

Open Letter to Public's Experts: The Gold Standard

Boondoggle Revisited by Zahir Ebrahim

Dear public's experts

Hello.

I am often reminded by the ancient wisdom of the sages long dead that, *the pen is mightier than the sword*. Although, I have yet to see conclusive evidence of that cliché in modernity where the pen, along with its surrogate, the press, is effectively used to mainly augment the sword. The pen today continues to underwrite inimical laws, induces servitude, and holds the public mind in the complex web of perception management from which escape has become well-nigh impossible. Plato captured this dystopic reality in his fable: *The Myth of the Cave*, in his book: *The Republic*, 2500 years ago. Goethe, some two millennia later, echoed that theme with great panache as follows:

“None are more hopelessly enslaved than those who falsely believe they are free. The truth has been kept from the depth of their minds by masters who rule them with lies. They feed them on falsehoods till wrong looks like right in their eyes.”

The creation of money, however, is surely one of those few hard realities where the pen can perhaps overwhelm the sword if wielded astutely in opposition to the dystopic forces controlling the world of words and pens. For, indeed, the control of money is also the first cause enabler of dystopia, *ab initio*.

This one reform, the return to creation of money as a public commons, genuinely undertaken, solely in the public interest, can make heaven right here on earth for the vast majority of its *untermenschen*, without the need for population reduction under the United Nations' *Agenda 21*. Surely, no public's expert in these money matters, anywhere in the world, can really be unaware of the dystopian forces long depicted in fables of one kind or another, actually existing in reality even today, and operating in the name of public interest, but wily inimical to the same public's interest. The power of money creation is that one weak link upon which the entire pyramid of this dystopian power, the exercise of oligarchic power from behind the scenes against public interest to keep us in chains, is constructed. The tables can be turned by the public just as simply as by

knocking out the corner brick of the tallest pyramid, arguably, with just the righteous flow of the *beatitudinous pen* in the public interest!

While simple in concept, this beautiful theory too, I did not invent. But in my off days, I tend to believe it in order to maintain my sanity. And I continue to practice it --- so far to no avail. But that is perhaps because the “whole” is consistently coming out less than the sum of its parts!

As individuals supposedly working in public interest, we have no common focus except to sell books, make a name for ourselves, and stroke our egos as lauded “public intellectuals”, some even dreaming of Nobel peace prize. And I hasten to add that I am most glad this does not apply to you if you feel you are the exception. I feel that too. In fact, I won't be surprised if we all feel we are the exception to that self-serving public intellectual who so ubiquitously occupy the public podium flaunting their high-morality. That, we, the exception to the rule and to the rulers, are indeed most noble, most pious, most humble, and work solely with our conscience as our guide, with no petty self-interests at stake. This call goes out to all who claim that.

The thrust *du jour* in the name of monetary reform, is to return the world to some kind of Gold Standard. A lot of well-intentioned people among the public, and some well-intentioned national leaders, all of whom appear to be quite *innocent of knowledge*, have been clamoring for it. This has even become the *holy grail of reform* in some influential institutional quarters. It includes, not just the well known rebels extraordinaire, former American Congressman Ron Paul and his zealot followers including author G. Edward Griffin, but interestingly, even the World Bank. What follows is my eight years old commonsense analysis of this “reform” --- and, it demonstrates that it is, in fact, another boondoggle no different in conferring infinite power to the oligarchy, than the fiat money that it is supposedly designed to replace. It too does not place the world of banking and spending, on sound financial footings anymore than fiat money in the hands of an unaccountable financial oligarchy ever did.

I invite you to review this analysis and offer refutation if you disbelieve it, forward it to your favorite public expert, economics professor, chief of this or that, or Nobel laureate economist whom you trust, or, extend it further with your own public wisdom and intellect so that the whole shall, finally, come out greater than the sum of each individual's brain-cells' worth.

This call for an intelligent public to become a public think-tank in the public's interest, is an open challenge to the financial oligarchy driving this boondoggle. Perhaps we can finally come to believe in the wisdom of the sages long dead. I sure would like to see some proof of its veracity before I am dead.

With best wishes,

Zahir Ebrahim

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Monetary Reform: First Look at the Gold Standard

The Gold Standard Boondoggle Revisited

Zahir Ebrahim | [Project Humanbeingsfirst.org](http://ProjectHumanbeingsfirst.org)

First Look November 13, 2008 | Boondoggle Revisited March 26, 2013

[Author's Preface, March 26, 2013:

I have a feeling that while 'war on terror' and other existential games are being played out in the left-field to continually engage the public's attention, the really significant issues are being decided in the right-field (thanks to the rebel Walter J. Burien, Jr., cafr1.com/BIO.html, for that apt baseball analogy from many years ago). There is very little analytical deconstruction of the Gold Standard that has been advanced over what has been known for ages. This is a seed to create a deeper more scrutinizing debate based on the examination of the five points mentioned towards the end of this article. These five points enable separating the chaff from the wheat.

It has been my sad observation that virtually all monetary reform advocates choose to remain silent on these questions while they trumpet their solutions as the best invention since sliced bread. I am less than impressed. Unfortunately Ron Paul has now departed (or will soon depart as per his statement earlier this year) from Congress but has left the legacy of Gold Standard wannabes as the panacea to world's financial crisis, including my favorite scholar, G. Edward Griffin, from whose books and videos, I will admit with thanks right off the bat, I cut my baby teeth on this monetary knowledge. Now I dare to challenge him as he is the co-exponent of the Gold Standard with Ron Paul, and, no surprise, the World Bank! I hope you can print this on your blog, website, and/or debate it, to put some more meat on this skeleton article. If a non-expert can get this far, the experts can certainly go farther. But where do they go instead?

