



What is the Gold Standard?

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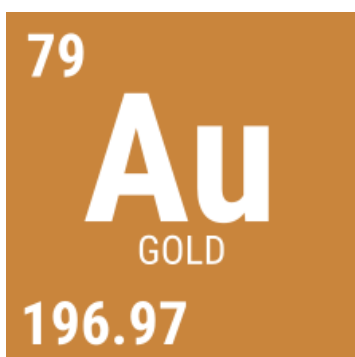
What Is The Gold Standard?

What is “the gold standard?” Many readers would consider this a simple question and perhaps even an obsolete one. It is for precisely this reason that a mere definition is inadequate as an answer. A definition conveys no *understanding* and thus does nothing to eliminate the many misconceptions surrounding this concept.

In order to provide sufficient context so that the definition provides meaning to readers, it is necessary to explore several, tangential subjects. As such, this discussion will contain:

- 1) A brief review of the abolition of our gold standard.
- 2) An examination (and assessment) of the criticisms of the gold standard, past and present.
- 3) An examination of the monetary system that resulted from the abolition of the gold standard.
- 4) An examination of the financial system that resulted from the abolition of the gold standard.
- 5) A chronicling and explanation of the extreme price suppression of the gold market, a situation which has persisted for most of the post-gold standard era.

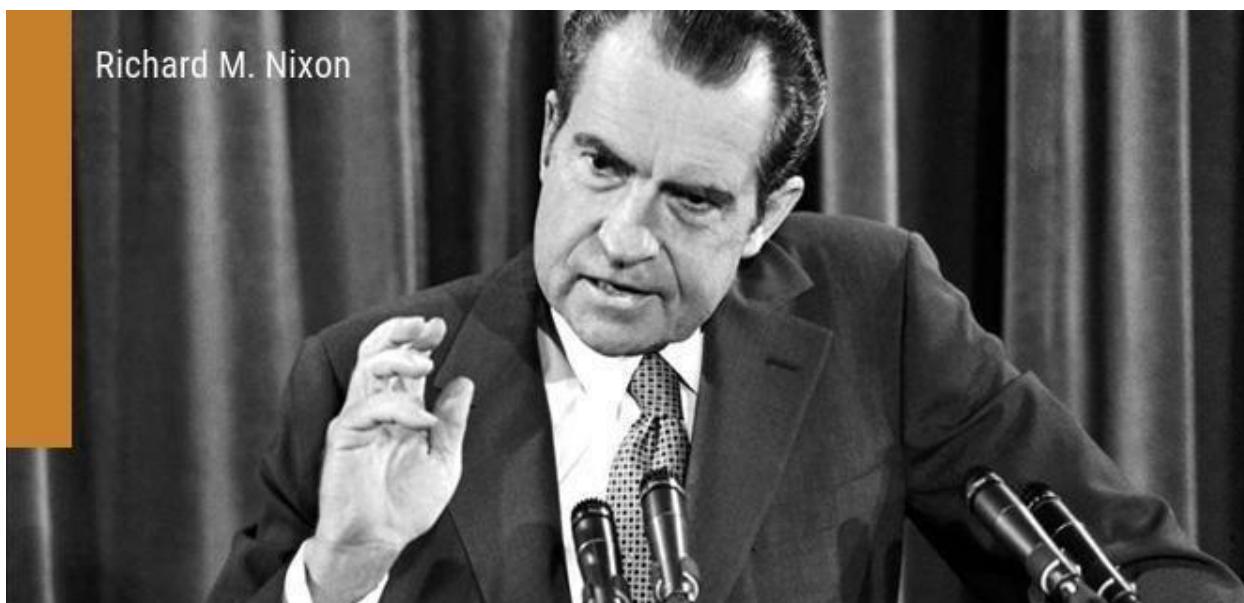
In its simple definition, a gold standard a monetary system based upon the “hard” backing of our currencies – that is, backing them with gold. It is a “standard” in that the price of gold is fixed, and thus all currencies, and (by implication) all goods are valued in relation to that fixed price.



The “gold standard” in its modern form was a monetary system that existed for roughly a century. While many nations (and empires) have based their monetary systems upon precious metals, this was most often done directly, via the usage of gold and/or silver money.

Real “money” is distinct from currency because, among other reasons, money preserves the wealth of the holder, while currency does not. Thus, we get our first inkling of why any nation would want to use a gold standard as their monetary system: to preserve and protect the wealth of the citizens of that nation, and thus the nation itself.

The End of an Era



Richard M. Nixon

On August 15th, 1971, the Nixon administration “closed the gold window,” which effectively put an end to the last vestige of our gold standard. Further elaboration is necessary. In the final decades of our “gold standard,” we no longer had a full gold standard, but rather only “partial convertibility” in our monetary system. What does that mean?

With a true, hard gold standard, where official currency is fully and directly backed by gold, these (paper) currencies can be fully converted into gold at the option of the currency-holder. However, in the Bretton Woods Agreement of 1944, the global monetary system was officially altered.

It became a system of *partial* convertibility, with the U.S. dollar as “reserve currency,” meaning that only one currency – the U.S. dollar – was still convertible to gold. Thus the only mechanism to convert paper to gold was for nations to exchange their U.S. dollars with the U.S. government in exchange for some of its gold reserves. Therefore, when the U.S. government “closed the gold window” in 1971, it defaulted on its gold obligations to the rest of the world, and the requirement that it convert U.S. dollars to gold at the option of the currency-holder. What caused this system to implode?

Here it is essential for readers to grasp that, in a monetary system of perfect integrity, there would have been zero incentive for other nations to redeem or convert their U.S. dollars into gold; each would be equally valuable. Only one possible factor could have provided nations with an incentive to engage in such conversion: the fear (and knowledge) that the system had lost its integrity.

In order to finance the war in Vietnam, the U.S. government had been printing too many U.S. dollars for several years. This meant it was expanding the supply of money beyond the corresponding size of its gold reserves.

U.S. dollars were officially convertible to gold, but because of this deliberate over-supply they were no longer fully “backed” by gold. The currency was being debauched, so the gold was worth significantly more than the actual value of the U.S. dollar. It was effectively monetary fraud. As the fraud became larger and more apparent, the drain on the U.S.’s gold reserves relentlessly grew.

This left only two options for the U.S. government: re-impose monetary discipline (on itself) and thus restore the integrity of the U.S. dollar, or default on its international obligations. The U.S. government chose the latter.



It is important to note that former Federal Reserve Chairman Paul Volcker has since stepped forward to claim personal credit for abolishing the gold standard. It is here where readers are introduced to the love/hate relationship between central bankers and gold.

