Roddy A. Stegemann
nudge.online

A Call for the Restoration of Monetary Order I

First Presented at the 99th WEAI Annual Conference in Seattle (June 29-July 3, 2024)

The state has stolen, what for thousands of years was the collective property of those who used it to conduct their daily market affairs, and has made it the property of central bankers. This theft now threatens the individual liberty of every citizen of every nation. Indeed, the one piece of real estate that everyone could once own, and from which everyone could collect rent, has been taken out of circulation and replaced with a paper and electron surrogate employed by bankers and the state for the purpose of centralized market control and the surreptitious transfer of real wealth from the productive many to a poorly deserved few.[1]

Where before money kept all of us in touch with the primary economy — namely, the production of food and the extraction of raw materials and energy from which everything else is produced — this close relationship has been severed. The result is a perversion of the natural order of economic activity. We no longer save in an effort to live better tomorrow; rather, we borrow for today, as if there were no more tomorrow. In short, we have allowed a culture of debt slavery to emerge.

This paper will briefly explain this grievous economic transfiguration and how it came about: one, the introduction of statutory counterfeit; two, the resulting falling out with the natural order; and three, the macroeconomic travesty in which it has resulted.[2]

This is not a paper that advocates free-banking; rather, it promotes an abolishment of fractional reserve banking and a return to silver or gold specie as the basis for our national and eventually global money supply.

SECTION I - INTRODUCTION OF STATUTORY COUNTERFEIT

During the late 17th century anonymous deposit and loan receipts circulated as a form of money in the Kingdom of England. These receipts bore only the name of their issuer who would redeem them for gold and silver specie upon presentation of the receipts by

---

[1] According to the supply and demand statistics published by the World Gold Council at the end of the first quarter of 2024, of the 1,283 new and recycled tons of gold supplied to the market 49 percent was consumed in the fabrication and consumption of jewelry, 7 percent was consumed in technology such as dentistry and electronics, 18 percent was used as a source of investment, and a full 26 percent was purchased and owned by a handful of central banks. <https://www.gold.org/goldhub/data>

[2] This paper represents a portion of my presentation at the 99th Annual WEAI Conference in Seattle, Washington in 2024. Session 81 - Money, Politics, and Credit. <https://weai.org/conferences/view/14/99th-Annual-Conference>

First Hill, Seattle 98104
Mobile: +1 206 291-8468

their bearer — no questions asked. A fee was charged for their issue and/or redemption, but once issued, this paper circulated freely — sometimes discounted, sometimes not — among those merchants who were familiar with the reputation of the issuer. Typically the paper was denominated in the same units as the local coin that was held on deposit.

Locally, the paper was often preferred over specie because it relieved the burden of having to lug around large quantities of heavy metal coin. There was, of course, a security trade-off: on the one hand, specie entrusted with a guardsman that only the depositor could claim was surely safer than specie left at home while the depositor was away; on the other hand, anonymous deposit receipts stolen from your person while you slept during travel could be redeemed by anyone. In this latter regard, the receipts were just like coin. The choice was, of course that of the depositor.

Like grain stored in a silo, coin was fungible; no one cared whose coin he received upon redemption so long as it was of similar quality and matched the amount written on the paper.[3] Moreover, the guildsman-banker was indifferent toward the claimant so long as he paid the transaction fee. What made coin and deposit receipts — no matter the nature of the receipt, whether it was named (*nominé*) or anonymous (*sine nominé*) — so very different was that specie could be traded world-wide, but the paper was rarely tradable beyond the geographically-bound reputation of its issuer.

The local fungibility of the anonymous paper receipts (*sine nominé*) made it easy for a dishonest guildsman-banker to extend more credit than he held in specie. In do doing, he could inflate his company's capital worth and grow his business with much less effort than his honest competitors. There was a catch, however. Because lending wealth that you did not actually own was an act of fraud that was subject to severe criminal penalty, if you were caught. *Statutory counterfeit* had not yet been introduced.