See what [MIT Sloan Professor Simon Johnson named 'public intellectual' of the year](#) says at MIT. [10] And [Nobel Laureate economist James Tobin](#) says at Princeton. [11]

Bunch of bullshit is where they collectively take the public mind from America's top Ivy Leagues while the world of elite establishmentarians applaud; precisely where their pious detractors and fabled dissent also invariably take the public mind while the goofy public also applauds. And that is the Ron Paul's legacy on Gold Standard scrutinized below. Please better this almost 5 year old analysis.

The drive towards some kind of Gold Standard is accelerating among establishmentarians in the first world nations, with the sheep among the third world nations also demanding their own slaughter, while none among those learned in economics and financial policy-making in both worlds dare to publicly address the issues highlighted below. I know precisely why. That reason was most ably captured by W. Cleon Skousen in his commentary to Carroll Quigley's momentous work *Tragedy and Hope – A history of the World in Our Time*, in these perceptive words:

'The real value of *Tragedy and Hope* ... [is the] bold and boastful admission

by Dr. Quigley that there actually exists a relatively small but powerful group which has succeeded in acquiring a choke-hold on the affairs of practically the entire human race. **Of course we should be quick to recognize that no small group could wield such gigantic power unless millions of people in all walks of life were “in on the take” and were willing to knuckle down to the iron-clad regimentation of the ruthless bosses behind the scenes.** As we shall see, the network has succeeded in building its power structure by using tremendous quantities of money (together with the vast influence it buys) to manipulate, intimidate, or corrupt millions of men and women and their institutions on a world-wide basis.' (W. Cleon Skousen, *The Naked Capitalist*, pg. 6)]

This is Project Humanbeingsfirst's first look at the key issues inherent in the Gold Standard as the backing commodity for national and international currency. It is being advocated by Hon. Congressman Ron Paul of Texas ('The Revolution – A Manifesto', Chapter-6 “Money The Forbidden Issue in American Politics”). He is inspired by the Ludwig von Mises Institute (<http://mises.org/>) which represents the libertarian political and economic thinking of the Austrian School of Economics. That in turn, in this scribe's opinion, can be elegantly captured in a nutshell by the British economist E. F. Schumacher's Buddhist paradigm of “*Man is small, and, therefore, small is beautiful*”. Mises Institute primarily features the work of Ludwig von Mises ('Human Action – A Treatise on Economics') where Mises notes: “*Economics deals with society's fundamental problems; it concerns everyone and belongs to all. It is the main and proper study of every citizen*”. Mises Institute also features the work of his student, Murray N. Rothbard ('What Has Government Done to Our Money?'), who notes: “*On the free market, everyone earns according to his productive value in satisfying consumer desires. Under statist distribution, everyone earns in proportion to the amount he can plunder from the producers.*”

Ron Paul is evidently inspired by these 'Small Is Beautiful' decentralization principles of sustainable economics, sustainable government, sustainable development, and the importance and responsibility of man for his own decision-making and welfare, as opposed to centralized institutional planning and impersonal decision-making [1]. Who would not like such 'manly' “*Tim the Toolman Taylor*” empowerment? [1980s American sitcom] As the iconic macho-man Governor of California, Arnold Schwarzenegger, might have said in some movie – only the “girlie man”!

However, there surely must also be, somewhere in its verbiage, an implied balance and harmony in

this Buddhist doctrine of governmental non-interventionism. The extreme at either end is of course, only bounded by total anarchy on the one side, and total collectivism on the other, as correctly observed by G. Edward Griffin (<http://realityzone.com>). Both extremes can have undesirable characteristics. The communist style centralized planning and control is a well known collectivist extreme – and apparently the world today is indeed headed towards that characteristics with a global police state in the offing and a global central banking under construction which will usher in a global currency managed by private International banksters.

Whereas, complete deregulation and privatization (in for-profit hands) of public commons which are held in trust for all peoples, is the other extreme. As is blatantly apparent, the world today is also simultaneously headed in that direction too with neo-liberalism. The twain meet in the corporate boardrooms controlled by the same gluttonous hands on Wall Street whose principal share holders are usually the opaque “institutional investors”. It would perhaps only shock the most naïve to learn that the largest of these “institutional investors” is the sole superpower on earth, the United States of America Corporation, at all levels: local, state, and federal. See the *Comprehensive Annual Financial Report* (CAFR) that is produced by each of these governmental bodies and public agencies (a public report which the public and its mainstream news media have evidently never heard about, see <http://CAFR1.com>).

And it is noteworthy for privatization impetus that as a non-predatory socio-economics system design principle, when there is an infinite demand for something, and the very life of every man and every woman may depend on its availability, holding it as a social benefit, in public trust, is the mark of wisdom; whereas privatizing it in unaccountable gluttonous hands a mark of predatory social Darwinianism. All reformers can surely agree that a nation's monetary system falls into this category, of a public commons, to be managed in trust, by their government, for the common good of all its peoples. This is all the more true for a non-predatory international monetary system which ought to sensibly be held in global trust as a global public commons.

That is the one key central platform upon which all monetary reformers are united, and have always remain united throughout history. It forms one continuous resistance against aggregated wealth holders who have hijacked control of any nation's money supply.