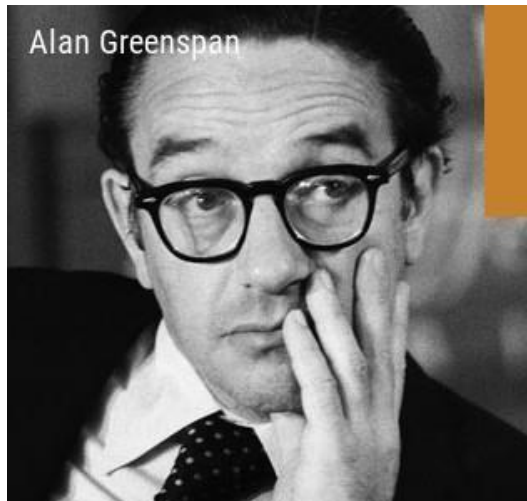


**In the absence of the gold standard,
there is no way to protect savings from
confiscation through inflation.**

*(future) Federal Reserve Chairman
Alan Greenspan, 1966*

This was one of history's most emphatic (and prophetic) warnings against monetary crime. But what, precisely, does it mean?

Here readers must first forget everything they think they know about the word "inflation." "Inflation" (verb: *to inflate*) means to expand, or inflate, the supply of money. This is the correct, economic definition of that term.



Alan Greenspan

What most people think of as “inflation,” the increase in the price of goods, is simply the **inevitable consequence** of inflating the supply of money. It is very important that readers never forget this crucial distinction. As an academic, Alan Greenspan was fully cognizant of the correct definition of inflation, and was using it in that context.

There is no way to protect the confiscation of savings (theft of wealth) via an increase in the supply of money. Why? As more, new currency is printed, all existing currency is worth less, effectively confiscating some of the wealth of those existing currencyholders. This is nothing more than the concept of dilution.

If you add water to lemonade, you dilute all the lemonade, and each unit of lemonade is worth less. If a company prints more shares, it dilutes its share structure, and each share is worth less, and some of the wealth of existing shareholders has been “confiscated.” More importantly, it is the company that prints these new shares that has confiscated that shareholder wealth. This is why the (corporate) concept of “dilution” is utterly despised by shareholders.

If a government (i.e., central bank) prints new currency, thus diluting the money supply, each existing unit of currency is worth less. The principle is identical. Each time our central banks print more “money” (i.e., our paper), they dilute the value of all existing currency and confiscate some of the wealth of existing currency-holders.

When we go to the supermarket and pay \$2 or \$3 more for a dozen eggs, it’s still the same dozen eggs. The eggs haven’t changed. It’s the paper currency in our wallets that has lost half of its value due to “inflation” – the inflation of the supply of money, and the dilution (in value) that must accompany it.

Where does this confiscated wealth go? How and why is this confiscation of our wealth (via inflating the supply of money) an act of theft? It’s very simple. When our central banks print new currency, they *don’t* distribute it evenly amongst the entire population. They hand every single unit of that new currency (virtually for free) to the Big Bank syndicate.

Give me control of a nation’s money supply, and I care not who makes the laws.

- Mayer Amschel Rothschild, banker (1744 – 1812)

Our monetary system has been criminalized. Instead of a tool of commerce, our monetary system is now a weapon used to systemically plunder the wealth of our populations (as per Greenspan’s warning). This weapon is then placed into the hands of the recipients of all this new, central bank funny money: the Big Banks.

When new currency is printed, it reduces the value of all existing currency. All of this new currency is handed to the Big Banks (by the central banks). These Big Banks then “lend” roughly **30 times that amount of currency** to us (via “fractional-reserve banking”) at usurious rates of interest, which dilutes and *reduces the value* of all existing currency even further (thus increasing the rate of theft).

This is but the tip of the iceberg when it comes to the financial crime that has been unleashed upon us as a direct result of the abolition of the gold standard. How could we have sacrificed our only “protection” from such systemic, monetary crime?

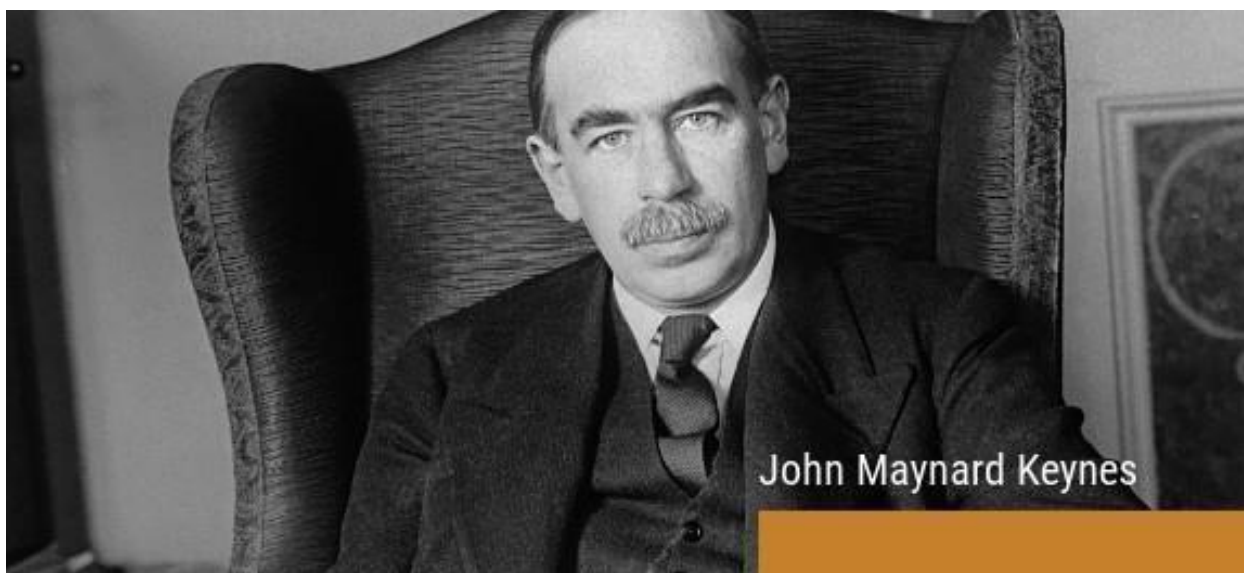
Thank the critics of the gold standard. It is their attacks (which are relentlessly repeated by the corporate media oligopoly) on the one possible form of Honest Money that made possible first the abolition of the gold standard, and then the collective refusal (by corrupted governments) to reinstitute the only legitimate form of monetary system.

Criticisms of the Gold Standard

Gold is “a barbarous relic.” How many times have readers heard this vacuous statement during their lifetime? If a gold standard is our only protection against monetary crime (according to the most esteemed monetary authority of our lifetime, Sir Alan Greenspan), how could gold be either “barbarous” or a “relic?”

If gold is “a barbarous relic,” how could it remain (to this day) an official monetary asset of every government on the planet?

If gold is “a barbarous relic,” would the world’s central banks (creators of all our paper currencies) have ever gone from being net-sellers of 500 tonnes of gold per year to becoming net-buyers of 500 tonnes of gold per year?



On that basis alone, the architect of that statement, John Maynard Keynes, is shown to be misleading, or at the very least misinformed. Even so, legions have followed in Keynes’s footsteps, inventing new “reasons” for repudiating the only form of Honest Money.