This said, exaggerating one's capital base was often a risk worth taking, if you were not exceptionally greedy and did not overextend yourself. Prudence was a virtue among banking thieves.

At the time, one also distinguished between the warehouse and lending functions of the banking trade. The lender could no more lend then, than today, what did not belong to him without the permission of the owner. Specie placed with a guildsman-banker for safe-keeping (the warehouse function) belonged to the depositor — not the guildsman-

---

[3] During the latter half of the 17th century coin debasement was popular "sport" in London and elsewhere in England. One shaved a little here and cropped a little there, and still a coin could pass for the same market worth as a whole coin — well, at least, if no other coin were available in the moment of transaction and there was no one else with whom to perform it. Important in the context that follows is that guildsman-bankers who provided the highest quality coin upon redemption, enjoyed a good reputation, no matter how fraudulent were the books that they kept behind closed doors.

banker. This said, by the late 17th century time-deposit banking had become a common practice throughout Europe.[4]

Before becoming a Protestant Christian scholar and an object of persecution by the Catholic arm of the French Crown, Jean Calvin (1509-1574) was a student of law who understood well the importance of private property and market exchange. His eventual understanding of money was an amalgamation of the teachings of Christ, as found in the Holy Gospel, and pre-Napoleonic French law. Calvin concluded that in keeping with Christ's teachings one could hold title to money (*right-of-ownership*) while surrendering its use (*right-of-use*) for the purpose of earning a profit (some sort of lending fee including interest). The fee was received in compensation for one's relinquishment of use.

Like all economic goods, gold and silver coin were scarce commodities. They were also both in very high demand, and they traded with a premium.[5] Accordingly, the Catholic Church frowned on idle money (*hoarding*). Calvin saw in the Church's mandate a disincentive for the accumulation of liquid real wealth and its natural outcome — namely, the possibility of new investment and wealth creation. In addition, he reasoned that the status associated with accumulated real wealth — no matter its form — was an important incentive for the generation of new wealth. Further, he understood that borrowed money, when put to proper use, was neither idle, nor immoral, so long as new wealth could be created from what was borrowed, what was borrowed was repaid, and compensation was given to its owner for the *right-of-use*. Calvin's treatise was carefully reasoned. He distinguished between those who broke their promises and those who kept them, on the one hand; and between those who preyed on the plight of others to advance their own position and those who created greater opportunity for others and themselves, on the other hand. In short, Calvin condemned *usury* (excessive use fees), as did the Catholic Church.

Time deposits worked, because the depositor surrendered his *right-of-use* to what he deposited for the time period agreed between the banker and the depositor. The banker had only to insure that, when the banker's *right-of-use* expired, he had enough money in his vault to insure payment to the depositor. By lending paper in lieu of specie the honest, time-deposit banker insured that he would never run out of specie. Unfortunately, this practice opened the door to defrauding the general public by lending greater nominal value in paper than the banker truly held in real market value in the form of specie.

---

[4] Time deposits can be traced all the way back to the *Dei Medici* family in Florence (*Firenze*), Italy during the 14th century. Time deposit banking did not become common practice, however, until after the latter half of the 16th century with the Calvinist interpretation of the Christian Bible.

[5] That gold and silver were used as money greatly increased the demand for these commodities and increased the price at which they were traded in their respective markets.

Alas, there were only two ways to detect that a guildsman-banker was engaged in imposture: someone besides an entrusted employee was made privy to the banker's books, or one day the banker failed to redeem in specie what rightfully belonged to a depositor-claimant.

What made the practice of these bank impostures particularly pernicious on the micro-level was their ability to claim in a court of law an amount in *real wealth* equal to what was written on the paper.

Upon the default of a borrower the banker presented to the court a contract and an accusation. Unless the borrower could somehow prove that he had returned — in the time allotted — the nominal value that he had borrowed from the banker he was helpless before the court and his accuser. Now, it may have been that the delinquent borrower was an ungrateful scoundrel; then too, he may have only been a victim of market misfortune. In either case, the dishonest banker-claimant profited enormously.