This resistance is profoundly historical, and even today, brings to bear its entire weight of all historical arguments made against private monopolistic control of a nation's money – from Julius Caesar to Cicero to Thomas Jefferson to Andrew Jackson to Abraham Lincoln to William Jennings Bryan. The latter being the last of the great challengers to private wealth holders perpetually seeking to make a precious limited commodity like gold the standard currency, before the devilish

orchestration in 1913, of the present day private banking cartel of the Federal Reserve System, did one better. Legally acquired exclusive private monopoly rights over the most common element, 'thin air'! [2]

Therefore, in these times, we resume that same thread of resistance – with a clearer understanding of the devil before us, and with an even greater force of cumulative arguments – right from where William Jennings Bryan left off, continuing with his own precise principled words of 1896: [3]

“We say in our platform that we believe that the right to coin money and issue money is a function of government. We believe it. We believe it is a part of sovereignty and can no more with safety be delegated to private individuals than can the power to make penal statutes or levy laws for taxation.”

And of course, not neglecting to be inspired by America's famous “I killed the bank” President, Andrew Jackson's own motivating words: [4]

“You are a den of vipers. I intend to rout you out, and by God, I will rout you out.”

The presumably earnest reformers who believe in the Gold Standard, like Congressman Ron Paul and the Mises Institute, just as those who believe in Lincoln's Greenbacks or the Colonial Scrip of the American colonies, like the American Monetary Institute (<http://monetary.org>), and just as those who believe in other systems, like the 'tally sticks' of the English, or the 'Natural Economic Order' of Silvio Gesell, all equally share in this fantastically rich inheritance of principled resistance against the handful of private aggregated wealth owners squeezing the public in their beguiling lender's perpetual debt trap.

These reformers evidently only disagree in the pragmatic matter of which alternate monetary system to introduce against their common mortal enemy! And while they disunite amongst themselves as to “who's the fairest”, without a well-funded foundation backing them, an influential think-tank writing their policy papers, an effective political lobby-group pushing it to the Congress, or even a press-corps of editorial writers to their name to generate public opinion, their antagonists delight in this incapability of their rag-tag opposition to form effective coalitions on their own common grounds. The well-intentioned moral activist of modernity surely must intimately understand, beyond mindlessly parroting others, that the banking parasites have, in every epoch, very powerfully, and with much clever propaganda, attempted to gain control of this essential government function that President Lincoln called “the Government's greatest creative opportunity” [5]:

“The Government should create, issue, and circulate all the currency and credit needed to satisfy the spending power of the Government and the buying power of the consumers. The privilege of creating and issuing money is not only the supreme prerogative of Government, but it is the Government's greatest creative opportunity. By the adoption of these principles ... the taxpayers will be saved immense sums of interest. Money will cease to be master and become the servant of humanity.”

Therefore, it is all the more perplexing – given such profound intellectualism and advocacy for decentralized self-sufficiency on the one hand in the Austrian School of Economics, and such a rich historical legacy of resistance against private central banks controlling a nation's money supply on the other – why the return to Gold Standard is being so 'religiously' advocated by Ron Paul and the Mises Institute which only helps fatten the same “moneychangers”!

The Gold Standard is being projected by the reformers as the sine qua non of monetary reform to get the United States, and the world, out of its misery of debt burden and the imminent danger of financial collapse. It is surely well understood by Ron Paul, given that he talks about it a lot, that the collapse would be the pretext to create from its ashes, the pre-planned supra-national state of the North American Union, and a new currency called Amero. He also well understands the agenda for a centralized world government to be controlled by a cartel of private international central banks as the top of the ruling pyramid. Such an agenda is already being pursued at an accelerated pace, and the import of time-criticalness of any effective resistance to avert such an outcome that ends the sovereignty of nation-states is surely not lost on Ron Paul. Therefore, the inability to quickly comprehend the incongruence of this path of the Gold Standard with respect to their own aims seem rather Kafkaesque. Is this really rocket science that an ordinary person cannot think it through? Not according to Ludwig von Mises:

“Economics deals with society's fundamental problems; it concerns everyone and belongs to all. It is the main and proper study of every citizen.”

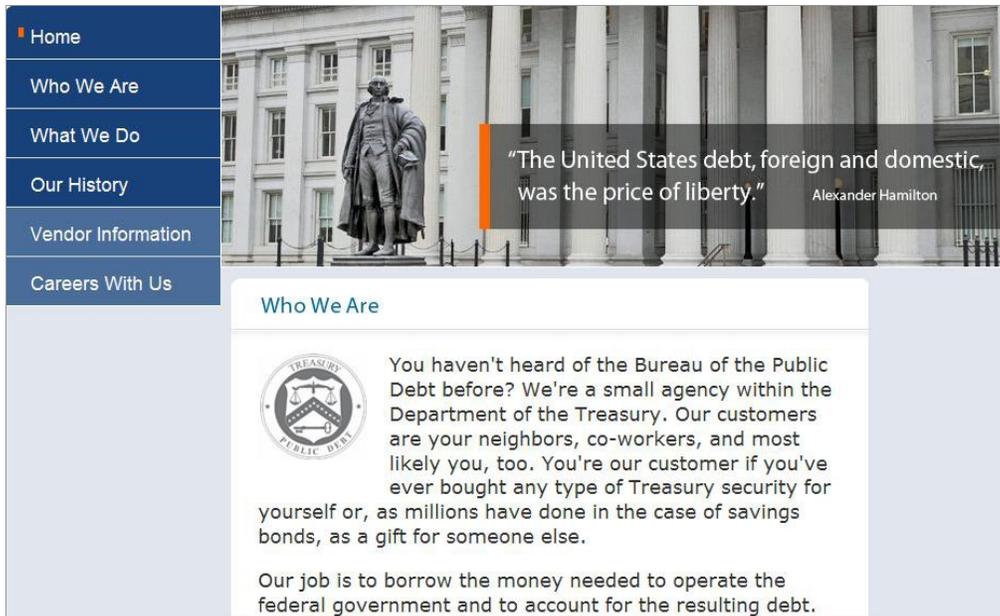
The Gold Standard advocates seem to think that gold will magically materialize, in great abundance, in the Fort Knox secure vaults of the United States as a public property in trust. While a pocket full of gold and silver coins can be made laudable work-horses for local trade as local currency – with perhaps a defined conversion-rate to national-currency – it does not work as a national currency in modernity. This analysis explains why. Gold's ability to insure against inflation, as well as against the inflation-tax when it is a fully-backed reserve rather than a fractional reserve, is a cleverly planted red herring. Or so it would appear, given the impracticalities of creating fairness between the wealthy