The gist of the neo-propaganda which maligns the gold standard today is that:

*...a system which relied on **inelastically supplied precious metals** and **elastically supplied foreign exchange** to meet the world economy's demand for reserves was intrinsically fragile, prone to confidence problems, and a transmission belt for policy mistakes [emphasis mine].*

We've already seen the rebuttal to this argument:

In the absence of the gold standard, there is no way to protect savings from confiscation through inflation.

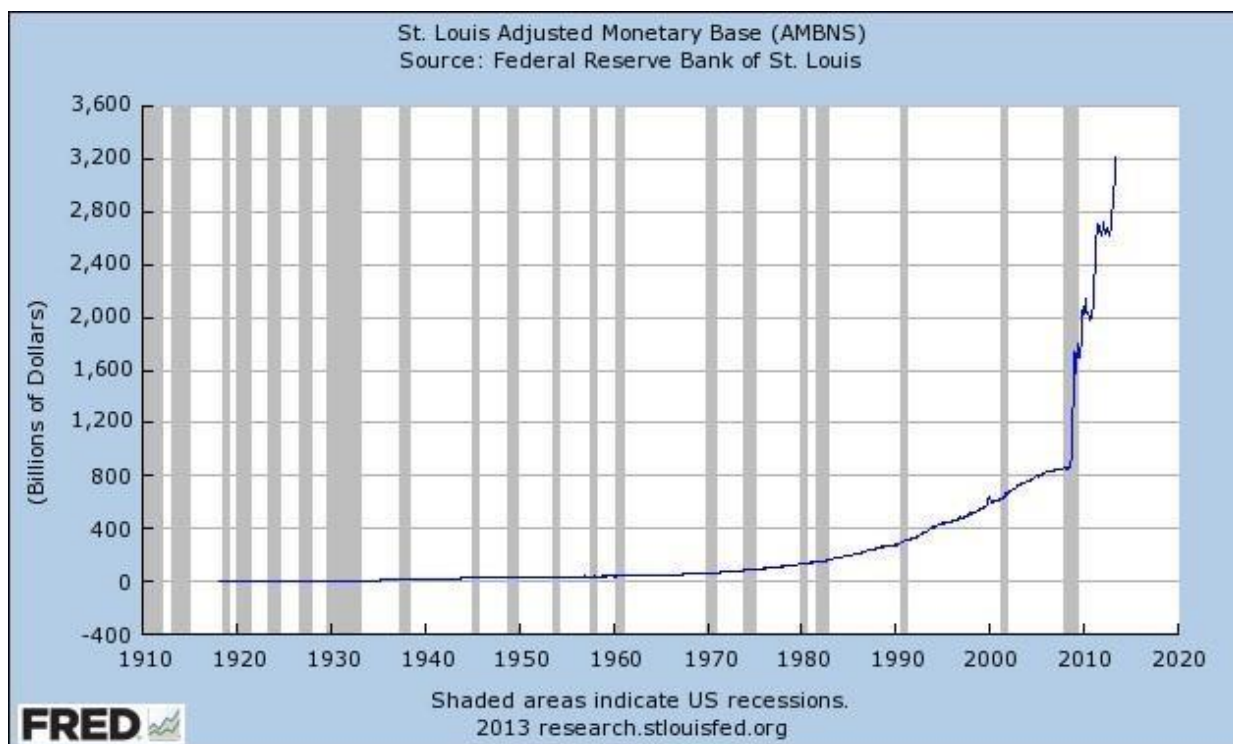
How does a gold standard protect our wealth from theft via inflation of the money supply (theft via dilution)? It does so because a gold standard minimizes that inflation/dilution, because the **supply of gold** is "inelastic." Thus this "inelasticity" is one of the gold standard's principal virtues.

What about the "elastically supplied foreign exchange," i.e. all of the paper currencies which were (supposedly) backed by gold? To be clear, "Elastically supplied" paper currencies represent inflation of the money supply, and thus the theft of wealth. What this critic of the gold standard is effectively confessing is that because the supply of gold is inelastic, it makes it difficult for the central banks to create inflation, and thus confiscate and/or steal our wealth.

This concept has been expressed in a far more linguistically dramatic manner, again by legendary goldhater John Keynes. Keynes referred to the gold standard itself as "the Golden Handcuffs." He intended this as another insult, too blinded by his own ideological biases to understand that he was actually praising the gold standard.

Who is being "handcuffed" by the gold standard? *How* are they being "handcuffed?" Part of this question was already addressed. The gold standard makes it impossible for central banks to initiate their monetary crime of theft-by-inflation, at any more than a relative trickle. This illustrates one of the gold standard's primary virtues, and thus one of the primary motives for its assassination.

On the day that central banker Paul Volcker killed the gold standard, the U.S. dollar (reserve currency of the world) was quasi-money. Today it is nothing but worthless green confetti.



If creating “inflation” (through expanding the supply of money) represents the deliberate theft/confiscation of wealth, what does the chart above represent? It indicates monetary organized crime, on a scale never before seen, on a scale which would never be possible with a set of Golden Handcuffs firmly in place.

Note that a gold standard does more than handcuff our central banks. It also handcuffs our governments. How? Imposing mandatory limitations on the expansion of the money supply severely limits the capacity of our governments to issue new debt (and thus bury us in those debts).



On the day that central banker Paul Volcker killed the gold standard, all our governments were fully solvent. Our economies were relatively strong and healthy. Today, these same governments are all hopelessly insolvent, and our economies are crippled beyond recognition.

However, the bankers and economists are not finished defending their actions. Our governments and central banks tell us they need the “flexibility” to do more of what these institutions like to do: borrow and print. Why?

As already expressed in the quoted excerpt, central bankers in particular supposedly need more “flexibility” with their money-printing (i.e. more inflation) in order to “meet the world economy’s demand for reserves.” To put this more simply, they claim that a gold standard can’t provide “enough currency” to fuel the global economy. It is here where this institutionalized fraud (theft via inflation) appears to retain a veneer of legitimacy.

We are *told* that the world economy’s demand for (currency) reserves is infinitely expanding. Notably, though, it is the bankers and charlatan economists who make this claim. Do we “need” an infinitely expanding money, and infinite theft-via-inflation? Do we “need” infinite economic growth?

How can either of these propositions be true when we live in a very **finite system**? We have finite space (i.e. usable land), meaning space which must be allocated, fairly and rationally, between industrial users, commercial users, agricultural users, and residential users. Pretending we can have infinite growth in a finite system has only ensured the gross misallocation of these precious land resources.



Even more limiting is that while virtually all categories of resources are finite, many of our most important resources are not only non-renewable, but, as in the case of oil, are facing a nearterm supply crisis. Again, simply pretending that we can produce infinite growth in a finite system has resulted in atrocious recklessness by the United States, in particular, in terms of its energy-consumption habits.

