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Spirit of 2021

A Call for the Restoration of Monetary Order - The Real Money Amendment (III)

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[V15] MONETARY ECONOMICS AND INFLATION

This paper is the third of three papers that together provide a lasting solution to our current monetary crisis.[1] It is not a lengthy harangue on the evils of central banking, nor a promotion of Bitcoin or some other yet-to-be-discovered "revolutionary" cryptocurrency. It is also not a shout-out to the Chinese Communist Party's (CCP) innovative CBDC (Central Banking Digital Currency) or an endorsement of the *Modern* Monetary Theory with a salutary insight into how we can maintain the status quo. No, it is none of these things. Rather, it is an attempt to reverse a more than three-hundred-year historical trend with a minimum of pain — even to those whom many can justifiably blame for perpetuating the current malaise. No, this is not a rationalization for criminal behavior, but it is an acknowledgment that those, who profit from the sort of behavior that this paper proposes to end, will stiffly object. Now, it may at first appear as though I am proposing something very radical; I am not. For, there is clear historical precedent. Finally, if what I am proposing has charm, then it is due to its simplicity and totally salubrious outcome.

Although I have many harsh words to say about the current monetary system and am strongly motivated against those who promote it, I am more interested in realizing the solution that I am proposing than seeing anyone suffer for their contribution to an utterly corrupt system that has become an accepted way of life for nearly the entire world. In the end, it will be sufficient punishment that those who continue to perpetuate the system can no longer ride high on the sacrifice of others. Further, my message and the solution to which it gives rise cuts through the noise, and my proposal can easily be made popular and realized, but only if properly magnified.

America is confronted with a pending crisis that could easily become much larger than we, as a nation, and the world as a whole, have ever experienced. Most Americans and the world are unaware of the crisis, or are aware and feel helpless in its face. Then too, most of us can sense or even know that something is amiss, but do not know exactly what it is. Important is that we understand that our ignorance is intended by those who

[1] Roddy A. Stegemann. 2024. "A Call for the Restoration of Monetary Order" (Part I and Part II). Monographs first presented at the 99th Annual WEAI Conference in Seattle, Washington.

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have created the crisis, and that the crisis has been long in the making, Indeed, the crisis is not even new, for it is reoccurring. And, with each new occurrence those who promote it have become increasingly refined or ever more brutal in their response to its occurrence.

Your first question is hopefully what is the pending crisis and why is it inevitable? And, your second question is hopefully who are they and why? I will try to answer both questions in a single broad brush so that we might focus on the solution.

Since the close of World War II the US government and more recently the fall of the *Iron Curtain* the American state has grown in power and is currently the world's dominant military power. Compared to our enemies whom we crushed and our allies who were crushed by our enemies during World War II, we suffered little. And, the war, although costly even to us, broke the spell of Roosevelt's *Great Depression*. This was likely intentional. Fortunately, we recovered from the war very quickly; nearly all that our government borrowed was paid back, and jobs were quickly found for those previously absent in the war, as our nation's female work force returned to the family hearth and raised a generation of children with a spirit of hope and promise. This prosperity was realized. Unfortunately, *We, the People*, had not learned our lesson and were destined to become duped still again. This was surely intentional. When the Berlin Wall fell in 1989, the US Government had a choice: world cooperation or world dominance. It chose dominance and the Anglo-American empire was born.

By 1994 the Bank of England was three hundred years old, and we in America were still living in its shadow. Alas, despite our having twice defeated the British empire on our own soil — once in 1781 and once in 1814 — we were unable to escape the mechanism that allowed the British kingdom to become the "greatest" empire that the world had even known until the beginning of its collapse in the aftermath of World War II.

In 1947 India declared its independence from its former colonial master, and Israel, Myanmar, and Sri Lanka quickly followed. By 1956 when Gamal Abdel Nasser nationalized the Suez Canal, the weakness of the British state was clearly exposed, and its empire collapsed like a series of cascading dominos. Between 1956 and 1984 some 37 former British colonies, protectorates, and territories declared their independence. A power vacuum was created that was filled by the Soviet Union and the United States of America.

