

THE GOLD STANDARD MANIFESTO

"Dismal Monetary Science"

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*Dedicated to the Memory of Ferdinand Lips (1931-2005)
Student and Advocate of the Gold Standard*

On the Occasion of the Inauguration of Gold Standard University Live*

Introduction

A specter haunts executive mansions, chambers of legislatures, and halls of universities: the ghost of the gold standard. Governments and academia have utterly failed in discharging their sacred duty to provide a serene environment for the search for and dissemination of truth regarding economics in general and monetary science in particular.

This failure has to do, first and foremost, with the incestuous financing of research ever since the Federal Reserve System was launched in the United States in 1913. The formula for distributing the profits and undivided surpluses of the Federal Reserve banks has made it possible for the United States Treasury to grab the lion's share. As a consequence the bond market has been reduced to a gambling casino where the shill, *alias* Open Market Committee of the Federal Reserve (OMC), whips up gambling frenzy and gamblers, *alias* multinational banks make obscene gains at the gaming table. Bond speculation has been made virtually risk-free. Multinational banks rush in to pre-empt the OMC in buying government securities first. Losers are the involuntary participants: savers and producers of goods and services.

Under the gold standard government bonds were the instrument to which widows and orphans could safely entrust their savings. Under the regime of irredeemable currency they are the instrument whereby special interest fleeces the rest of society. You don't have to be a bondholder to be victimized. If you are a saver, your savings account is surreptitiously pilfered as bond speculators drive interest rates *up*. If you are a producer, your capital account is clandestinely plundered as bond speculators drive interest rates *down*.

Official Check-Kiting

Unknown to the public, at the end of the day the shill is obliged to hand over her gains to the casino owner, *alias* the United States Treasury. There is nothing open about what is euphemistically called 'open market operations'. It is a conspiratorial operation. It has come about through unlawful delegation of power without imposing countervailing responsibilities. It was never authorized by the Federal Reserve Act of 1913. It defies the principle of checks and balances. It is immoral. It is a formula to corrupt and ultimately to destroy the Republic.

Even though later amendments to the Federal Reserve Act authorized it retroactively, the constitutionality of open market operation has never been put to the test. Such an examination would not be permitted by the powers-that-be. Open market operations are tantamount to check-kiting whereby two conspiring parties issue obligations that neither one has the intention or the means to honor but, when they come up for clearing, the phantom obligation of one party is covered with that of the other.

Incest in Financing Research

The junior partner in the conspiracy, the Federal Reserve, can only increase its share of the loot beyond the mandated limit of 6 percent per annum of subscribed capital by increasing its power. To do so it makes grants to anybody pretending to be able to write awe-inspiring, mathematically convoluted, nonetheless vacuous papers on macroeconomics or anything else of which the fraudulence and charlatanism is hard to detect.

As a result a veritable deluge of worthless papers has glutted the technical literature on money which have one common earmark: they all attempt to defend the indefensible, the issuance of irredeemable promises to pay: bonds issued by the Treasury and notes issued by the Federal Reserve banks. Thus, then, the basis for money creation is the flimsy check-kiting scheme whereby the Federal Reserve banks buy the bonds with freshly printed notes, while the Treasury uses these notes to pay the bondholders. Bonds are supposed to have value because they are 'redeemable' in the notes which, in turn, are supposed to have value because they are 'backed' by bonds. In effect both instruments are irredeemable and neither has backing in the form of any verifiable segregated wealth in existence. At the heart of the money-creating process, however explained, analyzed, or defended, is the stubborn fact that both the Treasury and the Federal Reserve banks are privileged, improperly and unconstitutionally, to issue obligations that they have neither the intention nor the means to honor. Check-kiting by anybody else constitutes a crime dealt with by the Criminal Code.

The grant departments of the Federal Reserve banks have effectively put themselves in charge of deciding what should and what should not be researched on the subject of money. This incest in financing research stands without precedent in the entire history of science, to the eternal shame of this 'enlightened' and 'pluralistic' age.

Crime of Omission

The hijacking of the agenda for economic research has resulted in a distortion of traditional values. The new values favor ephemeral knowledge, myopia in planning, instant gratification, marginalization of savers, consumerism, debt-creation with abandon, without seeing how it can be retired, scientific charlatanism, spreading half truths. Discarded are the old values: durable knowledge, work-hard/save-hard ethics, long-horizon planning, and a healthy fear of dangers involved in the unlimited accumulation of debt. The agenda for research sponsored by the Federal Reserve banks is no less a crime of omission than it is a crime of commission, as revealed by the following.