Not only do our Golden Handcuffs prevent irresponsible governments from taking on too much debt, and prevent corrupt central banks from printing too much money (in order to maximize theft-via-inflation), these same Handcuffs operate indirectly to prevent unbridled, economic expansion. By implication, a gold standard ensures sane, sustainable development over the long term.

In contrast, bankers, economists, and many politicians preach a doctrine of unsustainable development: attempting infinite growth in a finite system. This goes past corruption, and excels to the level of cultural insanity. “Sustainable development” (i.e. limiting ourselves to what is *theoretically possible*) is seen as the irresponsible mantra of tree-huggers. Instead, our societies and economies attempt the impossible by exclusively pursuing unsustainable development.

It must be clearly understood that as an elementary principle of economics, economic growth is a “zerosum game” over the long term. That is, deliberately pursuing economic development at an unsustainable rate comes with a **guaranteed cost**: less growth in the future.

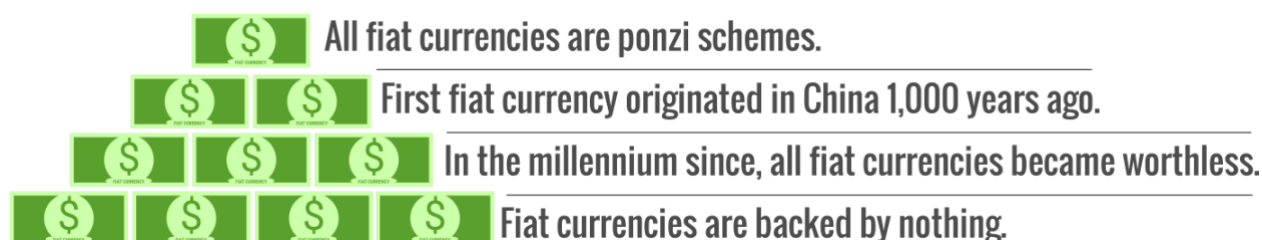
To put this into undeniable terms: attempting to “have more” for ourselves, today, guarantees our children “having less” tomorrow – and even less for our grandchildren, and greatgrandchildren, and so on.

Once upon a time, our societies were more geared to collectively pursue an unstated goal: to provide a better life for our children than for ourselves. No longer. We now live in “me-first” societies, and have been programmed by the corporate media to be self-centred: look after yourself, today, and forget about “the future” (i.e. the lives of our children).

As a matter of elementary logic, only one (microscopic) segment of society can prosper from such a livefor-today, damn-the-future mentality: the bankers. However, this may not yet be apparent to readers. This is because we have not even begun to scratch the surface in terms of the endemic, institutionalized, financial and monetary crime which necessarily evolves in the absence of a gold standard. The next step in this process of discovery is to closely examine the pretend money in our wallets: our paper “fiat currencies.”

Fiat Currency Ponzi Scheme

All fiat currencies are Ponzi schemes. This is not an assertion, but rather an elementary statement of fact. It is a principle which can be demonstrated in a variety of different manners, both direct and indirect.



However, this puts the cart before the horse. What is a “fiat currency”? It is currency which, by definition, has no intrinsic value of any kind. Rather, the sole basis for accepting it as a medium of exchange is because of government decree (i.e. the “fiat” of our government). These are worthless scraps of paper, which we are forced to accept as payment for goods and services because of government decree. Is it any surprise that such a scam has never been able to withstand the test of time?

The world’s first fiat currency originated in China, roughly 1,000 years ago. In the millennium since then, every fiat currency ever created has either plunged to worthlessness or simply been removed from circulation before that final plunge could occur. One thousand years, and “a perfect record.” The empirical evidence alone is proof beyond a reasonable doubt, but we have no need to stop there.

“It’s our currency, but it’s your problem.”

- (former) U.S. Treasury Secretary, John Connally, 1971

What did this U.S. public official mean as he smugly lectured the Rest of the World, while the U.S. government was in the process of abolishing the gold standard? To what “problem” was he referring? The U.S. dollar, official “reserve currency” of the global economy, was being stripped of any-and-all intrinsic value. Deal with it!

How did the other nations (and the U.S. government itself) “deal with it?” They refused to rely upon the naked fraud of the fiat currency Ponzi scheme: money-by-decree (alone). Instead, they attempted to inject some value into this otherwise worthless paper.

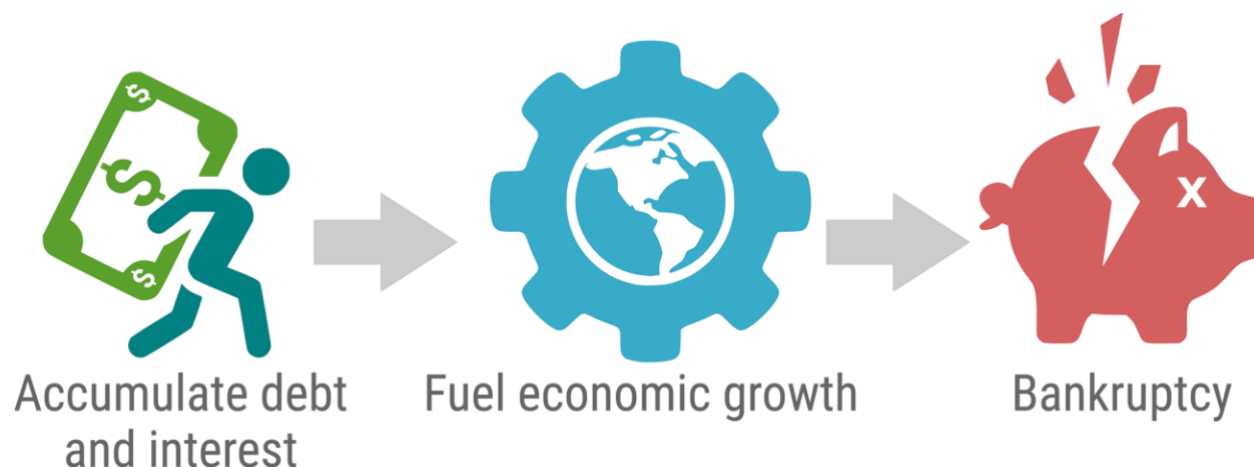
The corrupt governments of the West were convinced (by the bankers) to begin literally borrowing their own currencies into existence. Each and every new currency unit then became a new debt for our government(s), and a financial windfall for the central banks and their “Money Masters.”

Here one must observe the bait-and-switch which took place within our monetary system, and (what used to be) our “money.” First the U.S. government proclaimed to the world that in order to “fix” the global monetary system, it had to abandon the gold standard.

With a gold standard, each unit of currency is a **unit of value**, with its own intrinsic value (backed by gold). Stripped of that gold-backing, our money became mere currency: units of ... what exactly? This naked fraud was deemed unacceptable by the central banks, and (reluctantly) by our governments. In an attempt to fix this, they began to borrow their own currencies into existence.