It had taken two very tragic World Wars between 1914 and 1945 to bring down the British empire, and when the *Cold War* (1947-1991) between the Soviet Union and the United States finally ended, the United States emerged as the world's new dominant super power. We were told that *capitalism* had triumphed over *communism,* when in fact, financial corruption had triumphed over everyone. Rather than strengthening our republic, the American state had succumbed to the same dark shadow that had ruled over the United Kingdom and much of the rest of the world for nearly three centuries.

Fortunately, no corruption, whatever form it might take, can survive long when exposed to the light. The crisis that looms ahead is large, and those in charge will surely engage in more of the same, if they are not compelled to do otherwise. It will not be pretty, if we do not act. Fortunately, history provides important refuge.

No, I have nothing against banking, and view the institution as essential to the maintenance of steady income and expenditure flows. Banks also provide many services of which most of us are not even aware. Indeed, my best friend is a banker. No, my concern is not about the role of banking, but the source and nature of the money that it uses to conduct its business. It is this wherein the corruption lies, and it is this that needs to change and to change quickly.

The well was poisoned already long ago, and we have learned to live with an insidious malady. In some ways it is like a herpes virus. It comes in bouts and then disappears. And, when it returns we have already forgotten it and have trouble recognizing it until it reaches an advanced stage still again. Unlike herpes that lies dormant in the spinal column until triggered anew, however, the poison in our money supply never sleeps; the malady in which it results is both episodic and chronic — like a toxin-induced, auto-immune disorder in which the body attacks itself. Furthermore, the medicine that we take is always the same, and those who understand and promote the disease are the same who prescribe and sell the medicine. As they profit from what they sell, they prefer that we remain sick. And, because they understand the disease well, they are able to shield themselves from each and every episodic bout. Like a cancer, however, the malady keeps getting worse; the bouts last longer and are ever more intense and frequent, and the chronic nature of the disease is relentless. Today we appear headed toward a bout like we have never experienced.

Those who benefit from the malady are, of course, those who insure that the well remains poisoned so that they can continue to sell us their medical "relief".

This poison is *statutory counterfeit* and its more recent variant *fiat currency*. The malady is the lending of money into existence — more formally called *money ex nihilo*. The symptoms of the resulting illness are numerous and some are more common than others. They include incremental inflation, the boom-and-bust cycle, run-away government spending, an ever widening income and wealth gap, chronic budget and trade deficits, a deteriorating standard of living for the many, ever-increasing household debt, hyper-inflation, housing foreclosures, massive entitlement programs, and a dysfunctional society that lives today as if there were no tomorrow. The medicine used to treat this disease are government austerity programs, artificially induced market corrections, minimum wages laws, government imposed price ceilings, deposit and unemployment insurance, loan guarantees, debt forgiveness, and so on and so forth. Many of these medications provide short-term relief, while exacerbating the disease's long-term progression.

Those who poison the well, prescribe the medicine, and sell it without a cure. These include the governments who borrow money into existence, the banks who lend it into existence, and those in the private sector who are closest to the bankers and government officials who are first in line when new debt is issued and the money is spent. It is a completely disgusting system for everyone, but those who understand the poetry of corruption and shield themselves from the calamity through a system of sophisticated financial instruments that has been developed and refined for well over three centuries. What is worse, this corruption is legitimized today in our respective national media and introductory macroeconomic textbooks around the world. There is barely a member in the US Congress or any other national assembly today that has not been infected with the associated ignorance.

