the GOLD Nut

by

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The only source that addresses America's Economic Servitude, the effects of debt bondage, interest & the Solution

Definition:

gold nut

Pronounce (g - old - nut)

Noun

A person who believes that all we have to do to solve all of the problems in the United States, is go to gold or gold-backed notes as our money.

Most important is not <u>WHAT</u> we use for money but <u>HOW</u> it goes into circulation so that we will not have to be in <u>DEBT</u> to use it.

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The Birth of Gold Nuts

The Bible says that gold was first used as ornaments. The first recorded worship of gold that I have found, is in Exodus chapter 32. Moses went up Mount Sinai and didn't come back in the time the people thought he should have. The people said, *"Let us make gods which shall go before us."* They gathered all the golden earrings they had and from them made themselves a golden calf to be their god and make everything okay.

We may only speculate as to why some men are mesmerized over gold based upon what they say about gold. Gold Nuts say that Gold:

- *has Intrinsic Value* (a value inside of it)
- *is durable* (really?)

- *maintains its value* (what constant value?)
- *is real money* (Fed Notes and checkbook numbers are real money)

People say that the Constitution says we must use Gold for money referencing **Art. 1, Sec. 10** that states *"No State shall....coin money or make any Thing but gold and silver coin a Tender in payment of debts"*

Gold nuts say that the Congressional authority to *'coin money'* meant to make coins money. However, one would not coin coins. One would stamp metal into coins. The word *'coin'* used in the Constitution was a small *'c'*. In this case, *'coin'* was used as a verb, an action word meaning to do something; create. It was not a noun describing a thing. The Congressional authority we are talking about would make no sense if *'coin'* were used as a noun followed by another noun, *'money'*. It should be common knowledge that one may *'coin'* a phrase or words like *'debtnomics'* or *'debtonomy'*. One can *'coin'* leather. None of these would result in a coin of gold, silver or other metal.

Beyond the low importance of **what we use** for money is the greatest importance of all. That is, **how** all new money **comes into circulation**. Does it come into circulation in a way that serves us or in a way that enslaves us? Does it represent what we own or what we owe; our Freedom or our servitude?

Gold & Silver

a Constitutional Intent?

Many say that the founders intended for the United States to use only gold and silver for money**.**

They justify their position by *'interpreting'* the constitution and quoting sources which are supposed to be verification and by stating incorrect things like:

- **Congress shall *"coin money*" meant that the founders only intended for money to be coins only.**
- **All coins must be greater than or equal to 90% gold, silver or copper because that is what the founders saw as money.**
- ***"No State shall....coin money or make any Thing but gold and silver coin a Tender in payment of debts"***

The word *'coin'* in the phrase *"Congress shall 'coin' money"* is used as verb describing an **action** not a **thing**. To *'coin'* means to create just as one can coin a phrase, coin leather, etc. Neither of the latter actions create coins.

Had the founders truly intended to use only Gold and silver, they would have done so. In 1787, there were no gold or silver mines in America. When Congress passed the Free Coinage Act in 1792 little gold or silver was available and therefore, very few gold or silver coins. There was no Mint to stamp coins until the Philadelphia Mint in 1794. The first gold wasn't discovered until 1799 in North Carolina. Most 'minting' of gold or silver resulted from melting down foreign coins and ornamental pieces. So, what did Americans use for money from 1787 onward if there were so little gold and silver 'money' available? They used mostly borrowed paper money created as debts to them by banks, some silver or gold coin and or, paper certificates of deposit resulting from Free coinage and later, numbers represented by checkbook and electronic digital money. Clearly, they did not intend for gold and silver coin to be the only money. People who believed that would not have accepted and fought against the use of any such 'substitutes.'

For 232 years, since 1787, what we have used for money clearly demonstrates that it was not intended nor necessary that America use gold and or silver coins for money.

Article 1, Section 10 required the States to tender payment in a thing *they did not have*; the very circumstance that caused them to revolt from England. Until gold and silver coins were available, states and citizens used money they had to borrow and be indebted for; banks notes.

What should have been intended, was that what we use for money would not force Americans into debt to obtain, like the Principle of the 1792 Coinage Act. The medium should be an evidence of the wealth produced and owned by Americans and their Freedom, not an evidence of a debt they owe and their servitude.

Clearly not enough of the Founders or other Americans then and now saw or cared that being forced into debt to obtain money put them right back into the tyranny and servitude they had fought the Revolutionary war to be Free of.

Going to Gold

Gold Nuts give all kinds of reasons for going to gold for money but never identify the root problem of needing to do so. What's wrong with our current money system?

If one agrees with a Gold Nut that we should start using gold for money and then asks how it would work; the Gold Nuts can't tell you. Gold Nuts have no point by point plan as to how we would go from using numbers for money to gold.

Common observation and study reveals the fact that we have used numbers as money for years to buy and sell products and services, pay salaries, taxes and everything else. Historically, coins and notes have had numbers or words on them stating *'how many'* proving that it is not what's in the numbers but rather how many of them there are. Yet, Gold Nuts still think only Gold will work for money.

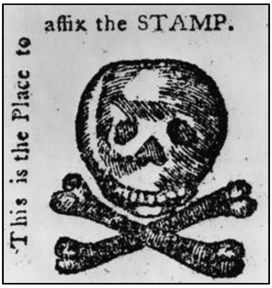
How Much Gold Do We Need?

In 2006, the total gold supply was near 1,866,141,339,840 grains. Divided by the then world population of 6,540,106,621 would be 285 grains per person. That, divided into one dollar coins the size of an American dime of 35 grains would provide a money supply of $8 per person.

The 2006 silver supply available for money after, industrial, photography, jewelry and silverware needs was 88.2 million ounces. That divided into one dollar coins of 35 grains would leave a money supply of 20 cents per person. There is not enough gold and silver to use as the world's money supply. Additionally, if we had to go into debt to bring the gold or silver into circulation, we would still be in debt bondage.

Source: Modern Money Secrets, by Byron Dale and Gregory K. Soderberg
Free Market Gold & Money Report page 158

The Untaught Reason for Revolution



The primary reason for revolt against the STAMP ACT of March 22, 1765, was not 'taxation without representation,' which the Colonists could have born with nothing but a loss of dignity; but its terms demanded that stamps be paid for in specie *which they did not have* and were not allowed to obtain by trading with alien nations.

The bondage trap was set. The Colonists would have to borrow from and go into debt to the bank of England in order to pay the tax. Freedom from debt bondage precipitated the revolution. This fundamental truth was and is not taught.

This is why from 1792-1933, as explained in *'Roads & Bridges Without Taxing or Borrowing',* Americans, once economically free, are debt slaves today; in debt to the money creators, 'a King', for every penny and suffering the consequences.