This rendered every unit of the currency a **unit of obligation**, actual I.O.U.s of our supposedly sovereign governments. While mere currency (which is a unit of obligation) is grossly inferior to real money (which is a unit of value), it is still superior to pure, fiat currency, which is a unit of ... ? Again, the fact that we are dealing with a Ponzi scheme should be self-evident, simply by observing that it involves the official currencies of our nations being rendered units of nothing.

However, the slightly less-fraudulent system of borrowing these currencies into existence did not eliminate the fact that this was still a Ponzi scheme. All it changed was the manner in which this newand-improved monetary system would implode: via accumulated debt. As a matter of simple arithmetic, borrowing enough new currency into existence to fuel unbridled economic expansion (and paying compounding interest on all that additional debt) guaranteed mediumterm bankruptcy.



What did we actually see? The bankers' fiat-currency-via-debt Ponzi scheme "crashed" in 2008, largely due to the ridiculous excesses of the Big Bank syndicate in the five years immediately preceding. At that point, our insolvent governments ceased to have the financial resources to prevent both their own immediate bankruptcy, or to prop up the Big Bank syndicate itself.

Desperate central banks (and Western governments beneath them) were forced to engage in what the cynical central bankers called "quantitative easing:" a phrase which means absolutely nothing. What it *represented* was that our governments were so close to bankruptcy they could no longer afford to borrow all of their funny-money into existence, and so once again they began conjuring this fiat paper out of thin air.

The new Ponzi scheme was out, and the old Ponzi scheme was back in. The naked fraud upon which this financial crime syndicate and their central bank lackeys refused to rely on 40+ years ago was now all that they had.

For close to 5,000 years, if one held out a gold coin as payment for goods or services, it was globally recognized that this represented valuable payment. With a (hard) gold standard, our paper **money** represents the same thing.

Alternately, we can have commerce-via-coercion: *forcing us* to use inherently worthless paper currencies for our commerce, while we are relentlessly and systemically robbed of our wealth – simply through using these corrupted currencies. Legitimate commerce or legislated monetary fraud remain our only two options in terms of a monetary system.

Gold-bashers attempt to dispute the value of gold, generally with utterly facile observations such as "you can't eat a gold coin." It is not possible for one to "eat" a Rolex watch, either. Both have value. One is a tool for informing us of the time. The other is a tool for preserving our wealth and facilitating commerce. If one does not have the latter tool, very likely they will not be able to afford the former tool.

Suggesting that gold has no value because it is only the best form of money that has ever been devised by our species is no different than suggesting (in our modern economy) that we have no need of money at all. It is a farcical, illogical suggestion. Indeed, the value of gold becomes more and more apparent as we examine how inadequate (and fraudulent) the fiat currencies that have been foisted upon us are, in lieu of legitimate money.

However, despite the many (and powerful) arguments in favour of the gold standard as a mechanism for preventing monetary crime, these arguments pale into insignificance next to an even more important necessity for restoring our Golden Handcuffs: as a means of thwarting and minimizing systemic *financial crime*.

Crime in Banking

Bankers themselves have recently admitted that fraud is a present and necessary part of their industry.

*In a survey of 500 senior executives in the United States and the UK, 26 percent of respondents said they had observed or had firsthand knowledge of **wrongdoing in the workplace** while 24 percent*

*said they believed financial service professionals may need to **engage in unethical or illegal conduct to be successful** [emphasis mine].(Reuters)*

The first point to make in expressing the significance of this public survey is that the roughly ¼ of banking senior executives who acknowledged that crime was inherent in banking and that bankers partook in this criminal behaviour had absolutely zero incentive to tell the truth. Indeed, they had a very strong incentive not to tell the truth. Answering in the affirmative to this question impugns themselves, impugns their companies, and impugns their entire career path.

In our legal system, statements of this nature are known as “an admission against one’s interests.” Our courts assign the highest degree of credibility to such statements. For the very same reasons, the ¾ of senior executives who did not associate banking with crime had a very strong incentive to lie. One can conclude that 25% of U.S. / U.K. banking management confessing to the assertion above is a conservative number.

However, the actual confessions of these “leaders” of the financial sector are irrelevant when, in fact, these Big Banks (primarily U.S.) are repeatedly caught committing enormous financial crimes. Here we must be very specific. It’s not merely the same Big Banks caught committing different crimes, again and again. It’s the same Big Banks caught committing the *same* huge crimes, again and again.

They’re simply never punished when they are caught committing these offenses in the billions and (even) trillions of dollars. They are assessed “fines” which never amount to more than roughly 1% of the size of the actual crime, and are usually even more microscopic than that. That is not a punishment. Those are kick-backs – and very meager ones, at that.

But even this level of non-enforcement by the U.S. government was deemed to be excessive – by the U.S. government itself. The Department of Justice recently issued a new directive to the effect that it would never prosecute these Big Banks again. No matter what the crime. No matter how large the crime. No matter how many times the same Big Banks commit the same crimes.

Complete, permanent immunity: a (literal) “licence to steal.” Only low-level patsies within these corrupt industries would ever be prosecuted in the future.

How did we ever get to this level of corruption in banking? Saturation criminality within the financial sector. Zero enforcement. Less-than-zero accountability. It begins by removing the gold standard. The gold standard is a barrier to financial crime (in numerous ways), just as it is an implacable barrier against monetary crime.

The first and obvious manner in which a gold standard limits the capacity of criminally-minded financial institutions to perpetrate financial crime is via a simple equation. The size of any financial sector is directly proportionate to the size of the monetary base (the money supply). As already noted, by definition the gold standard *minimizes* the size of the money supply, thus minimizing the size and number of Big Banks, and thus minimizing the potential size and number of their financial crimes.

Equally, the gold standard limits both the potential number of *opportunities* for financial crimes. Many of the (criminalized) “niches” within our fiat-currency financial sector would not even exist if the gold standard itself was still in force. Many of these sub-sectors within the financial sector are built directly atop leveraged debt – debt and leverage which could not exist simultaneously with a gold standard.

Similarly, a gold standard limits the potential magnitude of individual crimes. If we still had our gold standard, the Big Banks could not be caught conspiring to serially manipulate the **\$500 trillion** “LIBOR” debt market.

If we still had our gold standard, there would be no \$500 trillion debt market on the planet, no \$50 trillion debt market, and very likely not even any \$5 trillion debt market. Invoke the gold standard, and this particular Big Bank criminal conspiracy automatically *shrinks by roughly 99% in size*.

How big has Big Bank crime gotten? How big are these Big Banks, really? The answer to these questions would come as an enormous shock to most, and it comes via computer modeling by a trio of Swiss academics, with the results of their research first appearing in Forbes magazine.

According to the results of this computer modeling (which employed a data sample of 30 million “economic actors”), a single “super-entity” (i.e. crime syndicate) controls roughly 40% of the entire global economy. It must be noted that any entity of this size is overtly illegal; that is, our anti-trust laws are supposed to prevent such corporate “concentration” from ever approaching 1/100th this size. However, much like our governments have ceased enforcing our financial regulations (or what little remain), they have also ceased enforcing our anti-trust laws.

