

Organic Gold Standard

By

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Quite simply, during the era of the Gold Standard, gold was money. The government fixed the price of gold and all things were priced in comparison to gold as the “standard”. During gold’s classical period from 1814 to 1914, every major country issued their own gold currency. And although each national currency carried the individual country’s national theme, design and name, they were all 100% backed, redeemable for an appropriate weight of gold, and exchanged against each other at par.

So the futurist’s ideal “global currency” was achieved almost 200 years ago, and it worked well. Very well. But men, if not the damnable governments they create to govern them, often have less than ideal intentions. Eventually there was war and as it was impossible to generate a sufficient amount of war money from gold money, the governments again returned to using fiat paper money. With the outbreak of the First World War, the world went off the Gold Standard.

Still today, there remains that small voice, “Oh! If we could only return to the Gold Standard.” That period of balanced budgets, non-inventionist governments, and good old family values.” Well guess what? That isn’t happening unless you can un-invent the television, automobile, computer and all the other creature trappings of modern life.

Does that mean that any return to the values that the Gold Standard embodied are lost? Of course not. Man is intrinsically good. Value remains. But the Gold Standard of old is dead. Yes, while it existed, international trade flourished, as has been the case with “good money” throughout monetary history. But once the world reverted to fiat government money the inequalities grew by leaps and bounds. Up to the point where today we have nothing more than a round-robin of one-upmanship and constantly devaluing national currencies “balanced” against each other, with the US dollar as the default “standard”.

What is the answer to such an insane upside-down monetary world? The answer lies in understanding that the Gold Standard should more accurately be called the Government Fixed Price Gold Standard (or, ‘GFP Gold Standard’) as the government issued money based on a gold price “fixed” by them. What is markedly different today is (1) the government does not dictate or “fix” the price of gold as it did with the GFP Gold Standard; and (2) the government does not acknowledge gold as money. In fact, for the first time in monetary history, these two major differences now provide the stage for the first global free market private value backed currency to evolve without any government “fix”, involvement or control. So, the answer is simply that money is now up to the individual.

In the GFP Gold Standard, the volume of money was fixed at an absolute amount and only increased by the amount of new gold, which was “sold” into the monetary system. Such a shortsighted system made no provision for no new gold nor demands from technological new uses like avionics, computers, and countless others. Obviously in

hindsight, the GFP Gold Standard was, well, “fixed” and as such it was doomed to the economic scrap pile of good intentions. Equally obvious to this author is the need for a new gold standard, which automatically provides for these inadequacies while providing a stable currency for a marketplace, as it did for Sardis some 4500 years ago.

Just as countless examples of fiat money have shown, and the inadequacies of last 90 years of the Federal Reserve have exemplified, there is a need for a new Gold Standard to respond to and capitalize current situation. There is a need for a new monetary paradigm. The answer is a new standard, which transcends national borders, religious preferences, cultural differences and man’s thirst for war. What is this elixir for the war prone fiat government money and growing threat of global inflation? It is none other than the Organic Gold Standard, a new gold standard.

How would an Organic Gold Standard differ from the GFP Gold Standard? How would it adequately accommodate the marketplace of the world as it is today? Actually it is quite simple. The Organic Gold Standard acknowledges that the world has changed and that it is now time to change the marketplace’s most basic element – money itself.

Just as no one expects the price of oil, or milk, or wheat or any commodity to remain the same, why should the standard remain the same? Why shouldn’t the standard be market driven also? How else can it possibility be responsive to a changing market? Look at the United States’ flawed policy regarding silver after World War II. It had so much silver, 3.2 billion ounces, that it “fixed” the silver price at \$1.29 per ounce so that one dollar contained one dollar “worth” of silver. Sure that lasted for twenty years, about one-third of a human lifetime. But it died in 1965 when the silver market rose above \$1.29 and the government ran short of silver, repudiated its fiduciary obligation, the U.S. Constitution and removed silver from coinage.

How can we not have a market driven “standard”? How can such changing dynamics be accommodated by anything other than a market driven standard? For a standard to be viable in a free marketplace, it must be free to respond to the market forces for which it serves. The time for a new Organic Gold Standard is now. Never before has money been freer from the trapping of government. Now is the time to act. Think about this for a moment. Now man acting through the marketplace can establish the value of the money he uses. And with much lower taxes, because the government is not involved.

The result would be a government that would play a greatly reduced role and be forced to live within the confines of an absolute budget. It would not be free to launch wars or enslave its citizens with fraudulent tax schemes because the people will establish the value of their money through a decentralized marketplace. And because of this, taxes will be greatly reduces and all the blessings of the Gold Standard will actually return. Without fiat government money, peace will reign once again.