1. Support for research on the merit of metallic monetary standards as a political arrangement of placing the power to create and to extinguish money directly into the hands of the people in conformity with the U.S. Constitution, rather than into the hands of appointed agents, is nil.
2. Support for research on the question whether the value of irredeemable currency is an exception to the 'Rule of Mean Reversal' and, for this reason, is subject to the 'sudden death syndrome,' is zero.
3. Support for research on the legality of open market operations, as it has been surreptitiously introduced and retroactively authorized, is unavailable.
4. Support for the examination of the absurd tenet that it is possible to increase the volume of debt in the world indefinitely, in complete disregard of the ability ever to reduce let alone retire it, is denied.

5. Support for the examination of the question whether the issuance of promises to pay which the issuer has neither the intention nor the means to honor can have any justification in contract law, is not available.
6. Support for research of causal relation between the making of bank notes legal tender in Europe in 1909, and the massive and persistent world-wide unemployment that followed twenty years later, in 1929, is withheld.

Integrity of Courts and Universities

The above short list already makes it abundantly clear that something is woefully amiss with the granting of unlimited power not subject to advice and consent, still less to control, review, or withdrawal by the public empowering one particular agency not only to issue purchasing media as it sees fit, but also to direct, permit or inhibit research pertaining to questions about its own activities.

It is a sad commentary upon the integrity of our institutions that not one court of justice, not one university in the entire world has found it possible to put the regime of irredeemable currency on trial. Directly attributable to that regime is the unprecedented economic and financial devastation of the past thirty-five years, including the decimation of the purchasing power of all the currencies of the world, followed by the even more vicious decimation of the market value of all bonds, as a result of an earthquake-style destruction of the interest-rate structure.

It was this corruption of financing research that has disabled the immune system of society. It has made economics open to the invasion of quackery, and politics to that of chicanery. It has ensured the success of the final assault on sound money. As a result of the darkness that has descended upon monetary science, the government of the United States could inflict irredeemable currency not only on its own subjects, as it did in 1933, but on the peoples of the rest of the world as well, as it did forty years later in 1973, without meeting any significant resistance.

Integrity of Financial Journalism

Nor is this the end of the corrosiveness of irredeemable currency upon our institutions. *Financial journalism has failed to alert the public to the imminent danger of a credit collapse arising out of the global use of irredeemable currency which governments have blithely embraced and foisted upon their subjects.* They did it without bothering to examine the scientific and juridical arguments against it. In previous instances of experiments with this type of currency sane and self-respecting governments have always resisted the temptation of siren song to join others living in financial backwater. Whenever weak-minded or weak-kneed governments came to their senses and wanted to return to monetary rectitude, there was no lack of countries around on the gold standard to lend them a helping hand. No such luck this time. The world is a rudderless ship on uncharted waters, and the storm is fast approaching. When it strikes, it will be 'everybody for himself'. No helping hand will assist survivors. All defenses against disaster have been systematically dismantled, all life savers cast overboard.

In order to soften the coming blow a group of concerned citizens have decided to establish Gold Standard University Live, home for the study of monetary issues placed under taboo by other institutions of higher learning.

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Gold Standard University Live appeals to all those

who cherish freedom and the ideal of government of limited and enumerated powers;

who support the principle of checks and balances in public affairs
as well as the notion of delegating power only to the extent it is
encumbered with countervailing responsibilities;

who reject the incestuous combination of the monopoly to create money
with a monopoly to dictate the research agenda for the principles governing money creation;

who reject the prostitution of monetary science to be used as a smoke-screen
with which to camouflage the gradual enslavement of the entire population of the Earth.

It calls upon them

to step forward and support the cause of exposing monetary deceit and mischief;

to demand the reinstatement of the gold standard, the return to constitutional money,
and putting the individual citizen in charge of money-creation at the Mint once more;

to force the government to write gold clauses into its bonds.

Disenfranchised people of the Earth, rise! Put an end to the usurpation of power by the clique of impostors pretending to be monetary experts! Chase the money-mongers out of the temple! Cast your jail-keepers into the sixth circle of the seven in Hell to which Dante confined all counterfeiters of money, perpetrators of false pretenses, and other tormentors of widows and orphans! Truth is on your side! You, not your slave-drivers, command the high moral ground! You can win a world free of yokes! The only thing you may lose is your shackles!

Savers and producers of the world, unite!
Gold Standard University Live