At the time of the Bank of England's founding in 1694 the only bond market in all of Europe was located in the Dutch ocean port city of Amsterdam, and the market was still largely undeveloped. In contrast, the *Amsterdamsche Wisselbank* (Exchange Bank of Amsterdam) — a highly venerated municipal institution in the Province of Holland of the, by then, well-established Dutch Republic — was already 85 years old and had begun to exhibit important signs of corruption. Unfortunately, it was this corruption to which the English falsely attributed the Dutch bank's success, and it was this corruption that was institutionalized for the second time in world history by the English Parliament when the Bank of England (BOE) was created.[2]

In effect, s*tatutory counterfeit* was not the ingenious invention of astute 17th bankers looking to make a profit in a highly competitive loan market in the heart of London; rather, it was market fraud institutionalized by the English state to fund their king's role in Europe's *Nine Years War* fought against the longest royal reign in the history of Europe — that of King Louis XIV of France.

To put the matter in other words, what was before a highly profitable, surreptitious form of behavior that was severely punished in any English court of law suddenly became the approved behavior of a newly created, privately held and managed, government-

[2] Although there is historical evidence that fractional reserve banking has been around since the beginning of banking, because of its corrupt nature it was never accepted and always punished once discovered. The first evidence for its institutionalization and general acceptance was in Sweden with the formation of the *Sveriges Riksbank*, a state bank founded in 1668. The *Riksbank* was established after the collapse of the *Stockholms Banco* (1656–1664), a private bank founded by Johan Palmstruch, the son of a Dutch merchant active in Riga, a river port city in modern day Latvia with access to the Baltic Sea. Both Riga and Amsterdam were members of the Hanseatic League, and by the end of the 17th century England had become a commercial adversary of the League.

authorized, English, financial monopoly. Far more troubling today is that this three-century-old English bank quickly became the model for central banking around the world and the spearhead for the promotion of the poison that brings about the malady of the fraudulent practice of lending purchasing power (money) into existence — a practice that until this day is being promoted as the indispensable foundation for real economic growth in voluntary free markets around the world. Nothing could be further from the truth.

No, it is not central banking that is the disease, and the elimination of central banking is not the cure. Central banking is merely a catalyst that aggravates the disease and makes it ever more pernicious.

In a letter dated February 10, 1937 Irving Fisher (1867-1947), the father of the *Quantity Theory of Money* (MV = PQ), sent a letter to Franklin Delano Roosevelt in which he stated in a far less poetic format:

“Established practices,
when retrogressive,
have to be disestablished.”

Accompanying the letter was an article entitled “100% Reserves — An Old System Adapted to Modern Needs”.[3]

At the beginning of the 17th century, nearly a decade before the *Amsterdamsche Wisselbank* was formed, William Shakespeare (1564-1616), whose life straddled the reign (1558-1603) of Queen Elizabeth (born in 1533) — after whom the first English province in North America was named — and the reign (1603-1625) of James I (born 1566) who claimed nearly the entire Eastern seaboard of the North American continent as part of his domain, wrote,[4]

Diseases desperate grown
By desperate appliance are relieved,
Or not at all.[5]

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[3] William R. Allen. “Irving Fisher and the 100 Percent Reserve Proposal”. *The Journal of Law & Economics*, Vol. 36, No. 2 (Oct., 1993), pp. 703-717. According to Allen “Fisher wrote to Roosevelt at least thirty-five times (receiving four replies) and visited him twice”.

[4] Queen Elizabeth I was known as the “Virgin Queen”. She never married and never gave birth. The colony of Virginia was named in her honor by Sir Walter Raleigh (1552-1618) in a likely effort to encourage the Queen’s continued support in his three attempts to organize the colonization of North America between 1584 and 1590. Sir Walter was, himself, not among the voyages.

[5] *William Shakespeare. Circa 1600-1601. Hamlet, Act 4, Scene 3, Lines 9-11. Spoken by King Claudius.*

Now, I do not agree with Irving Fisher's proposed "desperate appliance", because he proposed that we abandon specie as the basis of our currency in favor of what we have today (*fiat currency*) less the "desperately grown" disease (*statutory counterfeit*). In effect, Fisher wanted to replace one poison with another and somehow eliminate the disease.

