Why Gold is True and Honest Money

A Direct Expressions White Paper
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The Problem of Floating Currencies

Currencies in today's global monetary system ebb and flow like anchorless buoys floating on a sea of surging currents. Some currencies rise in value while others fall in value…only to then rise and fall in value again. Meanwhile, as currencies change in relationship to each other, prices of services and goods, as measured by each individual currency, change too.

This disconcerting condition requires prudent money managers to continually buy and sell currencies and commodities just to protect the principle value of their capital. Speculators, recognizing this ever changing dynamic, also undertake the buying and selling of currencies and commodities; only they leverage their trades to exploit these price differentials for profits. All this activity further perpetuates global monetary instability.

Yet the general population, and in particular those living on fixed incomes or paycheck to paycheck, are powerless to the effects of changing prices that result from ever changing currency values. For such individuals, the problem of floating currencies concerns every aspect of their lives.

To understand how this problem came to be, and more importantly, what you can do about it, we will start with the seemingly simple question: What is money?

What is Money?

If you were to ask someone 100 years ago: What is money?

They would reply: Gold.

If you asked the same question 200 hundred years ago the reply would be: Gold.

And if you asked the same question 1,000 years ago, you would get the same answer: Gold.

But if you asked someone today, the question: What is money? They would generally look perplexed. And the responses offered would vary widely. One person would say: Dollars. Another would say: Euros.

Another would say: A promissory note. And still another would say: Available credit or purchasing power. Are these bad answers? Are they wrong? Let us explore.

We know that money is an essential part of human civilization. It facilitates commerce between individuals and businesses, and trade between nations. It advances markets beyond barter and serves as a means for the accumulation of capital. William Stanley Jevons, in 1875, stated that money has four functions – it is a:

1. Medium of exchange

2. Common measure of value

3. Standard of value

4. Store of value

Today's money falls short in its function as a store of value.

If you consider just the dollar, it has lost 95-percent of its value in less than 100-years. And many other currencies that were around 100-years ago, no longer exist. In other words, they became worthless.

But then the concept of money has been distorted over the last hundred years too. Rather than cash in hand, it is now cash flow. Rather than available savings, it is now available credit. Rather than pay as you go, it is buy now pay later. And rather than wealth accumulation, it is ability to service debt. In effect, money has lost its integrity. It is no longer true and honest.

Here is why…

Why Today's Money is Not True and Honest

Today's money is not true and honest because it does not provide a firm baseline for measuring the price of goods and services.

When a carpenter measures the length of a cabinet as being three feet, he is certain that the length measured as three feet will always be three feet. To the contrary, when a shopkeeper prices a 24-ounce loaf of bread at $3.29, he is not certain that the value of one loaf of bread will always be equal to $3.29. In fact, in 1971 he would have valued three 20-ounce loaves of bread equal to $0.89.

Has the usefulness of a loaf of bread, on a per ounce basis, really changed 826 percent?

Certainly not. Rather, the baseline used to measure the value of a loaf of bread has changed. It is true that prices of individual goods and services will fluctuate to account for natural changes in supply and demand, but when money is anchored to a stable baseline, overall prices will by and large be stable.

Money, as a store of wealth, is also a store of an individual's time and industriousness. When a person goes to work to earn money they are trading their time for that money. Would not they rather use that time to be with their family or to engage in hobbies or recreation?

Indeed yes. But they have made the decision to earn money today, to provide greater security, and to possibly store up some of that time for use at a later date. When money is not true and honest, when it loses value over time, it not only robs a person of their savings, it robs them of their time and, in effect, their life. Also, because it is not true and honest, it spoils the notion of 'an honest days work for an honest days pay.'

What is True and Honest Money?

For money to be true and honest it must be a store of value. In other words, it must retain its value over time. It must not rely on governments to fix its price or to determine its circulating quantity. It must not be borrowed into existence or created out of thin air. And it must exact discipline from the public, from governments, and from bankers.

Governments generally abhor true and honest money because it demands true and honest limits to their size and power. True and honest money does not allow for massive deficits or the long term accrual of debt. Because government spending on lofty programs and wars is primarily financed through debt, true and honest money imposes strict limitations on government's capacity to pursue such endeavors. With true and honest money governments must be funded through tax revenues and trade tariffs; government overreach of these, to their disdain, are readily detected and rectified by the populace.

The End of True and Honest Money

It was the desire to increase in size and control that led the U.S. Government, and all governments that followed, to deceive their citizens and terminate the use of true and honest money.

The foundation was laid in the U.S. when the Federal Reserve Act was enacted by congress in 1913. This created the central bank for the U.S. Government – the U.S. Federal Reserve. And once the U.S. Federal Reserve was in place, the U.S. Government could fiddle with the supply of money to meet its ends. But it wasn't until nearly 60 years later that the final trace of true and honest money was ultimately eradicated. A steady process of deception would have to first take first place to subdue the public's understanding of money.

First, in 1933, at the height of the Great Depression, the U.S. Government, under the Gold Confiscation Act, confiscated gold money from its citizens and replaced it with paper Federal Reserve Notes. It became illegal for individuals to own gold, except for small quantities that coin collectors and dental practitioners could hold. This alone eliminated the public's capacity to hold government inflation of the money supply in check; they could no longer redeem inflated paper money for gold.