In order to understand how this corruption played out consider first the honest banker who never lent out more in paper than he held as *specie-in-use* from his depositors. The banker could, in a court of law, recover the cost of processing the loan, any unpaid fees for the borrower's *right-of-use* (including, say, outstanding interest payments), and the principal. Furthermore, once the principal were recovered through the voluntary or involuntary surrender of *real wealth* on the part of the delinquent borrower, the banker could convert this wealth into specie and use it to cover the outstanding paper that the delinquent borrower had spent into circulation.

Now, contrast this scenario with that of the dishonest banker who lent out more in paper than he held in specie, his claim before the court would be identical to that of the honest banker, but in reality there would be no loss of principal — only the cost of processing the loan and the unpaid *right-of-use* fees. Because the dishonest banker could claim in *real wealth* from the delinquent borrower the *nominal principal* that he had lent into existence, the dishonest banker could actually profit from the delinquency of his borrowers. This said, the dishonest banker would incur damage that the honest banker would not, but it was damage that the dishonest banker dared not report to the court — namely, the additional default risk created by the circulation of paper without backing. It was, however, a source of risk that was easily extinguished by the retiring from circulation paper from other borrowers who repaid what they borrowed.

The dishonest banker was not a banker that Jean Calvin envisioned. It is, however, what is being taught in our schools today as *true market discovery* and *salutary monetary innovation* — the fraudulent "genius" of *fractional reserve banking*!

With the creation of the Bank of England (BOE) in 1694 the information asymmetry of this now ever-foul relationship between dishonest, 17th-century, guildsman-bankers and

Roddy A. Stegemann
nudge.online

their merchant-clients was institutionalized by the English Parliament.[6] Once the monopoly use of force of government that protected the BOE from "inconvenient" judicial ramifications was "proven" in matters of national and local finance, the BOE was copied around the world and served as the world's first and foremost central bank until the creation of the Federal Reserve System (FED) of the United States of America — a banking and congressional ruse introduced by American bankers and their congressional cronies to disguise the system's true character — that of a central bank.[7]

In 1688 Prince William III of Orange, a member of the Habsburg *House of Orange-Nassau*, as well as Stadtholder of Holland, the largest and most influential province of the very successful *United Dutch Provinces* (1581-1795), was invited by a powerful group of English nobles to replace James II on the English throne. James was Catholic and was considered autocratic and a threat to the Anglican establishment. James II was also supported by Louis XIV of France who, like James, was a staunch Catholic. In contrast, William was Protestant, related through marriage to the English royal line, and a staunch opponent of Louis XIV.[8] Upon invitation, William III assembled a large Dutch army and invaded England. Whereupon James II abdicated his throne and fled to France where he died in exile. William III assumed the English throne with his wife Mary II in February 1689. As no blood was shed this royal coup is often called the *Glorious Revolution* by British historians. No matter, this royal coup precipitated the

[6] Not all of the dishonest guildsman-bankers' client-merchants were ignorant of what transpired. This said, many reasoned that dishonest guildsmen could supply them with credit more cheaply than honest guildsmen, and they became accomplices to the crime. The ramifications are present today in the cozy relationships into which borrowers and lenders often enter in the upper echelons of global finance. The whole idea of "too big to fail" is emblematic of this evolved corruption.

[7] It should be pointed out in this context that fractional reserve banking and the institutionalization of statutory counterfeit in America can be traced all the way back to the creation of the *Bank of North America* in 1781. This bank is credited by historians for having secured George Washington's defeat of General Cornwallis at Yorktown later in the same year.

Robert Morris and Alexander Hamilton were the leading minds behind the bank's creation. Four years after the creation of the *Bank of North America* Hamilton drafted the articles of association and eventually incorporation of the *Bank of New York*. One can trace a direct line between these two banks and their respective modern counterparts.

[8] William III was born in 1650 in the Dutch Republic. William's father was William II, Prince of Orange, the grandson of William I, a key player in the formation of the Dutch Republic. William III's mother was Mary, Princess Royal of England, and the oldest daughter of King Charles I, King of England. In 1677 William III married the daughter of James II who was the brother of Charles II of England and Mary, Princess Royal of England. In effect, the royal families of the Dutch Republic and the Kingdom of England were closely allied in marriage.