Money ex-nihilo comes in two basic forms with many variations: you can either lend it into existence using *statutory counterfeit*, or you can spend it into existence using *fiat currency*. What we have today is a very potent poison that does both. This is because the reserves that form the basis for what is lent into existence is simply printed into existence, while real money (specie) has been relegated to the asset markets where it serves as a benchmark for the current level of fraud and deception of what is printed and lent into existence.

My mention of Fisher was merely to impress upon you that what I am about to recommend is not casual in nature. It was once recommended by a person far better known than myself. This said, I do not endorse his solution any more than I embrace his *Quantity Theory of Money*.[6]

In an effort to make a smooth transition from the side of the Atlantic where the disease came into being to the side where the cure can be achieved I ask that you allow me to indulge in just a little more history.

In 1640 King Charles I of England, the second son and eventual heir to the throne of James I, confiscated the gold and silver specie of local merchants who had entrusted their wealth with the English Royal Mint. By 1649 the "good" king was beheaded. In 1672 King Charles II, the oldest surviving son of Charles I, prevented the English Exchequer from further payment on the king's debt. Charles II died of natural causes. King James I (1566-1625) who fathered Charles I in 1600 rewarded his creditors with land including North America's first lasting English colony at Jamestown. Historically speaking, English monarchs were always hungry for money, and lending to an English monarch meant access to the monarch's court and all of the privileges associated with such access and excess. Unlike lending to others, however, you could not sue an English sovereign in a court of law when he defaulted.

The Bank of England (BOE) was created under the reign of King William III of England, the Dutch prince of the House of Orange-Nassau, in an effort to fund the King and minimize the risk to his creditors.

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[6] op cit. Stegemann, June 2024. In the second paper of this trilogy I propose a new quantity theory of money that is in line with a money supply based on specie and 100 percent, no fractional, reserve banking.

In 1781, somewhat short of a century after its institutionalization on the other side of the Atlantic, *statutory counterfeit* was introduced into the struggling, recently declared independent American states by Robert Morris at the encouragement of Alexander Hamilton who proposed a plan for the creation of America's first central bank.

Robert Morris was a successful American merchant born in Liverpool, England. He emigrated to Maryland in 1747 at the age of 13 and eventually moved to Philadelphia where he became a member of the *Sons of Liberty* and a principal financier of the American war effort. In 1781 he was entrusted by the *Congress of the Confederation* to watch over the Congress's financial matters. In his role as *Superintendent of Finance* (1781-1784) Morris was entrusted with the management of a loan authorized by King Louis XVI of France.[7] With the approval of Congress Mr. Morris used a portion of this loan to found the Bank of North America (BNA) that paid for General Washington's victory at Yorktown. The American money supply had become infected and met with stiff resistance after the war. This said, it would not be until Abraham Lincoln (1809-1865) entered the White House in 1861 that *statutory counterfeit* would be institutionalized nationally. The *National Bank Acts of 1862 and 1863* laid the foundation for the creation of America's 4th central bank since the defeat of the British in 1781. The resistance subsided, but it has never disappeared.[8]

Today the US dollar is imperiled on the world stage, and we are threatened at home with the introduction of *Central Bank Digital Currency* (CBDC). Fortunately, we do not need digital currency to overcome our most recent, and by far largest, financial threat that we and the world have ever faced. The proposed constitutional amendment (see below) circumvents this threat and provides for a sound money supply that is superior to Bitcoin and can last far into the future — not only for the United States of America, but eventually the world as a whole.