asset holders who own a large stock of hard assets, and real producers who are often without such hard property assets, and mainly have the sweat of their brow, the creativity of their intellect, or the courage of their arms, as their main production asset and which remains unprotected by such protection mechanisms of the wealthy. The unexamined axiom itself, that guarding against inflation must be the paramount factor to optimize, and all other factors need to be subservient to this one dominant factor in the design of a rational and fair monetary system, needs detailed scrutiny. That axiom is not scrutinized here, but several preliminary arguments can be made to show that the axiom itself may be mis-constructed based on assumptions made, or imperatives defined, by powerful landed wealth owners.

In addition, as in any system design, whatever be its level of abstraction, there are always pragmatic tradeoffs. When one balances the entire system and looks at all the pros and cons of every aspect of any precious limited commodity based standard for a monetary system, the directions in which to make reasonable and rational tradeoffs to construct a well balanced system in the best public interest, with a rational operating envelop that is resilient to economic upheavals, become all the more clear. Only 'religion' may define absolutes without trade-off. Mercifully, heaven did not stipulate a specific monetary system, but only outlined its first-principle: don't transact in interest! A hundred viable systems can be architected with that quality. Jesus banished the "moneychangers" from the Temple in Jerusalem due to their fleecing their flock. He did not stipulate which exclusive money system to use, only what not to do. The needs of the people, and the times, determine what system to use. And William Jennings Bryan articulated that very need of the majority "*man is small, and, therefore, small is beautiful*" laboring man – which remains the same today – when he passionately orated at the 1896 Democratic National Convention:

“Having behind us the producing masses of this nation and the world, supported by the commercial interests, the laboring interests and the toilers everywhere, we will answer their demand for a gold standard by saying to them: You shall not press down upon the brow of labor this crown of thorns, you shall not crucify mankind upon a cross of gold.”

The preliminary analysis presented here is applicable, as first-principles, for any precious limited commodity-backed monetary standard. There is strong motivation brewing among many a 'malcontent' to take the power of coining money 'out of thin air' away from the Federal Reserve System, and to move the United States away from 'money as public debt' Hamiltonian principle. For background reading, please see the bibliographic recommendation at the end, and the afore-cited books.



The Hamiltonian principle: **“The United States debt, foreign and domestic, was the price of liberty.”**, in action in the Bureau of the Public Debt of the US Department of Treasury: **“Our job is to borrow the money needed to operate the federal government and to account for the resulting debt.”** (image [source](#))

And it would be entirely appropriate to begin with these most eloquent words, as they precisely capture the *raison d'être* of Project Humanbeingsfirst's motto: **“The Plebeian Antidote To Hectoring Hegemons”**:

“I would be presumptuous, indeed, to present myself against the distinguished gentlemen to whom you have listened if this were but a measuring of ability; but this is not a contest among persons. The humblest citizen in all the land when clad in the armor of a righteous cause is stronger than all the whole hosts of error that they can bring. ... I shall object to bringing this question down to a level of persons. The individual is but an atom; he is born, he acts, he dies; but principles are eternal; and this has been a contest of principle.” (Ibid.)

The first-principle concerns with any precious commodity based monetary standard, are three:

1) Gold is precious, therefore, by definition, it is limited; hence again by definition, someone has a monopoly over it. Acquiring it in sufficient quantity ab initio requires a priori assets that must be exchanged that is valuable to those who have this

monopoly. For a State, this means hawking one's independence to the precious commodity supplier in perpetuity each time it wishes to expand its money supply beyond the reserves. Unless of course, by fiat, the State is able to confiscate that precious commodity in the name of national security or national interest.

2) Because the commodity is precious and limited – and even if initially acquired by whatever bootstrapping means to launch the standard, including hawking national sovereignty to bankers and institutional investors who already own a lot of gold, or confiscating gold from the public as was done by Roosevelt in 1934 – Gold cannot be used to arbitrarily expand the money supply which it backs, in order to create extremely large infusions of cash.

In post-agrarian and fully industrialized societies – such as the G-7 Western nations – setting up capital intensive mega-industries and mega-factories, and undertaking mega-infrastructure national projects, can take billions of dollars. Even for developing nations where development cost is invariably of the same order of magnitude as the West for similar projects, if a nation does not have the equivalent amount of the precious commodity fully backing its currency, she must either make recourse to fractional-reserve banking away from the full-reserve banking just by the practicalities of the matter, and therefore, incur its concomitant baggage of inflationary-tax once again. Or the poorer nations must put automatic and entirely artificial breaks on their national growth and national wealth creation, or otherwise become borrowers again to the same cartel of banksters! Unless of course one discovers an endless monopolistic benevolent supplier, like god planting it in one's backyard and giving one enough smarts and courage to not lease it out to snake-oil salesmen who will invariably come calling on F-16s spreading the black-ops cheer blithely claiming **“Hegemony is as old as mankind”!**

Both factors 1) and 2) are a major problem for any nation adopting a limited precious commodity as a standard. But it is an even greater problem if it is forcibly created as an International standard. Then it is especially an unfair standard imposed upon disadvantaged nations who do not have that commodity in abundance, just as it is an unfair advantage for those rich nations who do have an abundance of such commodity, or can acquire it.