The government will still play a role, specifically as dictated by the *US Constitution*: Article 1, Section 8: *To coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.* So what would “regulate the value thereof” mean in the new Organic Gold Standard? It means that the government would respond to

the market value just as it did in 1792 when it chose 371.25 grains of fine silver for a dollar. The government will still determine the amount of gold to back the dollar that they have a right to “lay and collect taxes, duties, imposts and excises.” The value of the government dollar would match the free market dollar established in the marketplace.

Do not confuse the price for bullion with the Face Value of a currency for a specific weight and fineness of bullion. The market sets bullion price. The government sets face value, i.e. “regulate the value thereof”, which it accepts for taxes and duties. So, the government would be motivated to keep their face value as close to the bullion price as possible to earn as much tax money as possible. In that way, the market determines the value of the money and the government determines the face value, and thereby “regulates the value thereof” as dedicated by the U.S. Constitution.

The current situation is not limited to just capitalizing on the two major differences of the gold market, the impending collapse of fiat government money and creating a new market driven global gold money standard. A new major force has entered the equation, which has changed everything and globalized everything. That undeniable force is the Internet and its related technologies. The instantaneous communications it makes available, digital gold currency and the ability to transfer ones money to any place in the world for almost free, in absolute privacy, has transformed the monetary marketplace again. That is the revolution that the current governments are battling. It is nothing short of the status quo versus the future global sovereign citizen and his own value-backed money. Fore as Richard Rahn has observed, “Technology has quickly outpaced government’s ability to control it.”

Because the Organic Gold Standard is market driven, it will respond to market changes, be they shortages, new metal discoveries or new refining techniques, and more importantly, it will respond to new technological advances. It will move, grow and automatically adjust to the real world – not to the perceived “fixed” world of government bureaucrats who only guess at what is “right” when they are usually on the “left”. Supply and demand will meet equilibrium as is demanded by the discipline of the marketplace.

How strong is the marketplace? How big is it? Consider this: in January of 2003, the US government sold 1.7 million one-ounce Silver Eagles. That means that that they bought 1.7 million ounces of silver on the free silver market – in one month. And depending on sales, they do this every month to varying degrees. But this is just the U.S. Mint. A conservative estimate would be that other government mints, private mints and private issues like the Liberty Dollar use another equal amount every month. And all this is absolutely tiny compared to the gold market.

So will the new Organic Gold Standard work? Can it meet the economic demands of marketplace? Will it supply adequate money to business? Yes. The new private, non-government currencies will rise to meet the demand. And if the marketplace demands protection, private insurance will also evolve. Just as the GFP Gold Standard worked in a “fixed” economy, the market driven Organic Gold Standard will work in a market-driven economy where the standard of value will be derive from the free interaction of the marketplace. With the value of the money self-regulated by the market, the volume of the

money in the marketplace will be directly adjusted by the private value backed currencies to match supply and demand without government intervention.

As noted economist Dr. Richard H. Timberlake has said:

“Gold standards were put in place by governments, and, in all but a very few cases, they have been managed by governments. A gold standard, especially “the” gold standard administered by a Treasury and central bank, is an illusory solution to monetary mischief. It would be just as subject to government tampering as any other institution managed by the state. Many statist central bankers, in fact, embrace a ‘gold standard’ because it serves as a respectable cover for their traditional hands-on control. No, no ‘gold standard,’ please!”

Not only can we free our money from the government’s intrusion and bad manners, all we have to do is realize it has already happened! Under the current government monetary system, gold is not money! Only government paper is money aka, “legal tender”. Now is the time for freedom-loving people to seize the opportunity and bring about a new value backed currency, which responds to the new set of circumstances of a global “free gold money”.

Will this happen soon? The truth is that it is already happening. The free gold money, regardless of how manipulated it may be, is growing to be the dominant force. Why? Because that is the role of a standard in the marketplace. Will it happen effortlessly? Yes, but not without pain. Today there is an almost countless amount of fiat government money and a finite amount of gold. It is the preference of this author that this conundrum be decided in the marketplace instead of on the battlefield. Gold (and silver) must be “re-valued” as trillions of fiat dollars, euros, yens, etc. are converted into the new value backed currencies.

How painful will this be? Man instinctively does what is best for his self-interest, because we are organic beings and self-interest is in our nature. When offered a superior currency that supports his self-interest, man will accept it. But usually, he’ll do so only after it has proven itself. Initially man may fight changes to the monetary system, as he usually does any change (and the government always does.) But as in the past, his failure to stop the market will be the basis of his dedication to the value and discipline, which a new Organic Gold Standard will provide.

Take action! Be here now. There are already private, value-backed currencies like the Liberty Dollar available in specie, paper and digital forms. Those who grasp the current situation of the “global monetary re-valuation” from fiat into value and have the wisdom to act, will profit. Those who do not, for whatever reason, will lose. The marketplace is king. Each individual - man, woman or even child - must decide what is best for themselves and their own circumstances. That is the law of the marketplace.

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