The Real Money Amendment

> §1 - Upon ratification of this amendment the value of the dollar shall be permanently fixed at the current market value of either gold or silver (not both), or the market

[7] Louis XVI was famously beheaded in January 1793. His execution put a temporary end to the French monarchy and signaled to royal leaders throughout Europe to be on guard. Louis XVI's wife, Marie Antoinette, the daughter of Marie Theresa and Francis I, Holy Roman Emperor, was beheaded later in the same year shortly after the French *Reign of Terror* was formally introduced. Robert Morris, a hero in America's *War of Independence* died in relative poverty after losing his fortune in land speculation. Alexander Hamilton, the architect and chief proponent of America's second central bank, as well as the Bank of New York, recently had a Broadway musical production named in his honor.

[8] The Federal Reserve System (1913 - Present) was preceded by the Bank of North America (1781-1923), the 1st Bank of the United States (1791-1811), and the 2nd Bank of the United States (1816-1836).

value of same previously established by presidential decree in anticipation of ratification.

§2 - Following ratification any addition to the US money supply shall be solely in the form of the selected specie. No new representation of this specie shall be allowed to circulate as money without a one-to-one reserve specie equivalent held by its issuer. The US dollar shall remain the sole legal tender of these United States.

§3 - The issue of counterfeit money (statutory or non statutory) shall be strictly prohibited in the United States, the District of Columbia, and all US territories. In effect, no new addition to our money shall be printed, lent, borrowed, or spent into existence that is not the selected specie. Counterfeit issued overseas shall be strictly prohibited from entry and use within our borders.

§4 - These United States shall initiate a *Real Money League* that prohibits the export of the selected specie to non-members that is not in the form of industrial use. Membership in the *League* will be strictly voluntary and permission to enter must be agreed by the United States government and the governments of all other *League* members. The selected specie shall be traded freely among the *League*'s member states.

§5 - A permanent, joint State and federal commission shall be established to implement and oversee the monetary regime outlined in this amendment. The current US Secretary of Treasury shall oversee the commission's activities, and with the Commission shall advise Congress on what is needed to implement, enforce, and maintain the proposed monetary regime.

§6 - The Federal Reserve Board shall be dissolved upon ratification of this amendment. The Federal Reserve Act and all related congressional acts shall be amended to comply with this amendment.

§7 - Congress shall attend to the implementation of this amendment in good haste upon ratification.

No, I am not a constitutional legal scholar, and it is likely that those well-versed in constitutional law can write a better worded amendment. It is my hope that I have synthesized, in as concise manner as possible, the essential rules for an effective, minimally disruptive, and least damaging transition from a corrupt to a non-corrupt money supply with lasting endurance.

So, let us examine each aspect of my proposal in detail.

PARAGRAPH 1

Firstly, fixing the value of the US dollar to some amount of the selected specie at an existent market rate will have zero effect on the number of US dollars currently in circulation. The current money supply will be unaffected no matter where, in circulation in the world, it is found.

Secondly, because the value of the dollar will be fixed not to the price of the selected metal but to its physical amount, further depreciation of the value of the dollar will not transpire. In fact, it can only be expected to appreciate. This will insure the value of the dollar by those who currently use the dollar as their reserve currency.

Thirdly, In an effort to avoid the well-understood problem of bimetalism we must choose either gold or silver specie, but not both. As a store of energy gold is clearly superior to silver. This said, silver is 18 times more plentiful than gold and less desired as a source of decorative ornamentation. Nearly 50 percent of all gold in circulation is devoted to some sort of decorative purpose. Less than 30 percent of all silver is similarly employed. Then too, silver is in greater demand for its industrial uses.

Fourthly, we do not need to wait until the above amendment is ratified to implement the above revaluation. In fact, not waiting will encourage a speedy ratification. In this regard, there is strong historical precedent including the confiscation of America's domestic gold supply by President Franklin Delano Roosevelt in April 1933 and President Richard Milhous Nixon's unilateral withdrawal from the Bretton Woods Agreement in August 1971. Neither of these presidential degrees aligned well with the US Constitution, but neither did the National Bank Acts of 1862 and 1863 legislated by the US Congress during the Lincoln Administration while in a state of war. Today, the world is on the verge of a global monetary crisis. Indeed, no action of any US president regarding our nation's money supply will have brought us more in line with the original outline of our nation's founding fathers.