Based on those two first-principles, I do not like any “precious commodity” based standard that is by definition, limited. Which brings us to the third first-principle:

3) If it is not the limitedness of such a commodity, but its abundance, and its equitable distribution among all nations can be ensured, then I have no problem whatsoever

with such a commodity backed national or International monetary standard.

Since fairness, and not 'might makes right', is the quintessential first-principle touchstone axiom of any rational analysis, Congressman Ron Paul's Gold penchant suffers from both factors 1) and 2). And it also does not have 3) as a mitigating characteristic. If a touchstone other than fairness is employed, such as how to fatten the gluttonous appetite of banksters, then surely the Gold Standard is a great plan-B in case the private central banks fiat money monopoly becomes too onerous for the sensibilities of the debt-laden strangulated public.

Apart from these three first-principle factors, the many theoretical advantages of a commodity based standard, as noted by Ron Paul, seem plausible. Specifically, a fully backed commodity based standard does not create an inflationary-tax upon the public when money supply is expanded within its fully-backed reserve limit. Beyond its reserve limit, fractional reserve mechanics kick-in to artificially inflate the money-supply which inherently creates the inflationary-tax. If one does not exceed the backing limit, money retains its value over long periods of time so long as the backing commodity retains its value. However, this necessitates the commodity be artificially protected from market capitalism, and its price not allowed to be subjected to market forces in order to retain its stability as a reliable and credible backing standard. The irony of protectionism being made the foundation of 'free-market capitalism' is surely lost to its enthusiastic advocates. But that's merely only of theoretical interest to purists, and of no practical significance to reality, since genuine free market capitalism also only exists in text books. No nation can survive its implementation, least of all, the developing and poor nations rich in natural resources surrounded by global predators forcing 'free-trade' down their throats to create banana republics for careful harvesting.

This price-fixing of gold bullion was the protectionist outcome of the Gold Equivalence Standard which President Roosevelt ushered into law in 1934, and which remained in force until 1971 when President Nixon abolished it. The Gold Equivalence Standard (GES) was not a fully backed standard, but a fractional reserve standard, and when other nations and institutional-agents demanded their gold in exchange for the dollar bill, the United States risked failure to deliver as its gold bullion reserves were not sufficient. It was the same principle as any vanilla run on banks by consumers when the banks' liquidity come into question. The GES was unilaterally abolished by the United States for fear of default when the gold reserves fell dangerously low when I believe France made its demand for gold.

In this GES, gold bullion that comprised it, was priced outside the pale of market forces, at a fixed value of about \$35 an ounce. But more disturbingly, all gold from the American public was forcibly confiscated in 1934. The public was given approx. \$18 an ounce for their life's savings, with the price

being immediately revised upwards to almost twice that as the stable value of the new backing standard. This protectionist value of gold bullion was used in International money-supply transactions of the dollar which was setup as the default reserve currency of the world at Bretton Woods Conference post World War II, based on the currency of the unparalleled economic and military power of its main victor. Whereas the price of actual gold continually fluctuated on the open market across the world. Ownership of gold was also made illegal for American citizens (except for numismatists and jewelers). So large institutional multinational investors and bankers with foreign affiliations could easily purchase the gold bullion from the US Treasury in foreign names, but not United States citizens. All of American public's gold was thus made out as a gratuitous gift to the bankers by the fiat of a simple executive signature by President Roosevelt. His New Deal ushered in massive deficit spending of paper money. In his three terms in office he outspent all his predecessors combined.

There is no a priori reason to believe that the future of any new proposed Gold Standard to orchestrate another 'New Deal' – as the remedy for the next Great Depression which is already upon the world's doorsteps – does not already have a precedent-setting paved super highway to travel on. The bankers I am sure are massaging both their gullet and their stomach with joyous glee as plan-B is eagerly put before them as the public's own 'desired solution' for the economic and financial crises of the bankers' own crafty manufacturing!

Since neither Congressman Ron Paul, nor does any other establishmentarian or contrarian exponent of the Gold Standard, address either 1) or 2), nor does anyone stipulate 3) as a mitigation, that is the Achilles heel of the Gold Standard mantra. Mises Institute is victim of the same considerations.

As the bankers already have a monopoly on Gold – or can soon monopolize it because they can create, by fiat, all the cash they need simply out of thin air to purchase what they don't already own – the Honorable Republican Congressman from Texas, in his well meaning enthusiasm, but also his apparent profound inability to clearly think matters through down to their core axioms (see “[Open Letter to Hon. Ron Paul Supporters October 29, 2008](#)”), makes a great patsy in their globalist conniving hands as the plan-B enabler already in-place in Congress!

If the above three factors can be satisfactorily addressed, along with practicable implementation modalities which do not impose a draconian burden upon the public as was imposed by President Roosevelt in 1934, then there is nothing inherently wrong with the Gold Standard. **Clearly, that is merely a tautological statement since those very innate characteristics of Gold as a limited and precious commodity, and its hoarding in monopolistic hands, is what's wrong with the Gold Standard.**

The 5 initial touchstone questions laid out in [“Towards a Common Standard Benchmark for evaluating all Monetary Reform Proposals”](#) [7] are reproduced below in context of Ron Paul's advocacy. All Gold Standard exponents must reply to all of these questions satisfactorily – before one can be sure of their proposals which are almost always couched in propagandistic sloganeering, syntactic sugaring over poison pills, prancing around with erudite gibberish to skirt the core issues, and of course outright bs.

a: Central Banking in private hands charges the public perpetual compound-interest for the public's own money. Nationalizing the money creation function solves this problem of 'money as public debt'.

