which assures adequate volume available except at times of shortages due to *natural* causes.

Adherance to the natural laws of a free market would allow complete compatibility to multi-metal currency systems.

A free market is one in which the public is able to exchange production or services by competitive bidding, open to all, in the absence of government restriction against any commodity that is not directly restricted by the public themselves in open referendum.

A free market is only possible with a free coinage system where the government operated mint is limited to guarantying the weight and purity of the precious metal they coin; The quantity produced is dependent upon the amount of precious metal submitted by the public for coining: which guarantees adequate volume at all times.

Argument against Jenkins:
"There isn't enough gold!"

There are those who say we cannot return to 100% redeemability in gold because there would not be enough gold.

There is enough gold—what has happened is that too many claim checks on gold have been issued.

Proof:

In 1934 *'A* oz of gold would exchange for $5 and $5 would purchase 100 lbs of bread.

In 1974 a oz of gold would exchange for $40 and $40 would purchase 100 lbs of bread.

Gold has regained it correct parity relationships with all other tangible goods in spite of all the years during which its correct parity was suppressed by the manipulations of the money creators.

No matter how much gold there is at any time it will be enough if care is taken not to issue more than one claim check for one unit of gold.

All existing claim checks on gold, in excess of the gold to back them, should be returned to the issuer for settlement, at so much on the dollar, just as any bad checks' would be handled.

IF CONGRESS CREATED DOLLARS:

How would congress know what volume to maintain?
How would congress distribute them?
How would congress reduce the volume when it became necessary?
How would congress increase the volume when it became necessary?
If congress spent dollars into the economy why would we need any form of taxation?
If congress loaned them into the economy would the borrower have to pledge wealth?
How would congress justify receiving title to all the pledged wealth without the formality of taxation?
If they are loaned without a pledge of wealth who would work for dollars?
When production rises and the G.N.P. is increased how would congress decide who should be given the extra dollars with which to buy it?
When production falls and the G.N.P. is decreased how would congress decide who should give back their dollars so they would not be used?
How does congress justify that the Treasury prints the present "Fed" note apparently in collusion with congress?
How does congress justify that it created the "Fed"—in the first place?
What the "Fed" is doing is *wrong*—why should it be *right* if congress did it directly?
'Rent' is the *FEE* for borrowing anything tangible—why do people fail to see that without created-out-of-thin-air "dollars" there could be no *"INTEREST"?*
All personal checks must be 100% backed—why shouldn't all currency be 100% backed?
If an unredeemable check is a *BAD* check—why isn't unredeemable "dollars" *BAD* currency?

If you feel this book has a significant message for your friends, associates, club members or any special group, please write for special "Dollar" rates in paper note equivalents.

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Dedicated to the enlightenment of all humankind.

THE AUTHOR