It seems ironic that when the Constitution was signed in 1787, while no gold or silver mines or mints existed, it declared that *"No State shall make any Thing but gold and silver Coin a Tender in Payment of Debts."* Congress did not pass the Free Coinage Act, which provided for a debt-free medium of exchange, until 1792. The first Mint, in Philadelphia wasn't built until 1794. The first gold wasn't discovered until 1799 in North Carolina.

Article 1, Section 10 required the States to tender payment in *a thing they did not have*; the very circumstance that caused the revolt from England. What person instigated the idea that *"No State shall make any Thing but gold and silver Coin a Tender in Payment of Debts?"* Why? Was it an opportunity for fraud intended to put us in debt again?

Gold 'backed' Digital currency.

If proposed 'Gold 'backed' Digital Currency legislation passes in Texas, its citizens, as in a few other states, would be able to purchase 'gold -backed' digital currency from the State of Texas. The GBDC would come into circulation when purchased with the money we now use; money created as debt through loans to government, business and individuals by the banking industry. If more gold were needed, the state of Texas would use debt money to buy and hold more gold in the Texas Bullion Depository. Economic freedom is not the result for Texas, its citizens nor America.

Yes, the people of Texas would have a direct line to the secured gold. But, like all Americans and 'the' government, they would still need to be in debt for money and GBDC to exist. It's money someone must be indebted for to obtain the GBDC. If a GBDC became widely popular, Texas would have to buy more gold with more debt money to 'back' the GBDC.

The GBDC idea does not change the principle by which all money now comes into circulation. Know that, it's not **'what'** we use for money but **'how'** it comes into circulation and what it represents that is critical. Does it come into circulation in a manner that serves us and promotes the general Welfare or a manner in which we serve it and special interests? Is it evidence of our Freedom and the wealth we've produced and own or is it evidence of that which we owe, our debt bondage and servitude?

'Gold-backed digital currency' simply masks the truth of our debt bondage and pacifies some. It does not eliminate America's Debt Bondage, the debt, loss in purchasing power, ever increasing costs of living, growing difficulty making ends meet, inability to save, growing dependency, tyranny and other consequences of debt. All will continue to grow while, in the land of the Free, some American debt slaves will have their gold to hug and to hold.

They’ll Take your Worthless Money

There are people who want to help you by selling you gold. They give, and for years, have always given the same scary sales pitch. The main reason is because what you are now using for money doesn’t work, isn’t worth anything, is ’fiat’ and is going to ‘collapse.’ Don’t wait, act now to save yourself while your neighbor suffers and your country goes to hell.

How do you save yourself from these terrible things? You trade them your evidence of indebtedness, i.e., *‘worthless’* Federal Reserve Notes, coins, Checkbook, credit or debit card entries in exchange for their valuable gold. The gold sellers are willing to take your *‘worthless’* money in exchange for their valuable gold.

Fools' Gold

Arguments Against the Gold Standard and Bankers

by Robert Carroll

"By monopolizing this commodity the moneyed classes have got Nature by the throat and the community under their heels. Compared with this process, usury is mere child's play."

-Alexander Del Mar in The Science of Money.

Advocacy of gold or gold "backed" money rests on dubious foundations. The discussion that follows will reveal some of the semantic deception, half-truths, doublespeak, self-interest pleading, and historical errors employed in gold advocacy polemics.

The Pope admitted in 1992 that Galileo had been right. This has nothing to do with gold money, but it is offered to show that neither antiquity nor authority makes a phony idea anything but phony.

There is a strong belief among gold money advocates that little bits of gold, especially if they are stamped with the image of some authority and numbers make better price counters than numbered pieces of paper or computer bytes. The belief involves a perception of what money is. The person who holds that belief perceives money to be something real and apparently needs to see and hold in his hand a physical manifestation of it. Gold is heavy, bright and shiny. It satisfies an emotional need however meaningless it is to the function of money. Money is a product of human mental fabrication. It always has been; it always will be. It is a tool that facilitates exchange. Modern society could not run without it or some equivalent accounting system.

A rational business decision would require that monetary symbols cost the least possible to manufacture. Presently, (1998), it costs near $280 to mine and refine an ounce of gold. Mining decades of tons of ore per ounce of gold has left holes in the ground measured by cubic miles. The ore is leached by toxic chemicals that have produced environmental pollution. Banks create money in any amount with the touching of computer buttons.

Abstract numbers, meaningless in and of themselves, that count quantities of amperes, wheat, gasoline, volume, distance, area, force or any measurable, quantifiable thing, suffice in commerce, science and technics without the clumsy inconvenience of metal counters. Why should it be different with money?

A pseudo-legal argument is sometimes advanced by advocates of gold money that a debt cannot be paid with another debt. This is semantic deception. A debt can be paid with anything that is acceptable to the payee. In addition, as long as debt in the form of deposit entries in bank accounts or Federal Reserve Notes can be exchanged for real goods and services, the payee is just as well off as if he had received little lumps of metal. Further, the multi-trillion dollar world economy runs almost exclusively on exchange of debt-money which only consists of numbers in deposit accounts at banks.

A common argument for gold money that accompanies the pseudo-legal sophistry is that gold has *"intrinsic value,"* another semantic deception. Gold has interesting intrinsic properties such as chemical stability and excellent electrical conductivity, but *"intrinsic value"* is a semantic error if not outright doublespeak. Value (1) is a subjective judgment and cannot be rationally thought of as intrinsic. Subjectivity is exclusively a product of human minds. *"Intrinsic value"* is a deceptive euphemism for price.

If people were stranded in some remote location without food, water, and shelter, a mountain of gold would serve no more purpose than so much sand. It would have no price. Gold has no intrinsic value. It merely has a price which is the result of complex factors associated with its subjective price value compared to other commodities. Industrial usefulness of gold as well as human subjectivity that desires gold for personal adornment, etc., does assure that gold will fetch a price in a modern market. But what price?

Gold pricing in the United States, today, 1998, is denominated in Federal Reserve Accounting Unit Dollars.(2) The commodity price of gold has fluctuated wildly in the last half of the 20th Century, mostly remaining in the $300 to $400 per ounce range in the last decade. Price fluctuation was not due to variations of the Federal Reserve Dollar. The U. S. monetary price of gold is $42.22 per ounce. Artifact (jewelry, etc.) and numismatic prices of gold are what the market will pay. The value of gold as denominated by price is highly variable.

Historically, the commodity price of gold has been subject to fluctuation caused by normal supply and demand influences. Supply and demand influences are in turn affected by the vagaries of mining and shipping, speculation, hoarding, political action, industrial demand, wars, central bank manipulations, and fads.