PARAGRAPH 2

Firstly, in order to insure the integrity of the dollar across time new additions to the supply of dollars must be tied directly to the amount of new specie mined *and* converted into money.

Secondly, the issuer of new dollars is not specified, but because the US dollar is permanently declared the legal tender of the United States, the form that any representation of the dollar takes should be made uniform or at least sufficiently simplified so as to avoid problems in accounting.

Thirdly, at the current market prices of gold and silver holding physical gold or silver for the purpose of daily market transactions would be highly impractical without the introduction of coin made from nano-particles. This is possible when the particles are combined with a synthetically produced polymer.

On November 19, 2024 when the first draft of this paper was conceived and composed one dollar's worth of gold was 0.00038 Troy ounces or 0.18 grains, and one dollar's worth of silver was 0.032 Troy ounces or 15.3 grains. To provide perspective, a dollar's worth of silver in 2024 weighed considerably under that of an average metal paper clip. The metal content in coins combined with a synthetic polymer could be easily extracted by dissolving the polymer. The coin, no matter its size, would be extremely light. Most people would probably prefer to use electrons and leave their specie in a vault at a bank, or trade their current dollars for coins or bullion of pure metal and store it at home in a vault.

Fourthly, this is not a prohibition on the circulation of other currencies that seek out a niche in their own right. It simply means that within a court of law the US dollar is the accepted form of payment for all legally awarded claims, and that any other form of value must be convertible into US dollars. This insures that US dollar remains rock solid as the standard against which all other market value is valuated. Other forms of currency could be forbidden, if it were to become problematic.

PARAGRAPH 3

Firstly, the malady is cured. There will be no room for anyone in government or the private sector to distort the value of the standard against which all other market value is measured. No one can persuade, compel, or entice non-real equivalents that might pervert the number of US dollars in circulation. Only those dollars that are already in existence at the time of ratification or presidential decree, and only those additional dollars with a one-to-one specie reserve equivalent, will be permitted in trade.

Secondly, any paper dollars that are retired due to age shall be replaced with electronic ledgers or coin or bullion created from their metal equivalent. The number retired must equal the number with which they are replaced.

Thirdly, the world supply of gold and silver increase at approximately the same rate somewhat over 1 percent annually. By way of example, between 1972 and 2022 the average annual increase in the supply of gold was between 2,300 and 2,500 metric tons. The estimated global supply of gold in 2022 was 205,238 metric tons. If we divide 2,400 by 205,238 and multiply by 100 we obtain an average annual rate of increase of 1.17 percent. For the same 50-year period the average annual increase in the supply of silver was between 18,000 and 20,000 metric tons and the estimated global supply of silver was 1,740,000 metric tons. The average annual rate of increase in silver was 1.09 percent.

As all new additions to the US dollar supply would have to come from the ground, the supply of new US dollars would not be able to keep pace with the rate of growth of the real US economy. Indeed, just holding US dollars would result in an automatic increase in their market value provided that the US economy continues to grow. Indeed, rather than be threatened with future depreciation, the value of the US dollar would appreciate incrementally with the passage of time!

From 1980 until 2000 the average annual real rate of growth of the US economy was about 3.4 percent. Between 2000 and the present it has been about 2 percent. I will not argue here the reason for this fall in real economic growth despite major recent technological advancement in a wide variety of important fields. This said, it takes little imagination to understand that much of this reduction in growth is due to the change in the nature of the world's money supply since 1971. It is for this reason that I will proffer a 3 percent rate of future, real, economic growth under the new monetary regime.

If we subtract from this annual rate of real economic growth the current 1 percent rate of annual growth in the real money supply we are left with a 2 percent annual rate of deflation. In other words rather than the value of the US dollar decreasing by two percent every year, as recommend by most modern economists, it would now increase by a similar amount.