Note that this research is not referring to “40% control” of merely the financial sector (the “superentity” controls nearly 100% of that). This refers to controlling 40% of much more. It exerts this corporate control via a complex maze of 147 separate, corporate fronts, with ¾ of these corporate fronts being financial entities. Are any of the names of these “corporate fronts” familiar to readers? Perhaps.

These are not separate “banks” engaged in faux-competition against each other. This is one crime oligopoly, perpetrating its multi-billion and multi-trillion dollar criminal conspiracies as the tentacles of a single “Vampire Squid.”

Note that the final three names (tentacles) on this partial list are all deceased entities. They are supposed casualties of the Crash of '08, purportedly destroyed by the “debts” that they owed to *other names on the list*. Of course, if all of these names are, in fact, tentacles of a single whole, then several inevitable conclusions flow from this fact.

The “debts” which these Big Banks told us resulted in the “bankruptcy” of these tentacles were all shamdebts – owed between tentacles of a single whole. It is impossible to be bankrupted by a debt owed by one arm to another arm of the same entity. You can’t be bankrupted by a debt you owe to yourself.

The banking “casualties” of the Crash of '08 were imaginary. The tens of trillions of dollars in “bail-out” welfare bestowed upon these Big Banks, separately and collectively, was not merely an unjustifiable windfall for this crime syndicate, but was in fact an additional, multi-trillion fraud in itself.

If these “financial losses” were a mere sham, then the entire Crash of '08 was itself a staged event. The actual “crash” resulted from the coordination suspension of global credit by these massive, financial institutions. The *claim* by these banks was that the Big Banks were all acting individually, merely protecting themselves from further losses.

But if there were *no losses*, then there was nothing from which they needed to be protected. Thus there was absolutely no justification for the coordinated suspension of credit from these banks – other than to

deliberately manufacture a “crash” event as a smoke-screen for them to play their “bail-out” extortion game.

Even if readers reject the evidence that these Big Banks are mere tentacles of a single crime syndicate, nevertheless the “too big to fail” extortion which was perpetrated at the end of 2008 was entirely the result of fraud and corruption.

As an elementary principle of economics, the concept of “too big to fail” could never exist in any capitalist or free-market economy. Free markets demand that insolvent entities fail. Such business failures (i.e. bankruptcies) are the only way for an economy to heal the damage of this misallocation of assets.

However, we have absolutely no need to rely upon elementary economic theory here when we have absolute, empirical proof in the example of Japan. Thirty years ago, in defiance of the basic principles of economics, the government of Japan embarked upon its own economic experiment with institutionalized extortion (i.e., too-big-to-fail).

At the time of the Crash of '08, Japan had already proven (through over two decades of relentless failure) that “too big to fail” was an intellectually and economically bankrupt policy. For more than twenty years, Japan’s economy got sicker and sicker – and then in 2008, Western governments *copied* that policy.

We know this was deliberate corruption (and not merely incompetence), because as all the governments of the West were duplicating Japan’s institutionalized financial fraud/extortion, they were all simultaneously promising us that they “would never copy Japan.”

If we see one of our public officials walking on the grass where there are signs posted to “please keep off the grass,” it’s always possible that the transgression was an inadvertent one. However, if we see that same public official wandering on the grass immediately after publicly promising he “would never walk on the grass,” then we know the transgression was deliberate – and malicious.

Why malicious? Because there were actually *two* transgressions in the latter example: there was the Original Sin of walking on the grass, and there was the additional sin of lying about his intent. In our criminal justice system, when any public official lies during the course of performing their official duty, this is deemed to be an act of (legal) malice.

We see this principle regularly demonstrated. In our own, corrupted system, public officials are rarely punished for their Original Sins. Instead, on the infrequent occasions when we see our systemic corruption punished, the criminal conviction is for “Lying Under Oath.”

Our politicians and justice officials can find a million excuses to avoid prosecuting and punishing corrupt public officials for their Original Sins. What the regulators of this corrupted system find impossible to sweep under the carpet is the second sin: lying about the Original Sin – because according to the rules of our own system, this implies **malice**.

Our corrupt governments *intended* to copy Japan when they rubber-stamped the institutionalized fraud of “too big to fail,” and then embarked upon their even more-fraudulent “quantitative easing” in order to finance their extortion payments to the Big Banks. We see this proven, empirically, because every

action and every policy of these governments in the seven years since that time has duplicated the Japanese “experiment.”

Simultaneously, they lied to us about that intent, even as they were (maliciously) betraying us. Too big to fail = too big to exist, and this is a basic principle of any and every free market economy. *Fool me once, shame on you. Fool me twice, shame on me. Fool me by the trillions? Fool me forever? Shame on our corrupt governments.*

Again, such corruption could not exist with a gold standard. These governments could never make such multi-trillion dollar pledges of current-and-future welfare payments to the Big Banks, because they could not manufacture extortion payments in such unimaginable amounts while bound by a set of Golden Handcuffs.

However, our governments have now ventured far beyond even this level of corruption, with an even more naked and direct form of lawless theft: the “bail-in.” For those who are unfamiliar with this newest form of systemic, financial fraud (based upon “too big to fail”), a brief explanation is necessary.

A “bail-in” is where *private* (financial) assets are seized, by decree of government, and then handed to one or more Big Banks. There could be no possible justification for such a seizure in any nation (or system) that adheres to the Rule of Law.

The victims of this asset seizure owe no debts or obligations to these Big Banks. In the legal contracts under which these Big Banks are custodians for these financial assets, there is no express or implied clause for such asset-holders to be held responsible for the debts or financial losses of these Big Banks.

In short, there can be no possible legal argument made, of any kind, which would justify such a seizure of assets. This is the naked abuse of power by our governments. Worse still, such lawless seizures are justified by nothing other than the pretext that these Big Banks “need” (to be allowed to steal) these assets. Why? To indemnify themselves from even more of their “investment” (i.e., gambling) losses.

Three decades ago, the government of Japan proved true the economic principle that “too big to fail” is a (literally) bankrupt policy. It proved this economic principle via the thirty years of institutionalized extortion and economic cannibalization which has followed.

At the time Japan commenced the insanity (and criminality) of “too big to fail,” it was arguably the wealthiest nation on the planet on a per capita basis. Today, by one measure at least, it is now the mostindebted nation on the planet. Failure could not possibly have been proven in more vivid or absolute terms.

Seven years ago, our governments (deliberately and maliciously) copied that failure, copied that recipe for economic destruction, and unsurprisingly have duplicated the results. Then they went much further.

These corrupt regimes have now demonstrated the insane extreme to which “too big to fail” has evolved: the bail-in. It allows an unregulated, unpunished financial crime syndicate to steal any privately held financial assets that it covets. All it needs to do is to manufacture “losses” (in its own corrupt casino-markets), which supposedly justify this naked theft of assets.