When governments or private banks have attempted to use gold as money, or for the last years many centuries the fraud perpetrated as gold "backing" or reserves, it has been necessary to establish a monetary price of gold by fiat in an attempt to isolate money from inevitable price fluctuations of commodity gold.

The U. S. Constitution writers anticipated the instability of commodity prices and included the phrase, regulate the value, in the coinage clause.(3) In 1792 after the ratification of the Constitution, the Congress, consistent with the Constitutional mandate, defined specific amounts of gold, silver, and copper as representing dollars. They regulated the value and established a monetary price by fiat. (4)

Historically, monetary prices have been set higher than market prices, the ludicrous present U. S. monetary price not withstanding. It would make no sense to issue money that had an equal or lower monetary value than the price of acquiring the metal. This mark-up is known as seignorage. It is profit that accrued to goldsmiths, kings, banks, and governments that issued gold money. When the monetary price of gold was too low, coins were melted and turned into artifacts that could be sold for more money than the original coins. When the monetary price was too high, artifacts were melted and turned into counterfeit coins. This was another cause of monetary and price instability when gold was used as money.

The relative scarcity of gold and the demand for gold for other uses than money should raise questions about the efficacy of trying to use consumable and losable gold as money or as monetary reserves.

The inherent instability of a scarce commodity subject to all the influences enumerated above have inevitably led to financial instability which instigates human suffering, social unrest, political instability, totalitarianism, fraud, counterfeiting, theft, war, and abandonment of gold monetary policy.

A mantra of gold money advocates is that alternative money systems, particularly "paper money," always fail. Historically, it is true; but it is also a case of selective historical facts, half-truth, and errant semantics. There is archaeological evidence that accounting systems existed before paper was invented. For example, clay tablets written in cuneiform that show evidence of debt accounting. Paper, per se, merely represented another more economical way of accounting. What is never admitted is that all money systems including gold money systems have failed. Today, "paper money" as bank notes is substantially irrelevant. Overwhelmingly, transactions are carried on via computer accounting where money is nothing more than numbers transferred from account to account by computers.

Arguments about the substance of money will never address the problem of why all monetary systems have failed.

In fact, historically, not only has no money system survived indefinitely; but also, no civilization, empire, or political system has survived indefinitely. Systematic monetary manipulation has played a part in their demise. It is not a question of gold or paper; it is a question of human culture. Is it possible to maintain a political system or nation that is founded in myth, intellectual error, and financial fraud?

The Gold "Backing" Fraud

A sacrosanct dogma of modern economic superstition is that money derives its value from scarcity. It is nowhere scientifically proven or successfully argued. It is accepted dogma; and, once again, the semantic trick of substituting value for price is used.

Scarcity does play a role in prices of goods and services, but it is only one factor; there are many other factors in price.

What is provable is that the scarcity of gold provided an opportunity for fraud that has become modern banking custom and practice.

Exactly how the fraud started is not matters of facts, but that it started is not in question.

Legend with perhaps more than a little truth in it has been related many times, including Congressional testimony.(5)

In brief, goldsmiths built vaults to secure their gold which was used in artifact manufacture and lending. The security of the vault attracted others who deposited their gold with the goldsmith for safe keeping. The goldsmith noticed that depositors never claimed all their gold at once. This provided him the opportunity to lend their gold at interest for his profit.

The custom developed that depositors would write notes which could be redeemed by the goldsmith to pay their bills. Eventually, the security of the goldsmith's vault and convenience of the notes induced more and more people to leave gold with the goldsmith and pay their bills with notes.

The common use of notes provided the goldsmith with the opportunity to write notes for making loans. In fact, it enabled him to write notes for more gold than there was gold in his vault. He created money! Eventually, it was found that as much as ten times the value of gold in the vault could be circulated as notes. He only needed enough gold in "reserves" to redeem the few notes that were presented for redemption.

This fraudulent practice has become modern banking custom and practice. Today, it is called fractional reserve banking.(6) Of course, gold is not presently used as reserves; banks just create money out of nothing without any pretense of gold reserves.

Gold advocates lament that money is no longer "redeemable." This is doublespeak that is tantamount to a lie. Since the initiation of the goldsmith's trick in banking, bank notes or "paper money" have never been fully redeemable in gold money. It must also be remembered most money created by banks by checks and deposit entry was never printed as banknotes. While deposit money, Federal Reserve Bank Notes and U.S. coins cannot be exchanged for any form of gold money at the U. S. Treasury or Federal Reserve Banks, anyone is free to spend as much current money purchasing gold as they please; and the gold can be sold for current money. Furthermore, current money is exchangeable, fully redeemable, for all necessary and desirable goods and services which is the only real purpose gold money could serve. Satisfaction of superstitious beliefs and greed of investors are not considered real purposes.

The growth of national and world economies has rendered even the gold "backing" pretense of using gold as money absurd, but the greedy wishful thinking is that gold will be re-monetized at some astronomical price that will provide a windfall to gold investors. It is more likely that gold will be confiscated, as happened in the United States in 1933, before central banks attempt to re-monetize gold.

Attempts to re-monetize gold in the early 20th Century were accompanied by disaster in national economies and were quickly abandoned.

The Gold(un) Standard

"... the disastrous inefficiency which the international gold standard has worked since its restoration five years ago (fulfilling the worst fears and gloomiest prognostications of its opponents) and the economic losses, second only to those of a great war, which it has brought upon the world..." --J. M. Keynes(7)

What is generally referred to as "the gold standard" is a set of variable monetary and economic goals that involve manipulation of currency, balance of trade, internal commerce, and prices by use of variable gold policies. Different countries have tried different gold policies depending upon the desired goal. Whether it was to achieve balance of international trade, stable currency, stable internal commerce, or stable prices determined the policy. Balancing international trade may, and usually does, interfere with internal commerce. Stable prices may require juggling currency. Different countries with different goals pursuing different policies may conflict. What is called "the" gold standard is not a unique and well defined system.

There is a common conception of "the" gold standard that ties the value of the currency unit to a legally determined amount of gold. It is believed that such a policy would stabilize currency. It may be possible to stabilize currency using gold in monetary policy decisions but with disastrous other results.

For example, five methods used to manage a gold standard by the Bank of England from 1925 to 1931 follow:(8)

i. The bank rate.
ii. Open market operations (that is purchase and sale of securities) undertaken to influence the amount of reserves of the commercial banks, and their power of creating bankers money.
iii. Open market operations, undertaken to influence the London Money Market.
iv. Gold exchange methods dealings in foreign exchanges and in forward exchange, and variations in the price of gold within the narrow limits permitted.
v. Personal influence or advice such as the so-called embargo on foreign loans.