And now, for a painfully real observation in poetic format.

Deflation is only bad, when your goal is to transfer real-wealth
from those who suffer the consequences of inflation to those who bring it about.

Downward price spirals only occur,
because there are upward price spirals
that finish in bursted bubbles and painful corrections.

These spirals be they up or down can only take place across entire economies
when the money supply is not fixed to the real economy![9]

PARAGRAPH 4

Firstly, gold and silver are currently subject to massive price fluctuations because they are used as a speculative hedge against dollar price fluctuations. These price fluctuations will largely disappear when the value of the dollar is pegged to the supply of the metal. The sheer volume of dollars and their many uses would put an important damper on this fluctuation.

Secondly, the market value of the selected metal *vis-à-vis* those currencies that are not permanently pegged to some quantity of the metal will continue to fluctuate. Because the selected metal has other uses that are not non-monetary in nature these price

[9] Von Mises, Ludwig. 1912. *Theorie des Geldes und der Umlaufsmittel*. München und Leipzig: Duncker & Humblot. Translation: *Theory of Money and Currency*. Note: The title of Von Mises's *opus magnum* was translated in 1934 as *The Theory of Money and Credit* by Harold Edward Batson, an English economist, who appears to have been a shill for the Bank of England.

fluctuations will not always be in unison with the real market value of the dollar. Thus, continued speculation would occur, but much reduced. In an effort to discourage such behavior and maintain price stability at home and among other league members, the selected metal must be banned from export for all uses that are not industrial in nature.

Thirdly, there would be no need for a world conference to implement the new monetary regime, and membership in the *Real Money League* would be completely voluntary. Moreover, because the dollar is the world's current reserve currency, there would be a slipstream effect that would "pull" other nations into the League — especially countries whose currency is currently pegged to the value of the dollar such as Saudi Arabia and Hong Kong.

Fourthly, joining the *Real Money League* would not be an easy option for many governments that are accustom to the seduction of *soft money*. This said, they would eventually observe the benefits of a healthy real economy not dominated by governmental monetary policy interventions and would eventually be drawn into the *League*.

Fifthly, as the League's only criteria would be to peg one's currency to an amount of the metal that reflects its current market value and to enforce the amendment's restrictions on the issue of *money ex nihilo* and the export of the metal for non-industrial uses, entry into the League would be fairly easy. Exit from the League would be voluntary, but also mandatory at the request of any one of the League's members, if it could be demonstrated that the rules were not adhered to.

PARAGRAPH 5

Firstly, the State and Commonwealth governments of the United States have no reason to trust the United States government in monetary policy, as it is one of the chief beneficiaries of both past and current monetary corruption. Accordingly they should have, at minimum, an equal hand in the implementation and enforcement of the amendment. After all, the various State and Commonwealth governments are now in violation of the Constitution because of the behavior of the US Congress, President, and US Supreme Court who work together to sustain the current corruption.

> *No State shall … make any Thing but gold and silver Coin a Tender in Payment of Debts.*[10]

[10] We, the People. 1787. *The Constitution of the United States of America*, Article 1, Section 10, Paragraph 1. The Constitution became law on March 4, 1789, after it was ratified by the citizenry of the ninth (New Hampshire) of thirteen States that formed the United States of America united under the *Articles of Confederation*.

Secondly, all States and Commonwealths will have to abide by an amendment to the US Constitution, and it is the job of the US Government to enforce the nation's basic laws.

Thirdly, as the US Congress has repeatedly proven itself unwilling or incapable of addressing the malady that lies before us, it shall be written into law that it must consult with *The Commission* before enacting legislation that might prove injurious to the monetary regime put forth in this amendment.