If one was looking for a single argument (among the dozens) to demonstrate the absolute necessity of having a gold standard, it would be impossible to do any better than four words:

“too big to fail.” This institutionalized corruption is the pinnacle of financial criminality, literally built atop additional layers of institutionalized corruption.

Some readers may disagree with this. They may look at gold’s “role” in our monetary system even *after* the gold standard, look at the “evolution” of the (supposed) free market for gold, and then point to this as the strongest argument in favour of reinstituting the gold standard.

Post-Gold Standard Price Suppression

In 1971 gold lost its official status as the “standard” for our monetary system. However, by no stretch of the imagination did gold lose its *role* in our monetary system. That role simply changed in accordance with gold’s new status.

While our monetary system was no longer based on gold, its status as a monetary metal has never changed. The majority of the world’s gold currently “in circulation” are the (monetary) gold reserves of sovereign governments. Why is this important?

For the first time in many decades, the price of gold was (supposedly) allowed to “float” in what are passed off as “free markets.” Allowing a monetary metal such as gold to float in a free market system carries with it several automatic properties of mathematics and economics.

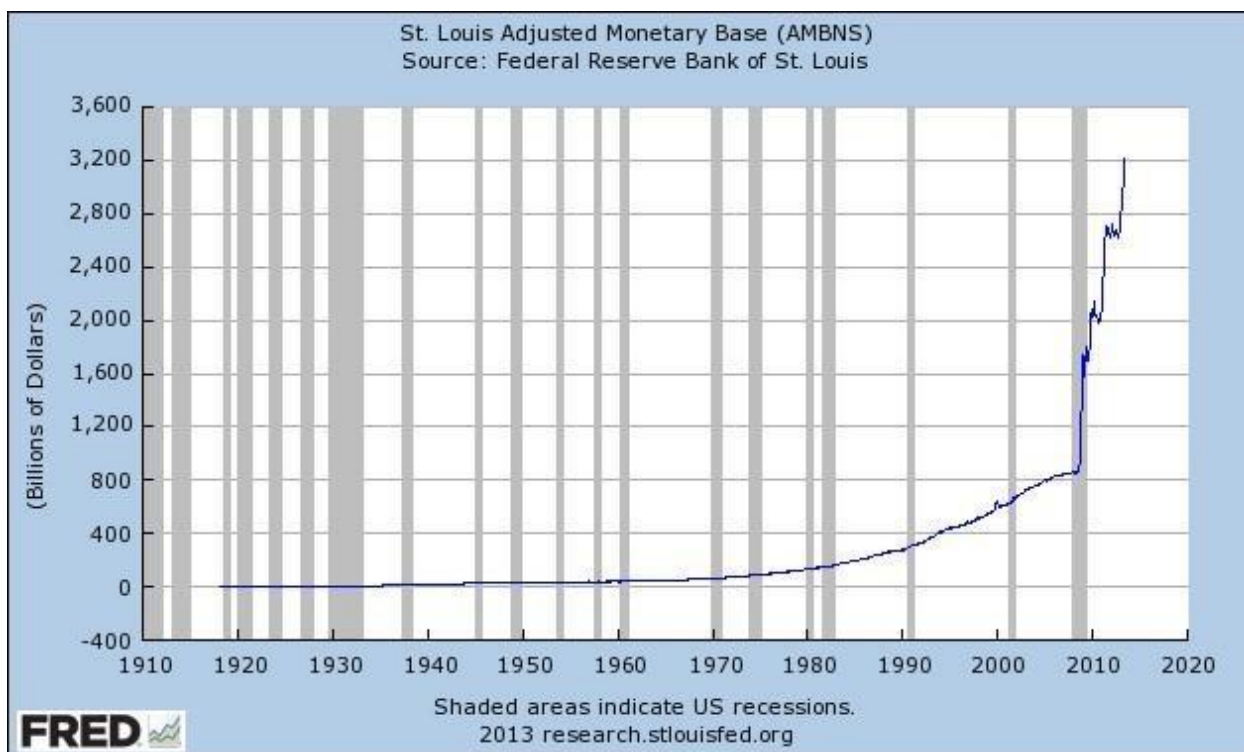
Based on these mathematical and economic properties, after the gold standard it was globally acknowledged that gold was an “economic barometer.” More specifically, it was (and is) **the “canary in the coal mine” which alerted us to the monetary crime already defined as theft-via-inflation.** The mechanics here are simple.

As previously explained, excessively increasing the supply of money causes the price of goods to rise, which is what most people mistakenly call “inflation.” The “rate” of this price inflation is, in fact, the speed with which our wealth is being confiscated via this monetary crime.

However, with most goods, their change in price can only be partially attributed to this theft-via-inflation. Every good or commodity produced in our economy is a separate “market” with its own fundamentals of supply and demand, which strongly influence those individual prices.

Conversely, as “a monetary metal,” the price of gold responds in a relatively pure and direct manner to inflation of the money supply. In fact, as a matter of economics, free markets, and simple arithmetic, the price of gold should react in a *precisely linear manner* to any changes in the supply of money.

If the supply of money is increased by 10% (and thus diluted by 10%), the price of gold should react in a precisely commensurate manner. This is why gold is universally acknowledged by bankers, by economists, and by our politicians as fulfilling this monetary role. Now let us return to a previous chart.



For the reasons just articulated, the price of gold, expressed in U.S. dollars, must “react” (i.e. rise) in a precisely proportional manner to an increase in the supply of U.S. dollars. More specifically, from roughly the beginning of 2009 through the end of 2014, the U.S. money supply increased by a factor of five. Therefore, during that same time span, the price of gold must have risen by a similar factor, and thus fulfilled its canary-in-the-coal-mine function. What did we actually see?



During that same time the price of gold moved from roughly \$850/oz (USD) to \$1,150. Instead of *automatically* increasing by 400%, like the U.S. money supply, the price of gold has risen by roughly 1/10th the amount. How can this be?

Ask any banker, economist, or politician to answer that question, and you won't get an answer. Instead, they will simply refuse to provide an honest response because there is only one possible answer. Everything we know about free markets and economics tells us that a price of a monetary metal must "react" (i.e. move) in a precisely linear manner in relation to the change in supply of the currency in which that monetary metal is denominated.

Gold didn't react in this manner at all, ergo the price of gold has been suppressed during this interval – and suppressed to an absurd extreme. **The canary is dead.**

How did the bankers (and central bankers) manage to perpetrate their *second* assassination of gold? Once again, we can go straight to the source, to the Dean of central bankers.

"...central banks stand ready to lease gold in increasing quantities should the price rise."

- Testimony of [Federal Reserve] Chairman Alan Greenspan, July 24th, 1998

It is an illustration of the arrogance and audacity of these central bankers, and the endemic corruption of our present system, that Sir Alan Greenspan is effectively confessing to two separate crimes in his own official testimony as acting Federal Reserve Chairman.