Anyone familiar with Federal Reserve operations will note amazing similarity. Just as the present Federal Reserve Open Market Committee engages in a variety of open market transactions to control the dollar, the Bank of England tried to manage the pound ostensibly based on gold. The results also have an amazing similarity to the Federal Reserve's policies, particularly the "soft landing" announced by Alan Greenspan that was the 1990 recession.

The operations of currency management conferred upon the Bank of England the power to restrict credit, to postpone new enterprises, to lessen the demand for constructional materials, and other capital goods, to create unemployment, to diminish the demand for consumable goods, to cause difficulty in renewing loans, to confront manufacturers with the prospect of falling prices, to force dealers to press their goods on a weak market, and to cause a decline in general prices on the home market. In brief, the stability of the international exchanges was accomplished by a process which deliberately caused universal depression in industry, created unemployment, and forced manufacturers to produce, and merchants to sell, at a loss.(9)

The operations of the Bank of England under the administration of Montagu Norman critiqued above is a classical example of what happens when monetary policy is carried out in the abstract. Human needs and human suffering be damned, trade will be balanced to control the outflow of gold or silver or inflation will be controlled to maintain prices regardless of how it affects employment, hunger, or any other form of human stress.

The errant buzz-word of monetary policy administered by Federal Reserve gurus personified by Alan Greenspan is ‘inflation’. Low unemployment motivates the gurus to "slow down an overheating economy." In other words, needful humans must be made to suffer to accomplish abstract monetary goals.

The above critique of Bank of England policies exposes, more than anything else, the fallacious thinking that gold will automatically regulate currency and prices. Not only the above critiqued policies, but also, other history confirms the fallacies.

One extreme anecdote from Roman history is the case of a man who had his own image placed on a gold nugget which he presented to a lover. So extreme were Roman concerns with controlling money that it was a death penalty offense under Roman law at that time to affix any image on gold except for official purposes. The law-breaker was executed.

This Roman anecdote is an example of two things:

1. An absurd, extreme policy used in an attempt to make an inherently unstable commodity suitable for monetary use by legal means.

2. The arrogant stupidity of legal absolutism.

Some factions of gold advocates argue that attempted regulation is the problem and that "market forces" should be allowed to follow their course with gold. Aside from the obvious superstitious belief in a fiction in support of a belief, histories of fraud, manipulation, monopolization, gambling, and speculation of commodities(10) left to market forces should overcome the tunnel-vision and doublethink of such an argument as market forces should determine the value of common currency while believing the implausible, self-defeating belief that gold left to speculation and monopolization will, by magic, lend stability to currency in the same market.

One of the sophistries used by gold money advocates is the non sequitur. Byzantium has been offered as an example of how a culture or empire was stabilized by a stable gold currency.(11) In the first place, stable Byzantium can be dismissed with the question: Where is Byzantium now? In the second place, the longevity of Byzantium was not extraordinary for its day. Nor did Byzantium ever achieve extraordinary wealth. The Italian city states built on bankers credit lasted longer and achieved more wealth.(12) Byzantium existed during the "dark ages" of Europe as a near singularity in the Euro-Asian area. It was founded in autocratic theocracy. The annual trade of Byzantium was less than a week of world trade today, perhaps less than a day's trade. Byzantium's relatively stable coinage was a function of its relatively stable society maintained by a severe autocracy. Its relatively stable society was not a function of its coinage; its relatively stable coinage was a function of its relatively stable society.

After the ascendancy of the Italian city states, it could just as well be argued that Byzantium failed to achieve great wealth and eventually succumbed because of the superiority of credit money or Byzantium's stupid, limiting, and inflexible reliance on gold coinage, but that is not the argument presented here. The argument here is that money is a function of culture, not culture is a function of money although selective facts may make it appear so. Certainly, the pathological kleptomania and greed of Capitalism make it seem U. S. culture is a function of money.

The coup de grace of gold standard is that a gold standard applied in recent centuries has not altered the custom and practice of bank issued debt-money. Bankers, such as Alan Greenspan who has advocated a return to a gold standard, are well aware that gold standard is not only no threat to their power and ability to create money out of nothing; but also, it enhances their confiscatory power and control over both the public and private economy. It helps banks realize their superstitious mantra that money derives its value from scarcity. The more scarce the more value, i.e., the more interest banks can charge for the money they create out of nothing.

Ordinary gold standard advocates are either ignorant or disingenuous about bank created money. They usually blame government for the abuses of credit money, but it is banks that create money nearly exclusively. Paranoid, near hysterical arguments such as inflation is caused by ***"governments printing too much money"*** are absurd when it is banks that create money. What a silly argument it is to say governments print too much money when, for example, the U. S. government has borrowed more than $5 trillion from banks and other investors in government securities! Every cent of it originally issued by banks! But, just as any paranoiac can have real enemies, there is plenty of blame to lay on government. It is government that has given the power to create money to banks(13) then relies on borrowing money from banks and private investors at the additional expense of interest when taxes are inadequate to meet expenses.

A Federal Reserve bankers dogma is that monetary policy must be separated from politics because politicians can't be trusted with it. This dogma has some truth in it; but like any half truth, it obscures a lie. Monetary policy can never be separated from politics and bankers would lose their golden goose if the government exercised its Constitutional power to issue its own money.

Ostensibly, the people have the power to control politicians with the political process. People have no power to control bankers for whom they cannot vote and do not know.

Criticism of bank created money and how(14) it is done is left to other vehicles. This discussion is about the fallacies of gold money arguments.

Conclusion

What is usually referred to as "the" gold standard or gold backed money is an intellectual and financial fraud. Under gold standard policies, Central banks wrote checks creating money to buy gold to use as reserves, just as Federal Reserve Banks create deposits to buy U. S. Treasury securities, now. A gold standard does not prevent commercial banks from creating money on the basis of fictional reserves and lending it at interest. What has passed as a gold standard in the last few centuries is not theoretically or functionally different than the present bank created credit/debt money system. In both cases, banks create and issue money as debt. Both systems are often properly labeled debt-money systems. Money is nearly exclusively issued by banks as debt at interest in both systems.

A plausible argument can be made that if banks were required to maintain an invariable level of gold reserves, it would limit how much money they could create. It would, but it would also limit how an economy functions as in the disastrous British case cited above.

The Federal Reserve Act was passed in 1913 establishing the Federal Reserve System as the U. S. Central bank. It required 40% gold reserves behind issuance of Federal Reserve Notes. World War I soon followed. It would have been impossible for the United States to finance its participation in that war with Federal Reserve Banks and commercial banks required to maintain 40% gold reserves. *(The argument that it may have forced the U. S. to stay out of the war had the reserve requirement been maintained is irrelevant; the U. S. participated in the war.)* Reserve requirements were lowered, and the war was financed with debt-money created by banks.