Ron Paul's Gold Standard proposal, as did President Lincoln's Greenback fiat money, evidently addresses this, by eliminating all interest on the creation of money.

b: Private Central Bank is a legalized monopoly behavior that permits private banks to collude legally for 'price-fixing' the interest-rate. Thus it helps create the business cycle of expanding and contracting credit by modulating its availability in legal collusion – what I call the 'business rape cycle'. Bankers profit from this by buying up those businesses who can't cut it, pennies to the dollar during the bust periods which dutifully follow upon the heels of boom financing periods.

Nationalizing this function, by having the government manage the availability of credit, what Thomas Edison called “the proper ratio” for money supply – not too much to prevent wild speculation, and not too little to prevent stagnation – goes to a large extent in managing this 'price-fixing' of interest-rate and availability of credit in the greater common good of the public, rather than the banking cartel's now represented by the Federal Reserve System. But government management does not entirely eliminate this aspect – because the private banks can still secretly collude in managing credit availability as they have always done, since they have the same powerful handful of owners at the top!

How does Ron Paul address “the proper ratio” [8] and its implementation for managing the money supply?

c: A Central Bank's arbitrary money creation by fiat – whether the CB is public or private doesn't matter, and which is what Greenbacks were – creates an inflationary tax. Nothing new here.

There is no inflationary-tax in a fully backed Gold Standard as proposed by Ron Paul.

This tax will inevitably exist however, by definition, if the GS mutates into a fractional GES and the money supply exceeds the backing gold reserves.

This will happen by default as a matter of practicality, because supply of gold will always be limited in relation to the demand for capital in modern industrialized nations. Therefore, a full proposal needs to be made by the Gold Standard advocates which can be scrutinized in the light of these real-world constraints. Perhaps this is why not a single advocate of the GS fully addresses this specific point. Nor do they conveniently address where the Gold will come from to create the International reserves for such a global world currency, and nor do they ever focus their pious platitudes on the very real issues outlined in 1), 2), and 3) in the analysis of the Gold Standard above. At least, I have not encountered it as of this writing. I am sure these must have been sorted out in some super-classified documents at bis.org, or present in the underground vaults of their execution arm at the World Bank and IMF who will arguably field such global currency as the buck is passed, in the name of reform, from the Federal Reserve Bank to their international global money lender fraternity. See the next item.

d: In modern industrialized societies where the demand for capital can be enormous, far more than was prevalent in agrarian or early-developing industrialized societies, as Richard Cook, the former U.S. Treasury Department employee and now a monetary reformer, argues, how can this natural inflationary tax be avoided in such a fiat money system? In the time of the Greenbacks during the Civil War, while Lincoln printed around 400 million dollars, or some say 500, that is nothing compared to what is needed today in the capital intensive public and private mega-projects. For instance, simply to set up a class-1 semiconductor fab takes a billion+ dollars.

How does Ron Paul's Gold Standard address this large demand for mega-capital that would not also pose an inflationary tax? Where does Ron Paul propose to get all this gold from to fully back his currency? As he has himself noted, he was the member of the Gold Commission in the 1980s, and he could not even at that time say how much of the American public's gold was left in the secure vaults of Fort Knox – the speculation being that whatever remained after Nixon abandoned the GES in 1971, was subsequently sold off to private institutional investors by the United States Treasury, and only empty vaults today are being guarded in great pretense to hide the legal heist of what most might believe was a national asset. So many questions – and no answers by the Gold advocates. Who designs a system, or advocates it, under such conditions of ambiguous and incomplete comprehension? Perhaps there is indeed a secret plan to restock Fort Knox to the ceiling with lead-gold? If that's the case, do make sure there is a bathtub handy and every shiny gold brick first takes a dip in it, with someone reliable present to record each

result!

e: Banking itself, indeed, all of International banking, is based on fractional reserve lending. This is the real source of any banker's continuous and perpetual wealth creation, and hence the source of their unmatched and unrivaled power.

Ron Paul's Gold Standard is fully backed at the time of money creation as a national public commons.

However, it is not clear how he addresses fractional lending at the institutional banking level as individual loans and deposits are made by borrowers.

Can Ron Paul show a practicable method, and not merely in platitudes, whereby the private capitalist banks of the world – owned by powerful trillionaires who also own the majority of lawmakers of the world not to mention in the United States Congress as just witnessed by the passage of the trillion dollar banksters bailout bill in October 2008 despite all the public opposition – can be made to agree to have a fractional reserve lending ratio of 1?

The entrenched forces of private banking are pulling in the opposite direction – towards global private central banking in a world government. How does Congressman Ron Paul along with his Gold Standard buddies plan to counter that powerful force in any efficacious measure?

The solution to the How Problem – for, the rest, is mere talk, mere rehashing of knowledge that is as old as hegemony, as old as mankind. [9]

There is clearly something awry when the World Bank itself proposes the Gold Standard as a barometer of the public mind through its official mouthpiece in sympathy with Ron Paul. The self-explanatory Reuter's headline of November 08, 2010 reads: [World Bank chief surprises with gold standard idea](#) ([cached PDF](#)).

Footnotes

[1] Ron Paul, The Revolution – A Manifesto, April 2008, First Edition, Grand Central Publishing.