Why did Greenspan proclaim his willingness to respond to an increase in the price of gold by "leasing gold in increasing quantities?" What would be the effect of such a policy? To begin with, anyone with any familiarity with the gold market knows precisely what was (and is) done with this "leased" gold: it is sold (i.e. dumped) onto the market.

What is the consequence of dumping gold (or dumping any good) onto a market? When you "dump" anything, the price falls. The only possible intent behind any such action is to depress price.

Thus what Sir Alan Greenspan was blithely admitting in official, sworn testimony is that it was (and remains to be) standard policy of the United States Federal Reserve to immediately suppress the price of gold, every time that the canary showed the slightest signs of "life," via gold-leasing. This is market manipulation. It is a crime, even if you are the Chairman of the Federal Reserve.

Now onto the second crime. "Gold generates no income." It is the bankers themselves which have preached this mantra, *ad nauseum*, as part of their efforts to prevent the general public from converting their paper currencies into gold. They engage in this relentless fear-mongering concerning gold in order to discourage people from sheltering their wealth from the bankers' theft-by-inflation, by converting their (depreciating) paper currencies into the eternal, iron-clad wealth protection afforded by gold (and silver).

So, if gold "generates no income," what purpose could any entity or individual have in wanting to borrow gold (i.e. "lease" it)? The answer is that there is no possible, *legitimate* purpose.

As already noted, the U.S. Federal Reserve and other, Western central banks "lease" gold all the time, knowing precisely what will be done with that borrowed gold. It will be **sold onto the market** (in one manner or another), at which point it is effectively gone forever.

This sale of gold (by banking middle-men) is already a criminal act, in and of itself. It is the crime of "conversion," or to sell what one does not own. Meanwhile, the central bank which has "leased" (i.e. loaned) this gold-that-is-gone-forever continues to list it as a *current asset* in their accounting.

We have a very simple word for any accounting sham of this nature: fraud. The central banks were (and are) pretending to “own” an asset to which they no longer have (legal) custody. Even if the particular gold bars never leave the vault in which they are stored, the actual “owners” are the (eventual) Third Party purchasers of this “leased” gold. Simultaneously, our central banks (on behalf of our governments) continue to claim to own these same bars of gold.

With these central banks (which are legally positioned *above* our “sovereign” governments) refusing any requests for anything remotely resembling a public audit, these gold-leasing activities are cloaked in secrecy. That is, we have no way of knowing of how many times these central banks have (fraudulently) “leased” the same bars of gold.

What we do know, according to self-proclaimed “gold expert” Jeffrey Christian is this. In testimony before the CFTC, Christian explicitly stated that what the bankers (like himself) meant when they referred to “the gold market” was a cesspool of commerce one hundred times larger than the actual amount of gold circulating in that system.

Obviously a “market” where the paper-called-gold exceeds the actual “gold” in that market by a factor of (at least) 100:1 provides enormous room and opportunity for fraud. It also provides us with some (upward) limits on the potential magnitude of Western central bank gold-fraud.

It must be stressed that manipulation of the gold market did not begin with the (additional) monetary fraud which commenced in conjunction with the Crash of '08. That particular timeframe was cited simply because the blatancy and magnitude of this gold-manipulation was especially obvious.

Prior to this period, central bank price-suppression (i.e. price-manipulation) of the gold market was overt. Western central banks had an official “quota” for gold-dumping which they employed to continuously suppress the price of gold over the previous decade: 500 tonnes per year (*plus* whatever gold they were secretly leasing). It was an amount equivalent to nearly 20% of the annual mine supply.

In other words, it was an artificial increase in the incremental supply of gold by close to 20%. It was (and is) obviously manipulative and clearly illegal. In the years before that, central bank gold-dumping was simply conducted on an ad-hoc basis. In short, through most of the 40+ years that gold has supposedly been “freely trading” in the global economy, the gold market has been anything but “free.”

Conclusion

As noted at the beginning of this White Paper, properly answering the question “what is the gold standard?” requires much more elaboration than a simple definition. It requires explaining the virtues of the gold standard, from both a theoretical and empirical perspective. It also requires examining the only alternative: what must evolve (in financial terms) in the *absence* of a gold standard.

In this respect, the conclusions (and answer for our original question) can be expressed in two ways. In positive terms, we can express all of the extremely powerful, theoretical arguments which outline how and why a gold standard is the only legitimate form of a monetary system (outside of the direct use of gold money). In negative terms, we can simply show what *has* happened – in stark, empirical terms – in the mere 40+ years since we have been deprived of a legitimate monetary system.



GOLD STANDARD

Positively, a gold standard ensures the following economic/monetary virtues:

- a) It protects and preserves the wealth of all citizens/residents of that economic system.
- b) It protects and preserves the integrity of the monetary system itself.
- c) It ensures (relatively) fiscally responsible governments.
- d) It ensures (relatively) rational, sustainable, economic development.
- e) It reduces the size/severity/frequency of financial crimes, systemic and otherwise.

Additionally, even in the absence of a gold standard, a monetary metal gold *should* alert us to the monetary crime which readers now know of as theft via an increase in the supply of money.

Negatively, this is what we have actually seen in the 40+ years since Paul Volcker (et al) successfully dismantled the gold standard:

- a) Our standard of living has fallen by more than half.
- b) Our monetary system has not merely “lost its integrity,” but has been corrupted in every way possible. Our paper currencies are literally worthless.
- c) Our governments are bankrupt. Our once-prosperous economies lie in ruin. The real unemployment rate has roughly tripled.
- d) After decades of unsustainable growth, our bubble-exhausted economies no longer respond to the most extreme monetary stimulus in history.
- e) Our natural resources are being consumed at an increasingly unsustainable rate. Our environment is being degraded (if not completely contaminated) at a geometrically increasing rate. Entire species are being rendered extinct at an exponentially increasing rate.
- f) Systemic financial crime has exploded at an unconceivable rate. In 1971, the most serious financial crimes were measured (at most) in the hundreds of millions of dollars. Today, the banking crime syndicate perpetrates crimes **six orders of magnitude larger**: crimes measured in the hundreds of *trillions* of dollars.

Meanwhile, the same financial crime syndicate – which is totally unregulated and unpunished – now serially rigs the price of gold to prevent us from being alerted to their actions, and thus hides their systemic destruction of our economies.

The question readers should be asking themselves is not “which world is better” – the legitimate societies and economies in which we dwelt prior to August 1971, or the entirely criminalized system in which we now live. Rather, the question readers should be asking as they contemplate the true merits of a gold standard is this: is there any way that our present system could be *worse*?

Our present, fiat currency monetary system – and all the ills that come with it – was billed to us as a “cure” for the gold standard. This epitomizes the expression, more than any other example in history, that “the cure is worse than the disease.”

Indeed, so perverse are our political leaders, financial leaders, and academic leaders that the truth is precisely and absolutely opposite to what they have preached to us for decades. It is the gold standard which is the (only) cure to the endemic crime and corruption in which our societies now wallow.

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