The first central bank of the U. S. was charted in 1791, and the Coinage Act of 1792 which limited coinage to the haphazard appearance of gold and silver owners at the mint forced seekers of money to use bank credit or debt financing. It is a speculation whether the two cited acts were intended to force money seekers into banks. The central bank has been attributed to the efforts of Alexander Hamilton. There is no doubt of Hamilton's banking connections.

The United States has become the most powerful nation ever in history. It did so mostly on bank credit; nearly exclusively so in the 20th Century.

Winning two world wars, once having the highest now reputed third or fourth average standard of living in the world and development of spectacular technology including space exploration were all accomplished under bankers' debt-money schemes, but this is not a defense of bankers debt-money. It must be repeated that criticism of bankers debt-money is found elsewhere. This is to suggest that the U. S. could not have developed as it did under the restrictions that a gold money system would have imposed. *(refer to Debt Money & the Industrial Age)*

A credit money system operated for the purpose of serving human needs instead of serving the profit interests of bankers could educate everyone to any desired level, provide medical care for all, end poverty and finance any socially acceptable and physically possible activity.

The substance of money used for counters whether lumps of yellow metal or computer bytes is unimportant, per se. What is important is monetary policy. Good or bad policy can be made with credit money that makes good or bad results. It is hardly possible to have a good policy under the restrictions and inflexibility that a one hundred percent gold money system would impose. Gold "backing" known as fractional reserves has already been revealed as a banking fraud that differs from the present bankers debt-money system in cosmetics only.

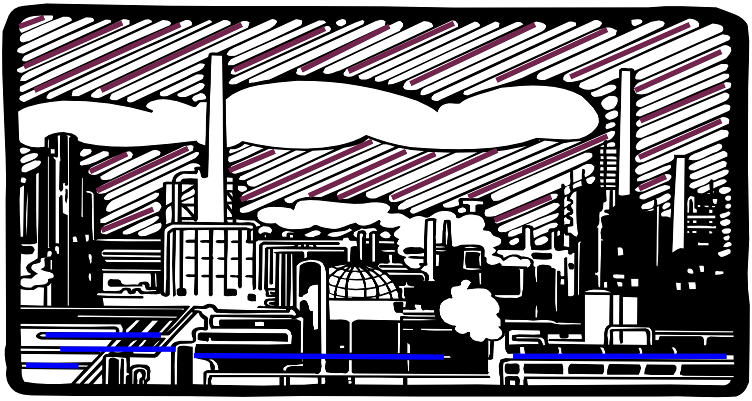
If there is anything that can be classified as a public utility, it is money. Yet, the supposedly democratic U.S. Government has seen fit to endow a select group of greedy bankers with all the power of issuing and regulating the money supply for their own profit. The banking system that issues money as debt holds the government and people hostage to the system. Until the power to issue money is taken from the hands of greedy corporate profiteers, megalomaniac kings and plundering politicians, there is little hope for a socially kind and peaceful society or a safe and sustainable environment.

The science of how to do it is well known. They [bankers] viewed national interests from the windows of the bank parlour. From their point of view, industry, commerce, agriculture, wages, employment, were but counters in the skilled game of international finance. They must be regulated to fit in with the monetary scheme. The monetary scheme must not be regulated to fit in with the needs and necessities of the world.(15)

Whose interests are served by "the monetary scheme"?

Until the "cart before the horse" philosophy of financiers revealed in the above quote is righted, no monetary system will serve public interests. A gold monetary system will be just **FOOLS' GOLD!**



The Industrial Age and Debt-Money

It is often stated, in support of the Banking System's fractional reserve method of creating money that, **"It would have been impossible to have the progress of the industrial age using gold for money."** Proponents of fractional reserve banking argue that the gold would not have allowed for the expansion of the money supply necessary to fund the Industrial Age.

Economists and others that support bank-created money love to argue that it's really the **'velocity of money'** that makes the money supply grow. But, they always forget or neglect to acknowledge that **if that statement were true, then increasing the velocity of the gold coinage would have also increased the money supply of gold coinage** thereby providing the money supply required to fund the Industrial Age. They never acknowledge the fact that in

1792, the dollar was a weight of silver, not gold. Gold coins were to $10 Eagles, $5 half eagles and $2.50 quarter Eagles. They also never acknowledge that the metal money supply could have been increased using palladium or any other metal as well as gold or silver. Today, no statutory definition of 'dollar' exists.

The issue is not whether the money supply was increased as a paper or metal medium of exchange but whether the money supply was increased as a wealth to the people or as debts to the people. Most people do not truly understand this part of the Federal Reserve fractional banking money system. In addition, most people seem to be afraid to think about the fact that today, contrary to our past, the money supply is only increased as debts upon the people!

There is no argument that growth in the money supply was needed to have the economic growth that America has experienced. But, who got the financial benefit of the economic expansion? That's the question that needs to be asked. Did the people as a whole get the financial benefit or just the moneyed elite? For the answer, we need look no further than the growth of our national debt, both public and private and recognize the well-known fact that the rich are getting richer and the middle-class is getting poorer.

A debt-free bookkeeping entry medium of

exchange could have been used to expand the money supply as a wealth to all the people just as easily as the money supply was expanded as interest-bearing loans for the benefit of the special interests.

A better understanding of how to increase the money supply as a wealth to the entire body of people rather than to just the special interests is needed. A knowledge of money begins by understanding that the real economic benefit of gold or silver money is that it was debt-free! When the producer traded or spent his production in coin form into circulation, it promoted the general welfare and was in line with the spirit of freedom. Everyone could buy, sell or save without having to be in debt. Debt-free money benefits all the people unlike interest-bearing debt money that hurts most people and benefits only the special interests.

We could have and should have expanded our money supply as a debt-free representation of wealth using the principles that produced silver and gold coins. These were produced when the people did work first to extract the raw materials from the earth. The produced raw materials were then taken to the U.S. Mint which weighed, assayed and stamped them into coins. This 'monetized' the people's production. Government *'coined the money'* free-of-charge thereby fulfilling its duty under Article I, Section

8 of the Constitution and did so in a manner that provided liberty, justice and property rights to all the people. These benefits (rights) have been stripped from the people through the forced use of interest-bearing, bank-issued debt money.

When production is ‘monetized’ as wealth, the number of dollars produced is directly tied to the amount of work performed. The worker (producer) gets paid. The money is owned, not owed. Americans are economically free to do commerce. The market is truly ‘free’.

The principles of ‘monetizing’ production could have been continued without the use of silver, gold or other metals by ‘monetizing’ the production of something else that aided the development of commerce to the practical and financial benefit of all citizens.