[2] G. Edward Griffin, The Creature from Jekyll Island – A Second Look at the Federal Reserve, June 2002, 4th edition, American Media, book

<https://web.archive.org/web/20090202201212/http://realityzone.com/cfrjeiss.html>

Audio-only of talk after the book's release, November 18, 1994 in Los Angeles CA, 71 minutes

Video interview which explains the Fed, 'What is the Federal Reserve System', 42 minutes

[3] William Jennings Bryan, July 9, 1896, Speech at the Democratic National Convention in Chicago. <http://historymatters.gmu.edu/d/5354/>

[4] Andrew Jackson, cited in The Money Masters – How International Bankers Gained Control of America, 215 minutes, <http://www.themoneymasters.com/the-money-masters/>

[5] Abraham Lincoln, Ibid.

[6] The entrenched notion of Public Debt in America – will take a gestalt shift to overcome! A seeding–prose for Collaboration, <http://print-humanbeingsfirst.blogspot.com/2008/10/monetary-reform-seeding-prose.html>

Also see bibliography of this author's work on analyzing the monetary reform agenda in Re-visiting Money as Debt and Monetary Reform: The Secret of Oz, <https://print-humanbeingsfirst.blogspot.com/2010/10/re-visiting-money-as-debt-and-oz.html>

[7] Towards a Common Standard Benchmark for evaluating all Monetary Reform Proposals, <http://print-humanbeingsfirst.blogspot.com/2008/11/common-monetary-reform-benchmark.html>

Questions initially framed to respond to Ellen Hodgson Brown, before having acquired her thick book 'Web of Debt', Second Edition, February 2008, for her monetary proposal: Return To The Greenback Dollar, <https://web.archive.org/web/20090207235200/http://webofdebt.wordpress.com/monetary-proposal/>

Also see inexplicable statements by Ellen Brown to this author: *“Of course the oligarchy is the problem, but that doesn't mean we can't steer the Fed. Bernanke drives a Ford Falcon. I think he's one of us!”*, and *“the U.S. is the last holdout, and the Fed is what's holding us out. Bernanke is standing up to the Gnomes of Zurich and Basel”*, in: Does Ellen Brown secretly work for the FED? January 10, 2011, <http://print-humanbeingsfirst.blogspot.com/2011/01/does-ellenbrown-secretly-work-for-feds.html>

[8] For Reference to Thomas Edison's wisdom on monetary system, see its coverage in the NYT of December 6, 1921, Headlined: “FORD SEES WEALTH IN MUSCLE SHOALS; Says Development

Will Bring Great Prosperity to That Section of the South. EDISON BACKS HIM UP He Will Urge Congress to Lease It to Ford as the Logical Man to Carry Out Great Project. SUPPORTS CURRENCY PLAN Old Way, He Asserts, Compels Us to Add to the Public Debt to Increase the National Wealth.”, <http://query.nytimes.com/gst/abstract.html?res=9C04E0D7103EEE3ABC4E53DFB467838A639EDE>

[9] For an appreciation of pragmatic difficulties and time-criticalness of the matter, please see:

[a] Monetary Reform: Who will bell the cat?, <http://print-humanbeingsfirst.blogspot.com/2008/10/monetary-reform-who-will-bell-thecat.html> ;

[b] The Missing Link of Monetary Reform: How?, <http://print-humanbeingsfirst.blogspot.com/2009/09/response-ami-monetary-reform-conf.html>

[10] <http://print-humanbeingsfirst.blogspot.com/2010/03/lett-simonjohnson-mit-imf-zahirebrahim.html>

[11] <http://print-humanbeingsfirst.blogspot.com/2008/11/monetary-conspiracy-world-government.html#Tobin>

Addendum: News Epilogue

G7 sets sights on 'new world economic order', Roland Lloyd Parry, Agence France-Presse, Saturday, February 14 2009, 11:36 am ET

'ROME (AFP) – The world's richest nations called Saturday for urgent reform of global finance to save the world from the economic devastation that is dragging more and more countries into recession. **Italy's Finance Minister called for a "new world economic order" as he wrapped up the crisis meeting of finance leaders from the Group of Seven leading economies over which he presided here.** In a joint declaration, the G7 called for "urgent reforms" of the international financial system. ... **"A new world economic order might seem rhetorical," he told reporters. "But it is a true goal we should be aiming towards... today right here in Rome we've embarked on a very significant journey, both technical and ethical."** ... The global crisis "has highlighted fundamental weaknesses in the international financial system and that urgent reforms are needed," the statement said. US Treasury

Secretary Timothy Geithner vowed that his country, the biggest economy in the world and the source of much of the financial drama in recent months, would work with other nations for a consensus on reforms. **"We need to begin the process of comprehensive reform of our financial system and the international financial system, so the world never again faces a crisis this severe," Geithner said after the talks.** Dominique Strauss-Kahn, head of the International Monetary Fund (IMF) -- the body coming to the rescue of some crisis-hit countries -- said restructuring banks damaged by the credit crunch was the main problem facing governments. ... The document hailed stimulus actions taken by other countries, singling out China which it also praised for its "continued commitment to move to a more flexible exchange rate."

' [1]

The New World Economic Order as the fundamental building block of a despotic world government is really pretty much a fait accompli. Being an ostrich doesn't really serve any function because arsonists have taken over all the fire brigades in town, and in every town and city. The hyperinflation of the dollar is an irreversible done deal. The following [Glenn Beck video](#) [2] from FOX News graphically shows the official United States debt, which is the same as the amount of U.S. currency in existence. See it by each decade from 1900 to 2006 in [Van K. Tharp](#). [3]

This isn't even the tip of the iceberg however of what has deliberately been orchestrated by the financial houses in New York. The quadrillion+ dollar (1000 trillion dollars) derivatives paper-debt that nobody can exactly quantify nor fully comprehend – a mirage, a contrived and manufactured financial gibberish paper con-game calculatingly instrumented by the very arsonists who are now clamoring to lead the fire-brigade to save the world – is what is being referred to here: ***"We need to begin the process of comprehensive reform of our financial system and the international financial system, so the world never again faces a crisis this severe"***. And their solution is: ***"A new world economic order"***.