PARAGRAPH 6

Firstly, many have called for the dissolution of the Federal Reserve System. As it functions like a central bank, and central banks aggravate the malady of *money-ex-nihilo*, there is good reason for wanting to "End the Fed".[11] This said, the 12 regional banks that form the backbone of the current Federal Reserve System play many important roles that are not directly dependent on the nature of the money supply, and that could prove very useful in the implementation of the new rules of the game and their maintenance. That we not throw out the baby with the *very dirty* bath water!

Secondly, it is the Federal Reserve Board — not the individual regional banks that make the decisions that determine how much and when their counterfeit currency is to be lent into existence. Under the real money system that I have proposed the role of the Federal Reserve Board would become obsolete. The idea is not to destroy, but to heal so that everything that is good can flourish.

Thirdly, the current Federal Reserve System would now fall under the supervision of the *Joint Commission* established in Paragraph 5.

PARAGRAPH 7

Firstly, an amendment to the US Constitution must be simple and easily understood by everyone. It must be a rule that is clear and not easily disputed in a court of law. It must appeal to a large swath of the American citizenry and be enforceable. It will be the job of Congress, in lock-step with the newly established *Joint Commission*, to create the structure and mechanism necessary to achieve the intended goal of the amendment.

Secondly, it is human nature to adapt to a change in rules. This adaption is not only inevitable, but also desirable. Unfortunately, there will always be those who seek to take advantage of the transition for their own benefit at the expense of the greater good.

[11] A popular slogan chanted at Ron Paul rallies in the run-up to the selection of the presidential nominee for the Republican Party in both 2008 and 2012. The slogan is attributed to students at a Ron Paul rally in 2007 on the University of Michigan campus in Ann Arbor. The chant inspired Ron Paul's book entitled *End the Fed* published in 2009 by the Foundation for Rational Economics and Education.

Thirdly, in the short-run there will be those who are hurt by the change, and if they had not previously contributed to the malady, they should be compensated wherever possible. On the other hand, there are those who are already hurting, and their hurt is neither hypothetical, nor justifiable. The quicker Congress acts, the sooner their hurt will be relieved.

Conclusion

In conclusion I would like to draw a comparison between America's vaccine industry and the global banking industry and provide an answer to what they share in common.

Since 1986 vaccine manufacturers have been immune from liability claims against product failure. As a result, their manufacture and distribution have grown rapidly, and our government agencies that were designed to protect us against the harms of dangerous products before we are harmed have been captured by those who produce them.

The banking industry sells the only product for which there is unlimited demand, but also limitless supply.

In no court of law can a firm bring suit against a partner to a contract without first being able to show real damage. The legal term for this concept is *consideration*. In the banking industry, however, it is exactly this that occurs when the owner of a home becomes delinquent in his mortgage payments, and the lender assumes ownership of his property. Beyond the cost of transaction the product that a banker sells costs him nothing to produce. In effect, he lacks *consideration*. The banker simply adds two equal amounts to either side of a bank ledger and *voilá* purchasing power is created. When a home owner becomes delinquent, the bank loses only the promised interest on the principal, but claims in a court of law the entire principal in addition to the interest. This ability is a form of institutional capture and fraud. It must be extinguished.

Finally, there was a time when we were stuck with coin as the only medium of exchange. As the value of the coin increased relative to the goods and services whose value it served as a standard, the coin inhibited the real economy from growing by making smaller valued transactions increasingly difficult to consummate. Also, in the absence of well-developed bond markets it was difficult for governments to raise money quickly in times of crisis. These two conditions served as important incentives for governments wanting to approve the issue of *statutory counterfeit*. These barriers no longer exist in America, and in most places around the world.

Those who advocate Bitcoin are riding a technological wave that is impractical — not only is crypto-currency an important energy guzzler, but it is also a national security risk as it depends on infrastructure that is easily destroyed in time of war. Our nation's success in World War II was our ability to thrive as an economy while engaged in war. Tangible money held in banks and every market agent's hand — both buyers and sellers alike — is not easily destroyed.

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