A Constitutional way of implementing these principles would be to combine clauses 5 & 7 of Article I, Section 8 that state that Congress *“is to coin money”* and *“is to provide post roads”*. Simply ‘monetize’ the production of public roads and bridges!

This combination of labor and raw resources creates new production in the formation and maintenance of public roads and bridges. The work is done. The producer is paid. Obviously, one cannot carry a piece of road around in a pocket or purse! But, Congress, via the Bureau of

Printing and Engraving and the U.S. Mint could print the money necessary (in lieu of taxes) to pay the producers. The money would represent the new production just as 'silver certificates' represented the silver coins. The 'certificates' circulated as money NOT THE SILVER.

The new money could even be created as bookkeeping entries as is done today. It would then flow into circulation hand to hand from a point nearest the production. No debt, no inflation nor loss of purchasing power would result. The money supply would increase to accommodate new production and a growing economy. This follows solid economic principles taught by economists that the money supply can be increased with no inflation as long as money supply does not increase faster than productivity gains. It's also common sense.

Implementing this principle would have provided all the money necessary for the Industrial Age growth with the greater benefits of:

- *no loss of liberty, justice or property rights*
- *no inflation,*
- *no forced indebtedness*
- *no unpayable debt*
- *no income tax to pay interest on government debts*
- *no 'redistribution' schemes*
- *less corruption*
- *no loss of purchasing power*
- *no motor fuel taxes!*

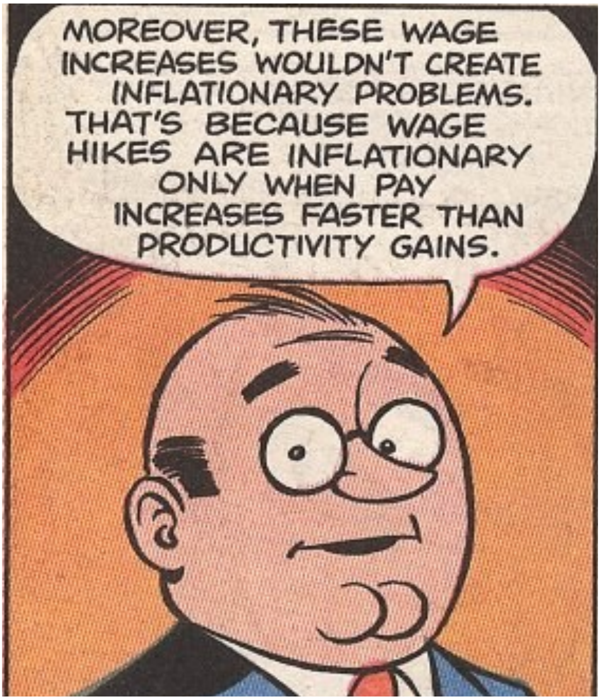
When our money was changed from an evidence of wealth to an evidence of debt we took the wrong fork in the road. Either we didn't understand how to increase the money supply as wealth without monetizing metals or special interests benefited from the change or both. Regardless, we can still convert our money back to an evidence of wealth and put all newly created money into circulation with no debt to anyone.

Common sense and the recorded intentions of the Founding Fathers are clear evidence that the American people should not be forced to incur debt to have a medium of exchange to do commerce. Forcing Americans into debt to obtain a medium of exchange flies in the face of the spirit of the founding principles of liberty and justice. It enslaves a people intended to be Free. If you're tired of:

- *congested, outdated, potholed, patched roads*
- *excessive gas taxes and other taxes required to service public debt*
- *increasing prices required to pay the never-ending interest*
- *being in debt and short of money in spite of the fact that you work longer, harder, faster, smarter and produce wealth*
- *growing difficulty making ends meet*
- *growing tyranny*

If you would like a Higher standard of living for yourself and your children then help dig out the problem at its roots. Demand that we create and spend all new money into circulation debt-free so we may be the Free Americans we were intended to be. Support introduction and passage of the **American Transportation Act**. Like the principle of Free Coinage; we produce that which everyone benefits from mutually and are paid money which we earn that represents the wealth produced; the wealth of our nation. No debt, taxes or fees result. No inflation is created.

The **American Transportation Act** is available to read, print, download and share online at **DebtFreeMoney.Org**



Federal Reserve Bank, NY pub.
'The Story of Inflation'

The Original AMERICAN TRANSPORTATION ACT

A Bill

to secure for the American People their Inalienable rights to Life, Liberty and Property, by providing them a debt-free, safe, sound, honest, permanent medium-of-exchange representing what they have produced and own that they may be economically free to prosper in their agricultural, industrial and commercial endeavors. Be it enacted by the Senate and House of representatives of the United States of America in Congress Assembled**,**

SECTION 1. Short Title.

This Act to be cited as the **"American Transportation Act".**

SECTION 2. Findings.

Congress, looking at our nation's huge and ever growing public and private indebtedness, attributes this to following Hamilton and enacting national laws that changed the principle that enabled Americans to enjoy a debt-free medium of exchange and economic freedom to a principle that enabled the banking system to create and issue all new money as interest-bearing debt-based (credit) money. This has forced Americans and their government into debt and economic involuntary servitude in violation of the 13th Amendment to obtain the medium of exchange. Private banks; not the government, now create and put all new money into circulation as interest-bearing loans that, at the very least, has caused and causes unnecessary bankruptcies, foreclosures, a constantly rising cost of living, loss of purchasing power of the money, made it impossible for most to save and driven the need for more taxation for more social help programs.

Creating and loaning all new money into circulation as debt obligations has served special interests, not the general welfare; has made a small percentage of people very rich, forced the majority of Americans to live from pay check to pay check and has forced millions of people off of the land into large crowded cities. If Americans do not borrow, there is no money for them to earn, spend or save.

America's great public and private indebtedness and afore stated wrongs were caused when Congress wrongfully gave up its sovereign authority to create money by allowing the creation and establishment of the Fractional banking system which now possesses almost complete control over America. This complete control of the money supply put into circulation as interest-bearing debt equals complete servitude of the people in direct violation of the 13th Amendment.

The fractional reserve banking system has caused price inflation, recessions and depressions and rising unemployment by manipulating the money supply and allowing the interest to forever increase the debt but not the money supply.

Congress finds that the best way to return economic freedom and secure the blessings of liberty for Americans is for Congress to return to monetizing the people's production creating a medium of exchange that is spent into circulation as an earned and final debt-free payment that promotes the general welfare rather than benefitting just a few **as described in Section 2A.**

Section 2A. The UNITED STATES CONGRESS has given the Treasury the power and duty to mint coins and print currency.