Then following World War II the United States had the greatest market share of the world economy and world power. And, because of this, they were able to establish the post war monetary system of the western world on their terms. The Bretton Woods system of 1944, created a pseudo gold standard where the dollar was backed by gold, at $35 per ounce, and member countries pegged their currencies to the dollar.

Nonetheless, the United States progressively increased its money supply in the years following the Bretton Woods system. And while member countries were allowed to redeem the dollars they acquired through trade for gold bullion by the United States, it was unwelcomed by the dominant world power. Rather, the United States persuaded these member countries to inflate their money supplies to maintain their respectively pegged values.

By the late 1960's, with the seeds of the Great Society and Vietnam War spending sown, expanding world money supplies bloomed wild price inflation. And then France, to the aversion of the United States, no longer played their part in the charade; rather they began redeeming their dollar reserves for gold. In 1971, President Richard

M. Nixon had seen enough of his country's gold disappear. Seizing the unique and exceptional opportunity he had, Nixon defaulted on the Bretton Woods system, and stiffed the world unconditionally. Dollars were no longer redeemable for gold; the world's currencies became wholly the fiat – paper money – of governments.

Since then currencies have floated like anchorless buoys, rising and falling on a sea of surging currents. And the imbalances that have resulted in international trade are astounding.

How This Creates Instability

Exports from countries with weaker currencies dominate trade as their goods are less expensive when priced in countries with stronger currencies. Services also migrate to countries with weaker currencies in the phenomenon known as globalization. Countries with stronger currencies, in turn, import more goods than they export and run trade deficits. But as a trade deficit expands, potential instability also expands, as rapid currency devaluation could occur should surplus countries panic and dump the excess reserves they have accumulated from deficit countries.

This arrangement of symbiotic disharmony, which underpins the global monetary system, is incredible. But that is not all – it gets far zanier…

Countries are now unofficially engaged in competitive currency devaluation. In this bizarre global monetary system, countries are fighting for a competitive advantage by weakening their currency in world markets. Thus, while currencies fluctuate in relationship to each other, prices of commodities largely increase, as measured by each individual currency. In other words, no currency will protect you from the loss of purchasing power; how much and how fast will your money lose value is the real concern.

We are currently in the countdown to the launch of mass inflation – hyperinflation – where prices increase rapidly as the currency loses its value. At this moment consumer prices are poised to rocket into orbit.

The emergence of bloc currencies, led by the euro, are gaining support as a means to encourage price stability within regional zones of trade. The amero has been proposed as a possible bloc currency for the North American Free Trade Agreement (NAFTA) Countries of Canada, the United States, and Mexico. And the asean has been proposed as a bloc currency for many of the Asian Countries.

The emergence of bloc currencies brings with it many questions:

1. Are bloc currencies the solution to currency instability?
2. Will they perpetuate the problem of fiat currencies and perennial inflation?
3. Are they just one stepping stone in the move towards a single global fiat currency?
4. And how will the individual preserve their liberty in a world with a single global fiat currency?

A Window of Opportunity

At this moment, brought about by years of money distortion, the world is peering through a window of opportunity, where adjustment and reconciliation can be realized.

How society restructures its global monetary system is radically important to all individuals, of all countries, of the world. And true and honest money – money that is free of governments and that retains its value over time – is the sole hope for individuals that desire to prosper in a free and just world.

Gold has offered that hope before, and it can again.

What You Can Do

If you are an individual who values independence, personal freedom, and liberty; who desires the autonomy to prosper in a just world with limited government intervention. Then true and honest money should be of utmost importance to you. So what can you do to help meet that end?

The number one thing you can do is to be informed.

That is to be knowledgeable, educated, and conversant of the critical importance of true and honest money; and, on the contrary, to be one of the growing voices of dissent, speaking out against the deceit and pretense of government manipulated paper currencies. With just a little research, you will find that there is a glut of misinformation out there on the subject of money. That is why it is of great importance to have a foundation rooted in the best, most enduring philosophical works.

To help you get started on this lifelong and important undertaking, we have taken courteous care in selecting and compiling the preeminent historical works of John Locke, John Stuart Mill, Carl Menger, David Hume, and David Ricardo. To research all the works of these uniquely prolific writers, and to compile their best articles on the subject of gold and honest money, would take years to do. But now you do not have to, because we have already done it for you.

The result of this painstaking effort is the Five Volume Series titled, **Gold, Markets, and Trade – Why Gold is True and Honest Money**. Inside this Five Volume Series you will find the carefully selected and finest works of classical economics; philosophical masterpieces that impart the intellectual foundation and justification for gold's place as the world's exclusive true and honest money.

It is our opinion that these works have never been as important to the enduring happiness of mankind as they are this very moment. And, right now when you order the Five Volume Series titled, **Gold, Markets, and Trade – Why Gold is True and Honest Money**, you will also receive a free copy of a unique and invaluable Handbook called **How To Protect Your Wealth And Profit During Financial Disaster**.

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