In 1672 Louis XIV invaded the Dutch Republic (United Dutch Provinces) and brought about enormous damage to the Republic. Prince William was appointed Stadtholder by the *States General*, the ruling legislative body of the seven Dutch provinces that constituted the Republic, in order to repel the French advance. His appointment was a mixed blessing. Although the Prince was successful in repelling Louis XIV, he was hardly republican in character.

First Hill, Seattle 98104
Mobile: +1 206 291-8468

Nine Years War (1689-1697), the formation of the imperial state of Great Britain, and the eventual emergence of the British Empire as a global hegemony.

War is nearly always a costly endeavor for the nations that wage it, and at the time it was impossible to wage war overseas without a significant drain on the local money supply. As money — no matter its form — is the life-blood of market activity, an important change in its supply has important real consequences for the economy in which it circulates. Seventeenth century England was no exception in this regard. The purpose of the BOE was to provide King William with the specie that he required to fight his battles on the European continent while preserving at home the same level of local economic activity.

At the time, the British parliament had control over the king's allowance, and it was the custom of English kings to turn to the private sector (wealthy landowners) for funding beyond what Parliament was willing or able to grant. In effect, the king had three potential sources of funding: the English Parliament, wealthy British landlords, and what the king could claim in war, discovery, or conquest. Land obtained through war, discovery, or conquest was often what was used to repay the wealthy landowners who sponsored the king's lavish lifestyle. Several of America's original 13 colonies were founded in this manner. Soon a fourth source of funding would be added.

Indeed, a deal was struck between England's most prominent and necessarily corrupt, dishonest, guildsman-bankers and the members of the British parliament.[9] Briefly, it was agreed that Parliament would grant a corporate charter to a group of private bankers whose capital would be lent to the king in the form of specie. In return, the newly formed corporation would be allowed to lend into existence paper banknotes equal in nominal value to the real market value of what had been lent to the king. The amount not lent to the king would serve as a reserve to insure that the bank could meet whatever demands for specie were placed on it by those who presented the bank with its own banknotes. The king, parliament. and ultimately the people of Great Britain would serve as the guarantors of the king's debt, and parliament would pay an above-market, fixed rate of interest to the king's private lenders. And, all of this in the name of the homeland!

In effect, these ruse, highly privileged, guildsman-bankers would also be allowed to capture whatever profit the bank could earn from the lending of the bank's counterfeit

[9] If this note footnote appears repetitive, then it is to bring home an important point. In order to become a prominent guildsman-banker one needed to grow one's capital. Lending out more capital in the form of paper than one actually held in specie meant not only that one could collect more borrowing fees, but the fees that one charged were less than those charged by one's honest banking counterparts. Thus, it was *natural* for dishonest guildsman-bankers to enjoy a disproportionate market share. Dishonest banking became a way to "get rich quick". The trick, of course, was never to lend out so much counterfeit paper that you could not cover any and all calls for redemption. For, if you failed in this simple endeavor, you risked everything: your business, reputation, and likely even your life.

notes and from the discount trade associated with the issue and capture of *bills of exchange* — this latter being the life-blood of most honest European bankers at the time.

Because the BOE was chartered by parliament in the service of the king, without parliamentary approval the bank could not be lawfully charged for failure to redeem its notes for specie-on-demand. During the first hundred years of its operation the BOE failed on no fewer than eight occasions to meet its payment obligations. Those who demanded specie that was rightfully theirs would simply be turned away and told to return later at the bank's convenience.

Alas, the dishonest trade of lending money into existence (*money-ex-nihilo*) was made legal, and *statutory counterfeit* was institutionalized with the consent of the English parliament. The lid to Pandora's box had been opened, and its evil released into the world.

Tragically, it is this fraud that is often heralded today in high-schools and colleges around the globe as monetary "genius" and "innovation". The *fiat currency* that we use today is, of course, an entirely "higher order" of theft. Unfortunately, this is not where the story ends.