The United States Congress has given the Treasury *the power to monetize the peoples' production free of expense by issuing a medium of exchange debt free in lieu of taxation or borrowing as an earned payment for production that promotes the general Welfare, i.e. the building, maintenance and upgrading of public roads and bridges.* These shall be built under the same process as is current. Citizens at the local level, not Congressman, shall decide how and where roads or bridges need to be built, repaired, upgraded and maintained to best serve their needs. This shall be done as is current, by citizens living in the jurisdiction of each City, Township, County and State government through their elected officials and in coordination with each other. The unit of government making a request for funds shall hire engineers to design the project and prepare a detailed written description of the planned project(s). As is current, the private contractor meeting the bid specifications with the lowest and best bid will get the job.

A copy of the bid will be sent to the Comptroller of the currency requesting that new money be created for the bid amount and delivered to the local project authority for spending to pay salaries of laborers and material providers who will also spend the money into the economy. The Comptroller's only oversight will be to make sure the project and contractors are real and the jobs are completed to bid specifications. The U.S. Treasury shall coin, print or create direct deposit electronic money and spend it directly without debt and interest free, to the unit of government which requested it, in lieu of bonding and taxes.

At the time this bill is enacted All gasoline, oil, axle, vehicle licensing and license fees and or taxes are Repealed. They will no longer be needed to fund the roads. Government loses no needed revenue for roads and bridges.

Section 3. Bureau of Printing and Engraving

The Bureau of Printing and Engraving now prints the currency notes but only sells them to the 12 Federal Reserve banks for the cost of printing. The 12 Federal Reserve banks then sell the notes at face value to the commercial banks who sell the notes to the people who are forced to buy the notes with checkbook money that the banks create as interest-bearing loans. Both the notes and checkbook money provide Americans with a medium of exchange that has purchasing power but not ownership rights as it represents what they owe not what they own.

The American people have been deceived, defrauded and enslaved by the Fractional Reserve money system. This system compels them to perform labor, the fruit of which is taken from them through interest on their debt and taxation on government debts that cannot be paid and would not exist if Congress had not passed laws that gave away its constitutional sovereign duty to create a debt-free, wealth-based medium exchange for the people.

The mathematics of such a money creation system clearly demonstrates that the debt must constantly increase, as only the principal of each loan is created and then extinguished when the loan principal is repaid. There is no way to create the money needed to pay the interest debt which is increasing with time. The monetary system is laden with unpayable debts, loss of purchasing power and growing unmeetable costs of living that has forced millions of Americans into dependency and the loss of their homes and businesses through bankruptcy.

The change of the monetary system as outlined in this act is necessary to ensure Americans their rights to Life, Liberty, Property, and Economic Freedom and to provide them a safe, sound, honest, sustainable and debt-free wealth-based medium-of-exchange representing what they have produced in their agricultural, industrial and commercial endeavors.

Section 4. Definitions

(a) *Debt/Credit Money* – Money that is originally created as a debt obligation.

(b) *Wealth money* – An earned, debt-free medium of exchange representing the people's wealth, created when they combine their knowledge and labor with the raw resources of the earth producing that which all people need, mutually benefit from, need to live and can use with no borrowing, taxation or fees.

(c) *Fractional Banking* – The process of creating money by lending institutions, as a promise to pay that which never existed.

Section 5. The Federal Reserve Act is hereby repealed

Federal Reserve Notes are liabilities of the Federal Reserve Bank and obligations of the United States government. Congress has specified that the Federal Reserve banks must hold collateral equal in value to the Federal Reserve notes that the bank receives. Congress has a first lien on all assets of the Federal Reserve banks and the collateral held against them so that if the Federal Reserve System were ever dissolved, **as per Section 31 Federal Reserve Act**, the United States would take over the notes and the assets of the 12 Federal Reserve banks.

Section 6. Prohibition of Fractional Reserve Banking.

The American Transportation Act does not change the clearinghouse function of the present Banking system; however, upon enactment, no banking system shall issue

Federal Reserve Notes, National Bank Notes or any Notes. Federal Reserve Notes in circulation at the time of passage of this Act shall be permitted to remain in circulation until they are deposited into a bank then exchanged for United States Treasury currency. All fractional reserve banking practices shall be phased out by raising the bank reserves at a rate of 2% monthly until it reaches 100%. Thereafter, all fractional reserve banking practices are declared unlawful, and forever prohibited.

No bank shall create any money, or medium of exchange, in any form whatsoever. All banks shall be required to hold in their vaults at all times the full amount of any demand deposit made in either bill, coin or direct deposit form.

Section 7. Evidences of Indebtedness delivered to the United States Treasury.

All securities, notes, bonds or other evidences of indebtedness of the United States held by the Federal Reserve banking system, regardless of type or issue, shall be delivered to the United States Treasury whereupon appropriate action shall be taken to cancel them out of existence.

Section 8. INDIVIDUAL Evidences of Indebtedness to be honored.

All government securities, notes, bonds and other evidences of indebtedness held by natural born individuals their heirs, or assignees who are not members of families holding stock in the Federal Reserve system, shall be honored and paid out of the United States Treasury with newly created money.

Section 9. FOREIGN Evidences of Indebtedness.

All foreign securities, notes, bonds and all other obligations owed by, or to, the United States held by natural born individuals shall be cancelled, collected, or paid in a manner most likely to promote peace, safety, and good-will for the people of the States united.

Section 10. AUDITS to determine excess profits.

With enactment of this bill, an audit shall be completed of all financial organizations that have practiced fractional banking. An excess profits tax of 50% payable to the United States Treasury shall then be levied equal to the amount of interest charged on loans created at the time of enactment of this bill until the time when the Reserve requirement reaches 100% and the creation of money as loans thru fractional reserve banking or any other means is ended. The excess profit tax shall be applied to the Social Security and Medicare funds.

Section 11. Income Tax

The American people have been forced into a peonage position prohibited by the 13th Amendment by being forced against their will into involuntary servitude to the Federal Reserve banking system. The Income Tax is directly tied to this banking system and is contrary to the spirit and intent of the original United States Constitution and Bill of Rights. Sufficient revenue for the legitimate function of government can easily be collected through Imposts, Duties and Excises with an emphasis on foreign imports and reduction in the size and cost of government.

Section 12. INTERNAL REVENUE SERVICE and Income Tax Abolished.

The Internal Revenue Service and the Income Tax are hereby abolished. All taxes shall be levied through Imposts, Duties and Excises in accordance with the original Constitution for the United States and Bill of Rights.

Section 13. CRIME DEFINED and punishment established.

Any person violating any provision of this Act shall be deemed guilty of a felony and shall make restitution. Any violation of this act which results in the debauchment of currency may be punishable by death.

SECTION 14. ALL INCONSISTENT acts repealed.

All Acts or parts of Acts inconsistent with the provisions of this Act are hereby repealed.