Meanwhile, the arsonists are crashing the dollar in the guise of fighting that lighted fire by the various open-ended deficit spending Bills in trillions, as the new mantra of "stimulus". This includes payout of billions for overpriced bank bailouts – up to 10 and 20 times the asset value – in the name of shoring up the equity side of the equation since, as the financiers argue, nothing may now be done about the astronomical liability side of the equation incurred by the derivatives bubble. How convenient! See [The Bank Swindle in Perspective](#) [4] in order to appreciate the complex looting of the public treasury in legal guise, sanctioned by the mighty United States Congress, and then forced across the world as the only solution to the financial crisis. To acutely comprehend why the "stimulus" is just another mantra, a Rand/CFR joint production like the "WMD in Iraq" and "Al Qaeda" mantras, see ["Mr.](#)

[Obama's New Deal](#)". [5] As Captain Rhett Butler had shrewdly observed in Margaret Mitchell's famous novel:

"Oh, yes! What most people don't seem to realize is that there is just as much money to be made out of the wreckage of a civilization as from the upbuilding of one." -- Gone With The Wind

Soon the arsonists will go back to Congress and lament: *'oops!, the stimulus didn't work; sorry, the dollar is now worthless, we are in the middle of the worst depression known to mankind, there are riots everywhere, food shortages everywhere, global warming is gonna cause floods, Osama bin Laden has unleashed a bio-terror nuclear attack; so we need to create a new economic union, a new full spectrum mutual defense union, and a new world order Constitution for the American continent to protect our peoples and address the global threats'*.

That baby-step solution for the collapsed dollar will be the North American Union under a common central bank. It has been under subversive instrumentation as part of the Trilateralists' agenda for as long as the European Union, and will be just as rapidly deployed with an iron fist despite similar popular public opposition, because, ***"World government could only be kept in being by force"***. Understand Glenn Beck's and Bill O'Reilly's mocking-chutzpah and facile double entendres displayed in the [video clip](#) in "[Why Not Be An Ostrich](#)". [6]

And the most fruitful realization of Captain Rhett Butler's swashbuckling truism is yet to come, the profiting ***"from the upbuilding"*** of civilization: the new Gold Standard which will be pitched with Congressman Ron Paul's help as the panacea demanded by the peoples. Since all the world's gold bullion supply, and the world's gold mines, are already under monopoly control of the same arsonists, no problem.

In the New Economic World Order, with global central banks – themselves controlled from behind the scenes by the same handful of private family banks owned by the Rothschilds, the Rockefellers – managing the world's merged global monetary system as well as all the world's political governments in a global governance architecture, it won't be a problem returning to the Gold Standard.

All the fine gold will have to be purchased from the same private international banksters in order to back the trillions in new common currency issued for transacting the entire world's commerce. How convenient once again!

The new monetary system will be happily made inflation averse amidst cheers from the foolish goyim of the world. The new gold based standard after all, does have to protect the enormous

wealth of the private banksters from inflationary-erosion in a largely serf-world of the New World Order, wherein, the only real asset owners are the banks. The new financial empire also has to be stable enough to last a millennium! Can't have inflation eroding away all its loot as it did moms and pops meager assets and life savings in the twentieth century. Why indeed the Gold Standard will now make perfect sense for the banksters and the handful of real wealth owners of the world, was so passionately explained over a hundred years ago by [William Jennings Bryan](#), [7] that it is best refreshed in the goy's mind directly from the horse's mouth. The contorted dialectical brilliance of the devilish banksters is truly unsurpassed!

When my friends routinely inform me in pious excuse for their own voluntary servitude: “*god is running the world*”, and I retort back: “*seems like it's the devil who is*”, they think I am heretical. I say, poor poor god, the most blamed scapegoat ever! And what an amazing coup d'état of the devil: it puts mankind in eternal bondage in every new generation, and calmly cements the voluntary servitude of its hope-dwellers with fantastic divine dogmas of karma, fate, destiny, and prophecy! None rise too frequently to overthrow the tyrants! But sometimes, they do!

The solution to the international banksters 'servicing' their 'dumb goy' is so straightforward even today that if any political leaders really wanted to take genuine salvaging action – if the fire brigades across the world weren't already staffed with arsonists – they could so trivially do it with a mere signature that there will be no further updates to the Monetary Reform Bibliography.

It now appears rather pointless to repeatedly flog a dead horse with each new proclamation from the pulpits and the ditches. Many a 'psychohistorian' has already foreseen the not so un-subtle future and already laid it all out. Instead, perhaps it is time to dust out Henry David Thoreau and nail the only dreaded wrinkle in the final 'Hari Seldon' plan for a millenium of servitude.

Addendum Footnotes

[1] http://news.yahoo.com/s/afp/20090214/bs_afp/financeeconomyg7 Also see: http://rawstory.com/news/2008/G7_sets_sights_on_new_world_0214.html

[2] <http://www.youtube.com/watch?v=3DPfKxOQGHU>

[3] Van K. Tharp, 2006, Pg. 158, Figure 6.1 <http://books.google.com/books?id=Q6XnsJRb7QwC&pg=PA158&lpg=PA157&ots=T60ZNJrgrqy>

[4] <https://web.archive.org/web/20090220044014/http://www.chartingstocks.net/2009/02/the-bank-swindle-putting-it-in-perspective/>

[5] <http://print-humanbeingsfirst.blogspot.com/2008/12/obamas-new-deal-dec012008.html>

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[7] <http://historymatters.gmu.edu/d/5354/>

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