SECTION II - OUR FALLING OUT WITH THE NATURAL ORDER

For several thousand years precious metals served to keep the primary and secondary economies in synchronization.

The *primary economy* consists of the production of what Roy Sebag calls *energy embodiments* — namely, food, fuel, and the minerals and other raw materials taken directly from the earth to produce food and fuel.[10] In effect, these *embodiments* are the things from which all other things are made. They cannot be replicated in the *secondary economy*, and the *secondary economy* is totally dependent on their production in the *primary economy*. One of these *embodiments* is, of course, food that is cyclically replenished. Another is our current fuel sources that are finite in supply and once consumed cannot be replenished — replacements must be found. And finally, there are the earth's many minerals that are often, but not always, recyclable at varying cost. These latter, once properly transformed into tools and machines, facilitate the extraction of our food and energy.

What these *embodiments* all share in common is that each represents a *store of energy* that can be accurately measured, on the one hand, and serve as *nature's reward* to those who work in the *primary economy*, on the other hand. Because the entire, often much larger, s*econdary economy* depends on these three sources of energy, and because it is in the production and extraction of these *embodiments* that our species

[10] Roy Sebag. 2022. *The Natural Order of Money*. Canada: Chelsea Green Publishing, 2023. Originally printed in the United Kingdom with Goldmoney Publishing in 2022.

comes face to face with nature, it is in the *primary economy* where ecological accountability is achieved and human societies flourish, or ultimately fail. In effect, a *unit of account* that is not derived from one of these *energy embodiments* abstracts from the aforesaid accountability.

In times of drought, for example, the entire economy must adjust, not just the *primary economy*. A secondary economy that moves forward irrespective of the natural cycles of the *primary economy* brings about disruption in the balance between nature and those who labor in the *primary economy* in the first instance, and between the *primary economy* and the *secondary economy* in the second. This disjunction between the primary and secondary economies via a money supply that is not anchored in the *primary economy* necessarily disrupts the ability of the *primary economy* to cope with natural disaster, fuel production, and the common, but significant vagaries of life's cyclical nature.

Among the aforesaid *energy embodiments* the precious metals — including gold, palladium, platinum, and silver — preserve their energy embodiment the longest and are therefore the best standard against which all other *energy embodiments* — especially, the cyclical, exhaustible, non-recyclable — can be measured. And, of the four, aforementioned, precious metals it can be shown that *gold* is the best standard for the purpose of nature's measure and reward to those who benefit from its exploitation.

When the primary and secondary economies are bound together by the same unit of account, and that unit of account is bound through direct and objectively measured energy content, then changes in the primary economy signal well to the secondary economy how it must adjust to meet the demands of nature. The notion that we can alter the rules of nature and somehow mitigate its every whim is absurd. At best, we can adapt, accommodate, and sometimes mitigate, but not control.

Because our money supply is ultimately issued by governments from around the world, it bears no resemblance to the natural world order on which our economies depend. It is, in effect, a small number of market agents in a much larger secondary economy who have placed their own wants and desires above those of all others and have thereby imperiled human life itself. By substituting their own *unit of account* for the natural standard on which those in the *primary economy* have depended for millennia these thieves have imperiled the entire natural order of human existence.

That money should be the only commodity whose temporary shortage should be supplemented with a false substitute in order to sustain its current market value should make every economist shake his head. Unfortunately, they do not. Rather, they nod, as if the value of the one standard against which the value of all other goods and services are traded should be dictated by a small group of people who despite their best claims consistently fail to secure the market value and stability of that standard. This goes completely against market common sense.[11]

Moreover, that our money supply should be dictated by anyone, but nature itself should be pilloried for *ecological negligence* and the abuse of those who toil in the *primary economy*. The primary role of any economy should be the responsible extraction of energy from our mighty, but humble planet — not the pleasure of a governmental and fiduciary elite who are out of touch with the natural order, or only observe it from high-in-the-sky or the point of view of "scientists" who depend on these elite for their income.