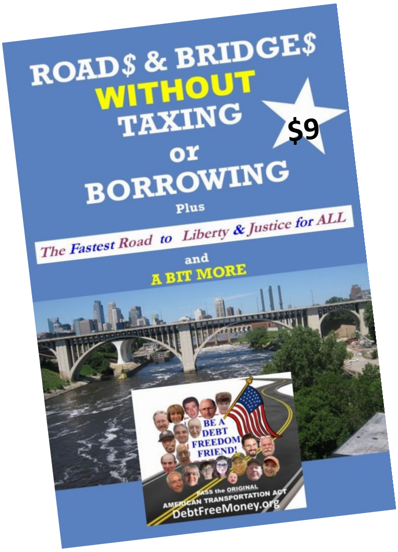
In February of 2021, The **American Transportation Act**, the booklet **'Roads & Bridges Without Taxing or Borrowing'** and a **brief letter** were mailed to Pres. Biden, V.P. Harris and all 535 Federal Representatives at their Washington D.C. offices.

Call your Congressman today.

Tell them to introduce and pass the ATA.

"It is for freedom that Christ has set us free. Stand firm, then, and do not let yourselves be burdened again by a yoke of slavery."

Galatians 5:1



Explains the debt money problem and the solution; restoring a debt free medium of exchange

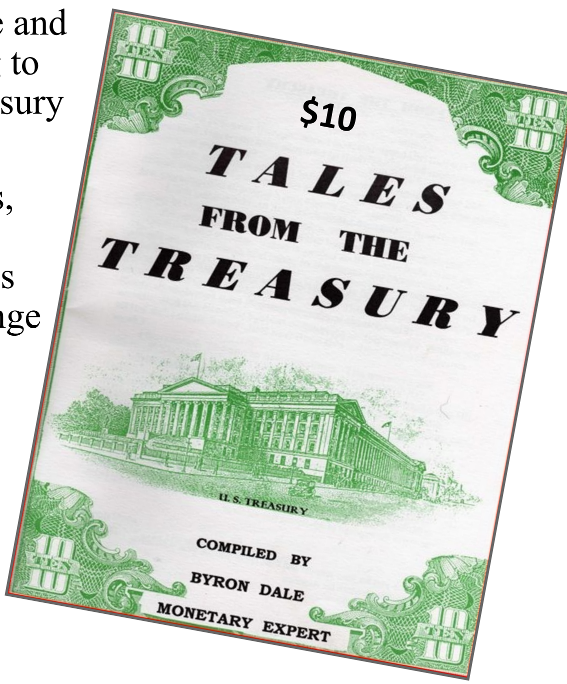
Order here:

https://www.writersrepublic.com/bookshop/roads-bridges-without-taxing-and-borrowing

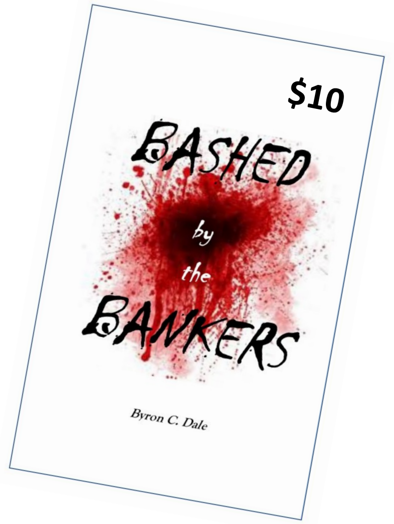
or from GK Soderberg
Amazon, Barnes & Noble,
Writers Republic, Abebooks,
Books-A-Million and others

A compilation of letters written by Byron Dale and Gregory K. Soderberg to the United States Treasury and their answers.

As you read the letters, you'll learn that the banking system creates our medium of exchange (we call it money) as bookkeeping entries, how the banking system owns all the money all the time and we, the American people, just borrow and pay interest on it.



As Byron Dale, filled with tension, sat at his kitchen table talking to one of two state officers in his home, he was brutally struck across his forehead with a full 32-ounce catsup bottle swung by the second officer. A bomb exploded inside his head as he felt the bottle split his skull….his life's blood spurting out onto the floor….



This, short, memorable book is the true story of a brave man who stood up to banking tyranny. What he was forced to endure would break most men, but it made Byron stronger and inspired him to speak out, protest our immoral, enslaving system of debt currency and to promote a plan to restore a debt free medium of exchange and economic Freedom

Veteran, government and citizen service has not protected our Freedoms nor our Constitutional rights. By following the intents clearly stated in our Constitution's Preamble; we can restore America; if we want or care to.

Help spread the knowledge and Truth of the Better Life after Debt.

Your Check or Money Order to:
GK Soderberg
54950-180th St., Austin, MN. 55912

Roads & Bridges Without Taxing or Borrowing offers you the opportunity to learn, understand and push for an economically free America.

Roads & Bridges Without Taxing or Borrowing explains the root cause of America's economic problems; the resulting deceit, corruption, injustices, ever rising costs of living, loss of purchasing power and inability of most to work, save and take care of themselves; and the Solution. With the aid of factual sources and historical references it teaches how, over 141 years, special interests switched America's money from a debt-free evidence of wealth we OWNED to an evidence of debt we OWE. You'll learn of the monetary PRINCIPLE that once enabled Americans to buy, sell and save without having to be in debt, allowing them to be economically free. This PRINCIPLE of a debt-free medium of exchange was in the spirit and intent of America's Freedom Foundation. *Roads & Bridges* describes where American monetary policy has been, where it is and where it must go. The road back to economic freedom is presented clearly and simply in a bill titled, the American Transportation Act. It's just 6 pages and 14 easy-to-understand sections and online at debtfreemoney.org.

Published January 21, 2022, *Roads & Bridges,* is 86 pages and available online at: https://www.writersrepublic.com/bookshop/roads-bridges-without-taxing-and-borrowing or from Greg. Be a Debt Freedom Friend! Read This book. Share with friends. Call your Congresspeople.

Born February 14, 1951, Greg went to school and grew up in Austin, Minnesota. He enlisted in the USMC, serving actively from 1970-71 and in Viet Nam in the Combined Action Program, 3rd MAF, 2nd CAG, CAP 2-7-10 and is a Purple Heart recipient. In college, he majored in art, studied philosophy, English literature and psychology, has been a marketing consultant for 45 years, is an artist, outdoorsman, conservationist; was candidate for Minnesota Lt. Governor in 2006, 2010 and 2014 and co-hosted the Wealth Money Internet Radio Show for 6 years. Greg has authored or co-authored several books on creating money as interest-bearing debt, its consequences and the PRINCIPLE that must be restored to return Freedom, Justice, Prosperity and Independence to Americans. He's advocated for a return to a debt-free medium of exchange since 1992. Will you help?