Indeed, those of us who understand the corrupt nature of *statutory counterfeit*, its most recent replacement, *fiat currency*, and the false prophesy of central banking digital currency (CBDC) or *crypto-currency*, in general, — including Bitcoin — are considered unsophisticated by the apologists for state corruption and/or further degradation of the natural order.[12] Unfortunately, these apologists include nearly the entire modern economics profession!

SECTION III - THE MACROECONOMIC TRAVESTY

In his book *Theorie des Geldes und der Umlaufsmittel* Ludwig von Mises asked and answered a simple question that went something like this:[13]

> **HIS QUESTION**: *How is it that highly experienced CEOs — each in his own industry of expertise — can make the same mistake at the same time and bring about across-the-board economic catastrophe?*
>
> **HIS ANSWER**: They cannot. Unless, of course, they are all confronted with the same important, but erroneous market signal.

---

[11] This is especially true, if one considers how stable the value of gold or silver, but not both, would be by the sheer demand for its use as money and the nearly unflinching rate at which it is extracted. Rather than the large inflationary fluctuations in goods and services prices that we experience today, we would experience a near monotonic, incremental, highly stable, across-the-board price deflation.

[12] See my discussion of Bitcoin in accompanying paper entitled "A Call for the Restoration of Monetary Order II" [online document] <https://cambitas.spiritof2021.online/_documents/real_balances.pdf>

[13] Von Mises, Ludwig. 1912. *Theorie des Geldes und der Umlaufsmittel*. 2nd Edition (1924). Leipzig: Verlag von Duncker und Humboldt. This distortion has been further explored in Jesús Huerta de Soto's book *Dinero, crédito bancario y cyclos* económicos (1998).

Note: Von Mises work has been translated into English as *The Theory of Money and Credit*. I reject the translation of *Umlaufsmittel* as *credit.* Firstly, *statutory counterfeit* can be just as easily spent as it is lent into existence. Secondly, and more importantly, credit has not always taken the form of *statutory counterfeit* or *fiat currency*. The government of the United Dutch Provinces (17th century Dutch Republic) was entirely financed with taxes and bond sales that were based on specie — primarily silver.

Von Mises rightly concluded — certainly I have neither read, nor heard a better explanation — that the only market signal of such importance that all CEO's share in common is the price of credit.

Keep in mind, as you read further, that at the time of his writing Great Britain's, so-called "gold-standard" was in effect across the British empire, that many European states had yet to develop a central bank and depended on the price of gold and silver for both domestic and international trade, and that the world was not nearly as connected and developed as it is today. Moreover, OPEC was not founded until 1960, and by 1912 the industrial revolution had still not peaked. There were still many petroleum substitutes, and there was far more market competition than there is today. In contrast, the world bond market was quite sophisticated with large international banking houses lending around the world.[14] This said, the Bank of International Settlements (BIS) had not yet been created, but it was just around the corner.[15]

That every student of economics understand how this false market signal works!

Putting aside today's *fiat* debacle in which the money supply continues to grow with no end in sight, more money, means lower interest rates, greater borrowing, a higher propensity to spend, and greater transactional activity. This activity means higher incomes and more investment. Investment projects, that would not have otherwise been undertaken, are taken up. In order to realize these projects resources must be redeployed. The incentive for this redeployment is higher wage and product prices with fewer goods and services produced as the redeployed sources no longer contribute to final goods production. With higher income and fewer real goods and services available prices rise across the board, and the new projects become more costly and difficult to complete. More is borrowed, and bankers emboldened by the rise in market activity and consequent, but temporary wealth effect, gladly lend more, and the boom phase of the economic cycle is set into motion.

In an inflationary economy lenders typically lose because the purchasing power of what they lend is less than that of what is returned. It is for this reason that bankers are compelled to raise the price of borrowing as prices continue to rise. At some point the cost of project completion simply exceeds the projected benefit, and the boom phase transitions to the bust phase. A large number of firms stop borrowing. Many of the investment projects that never should have been started cannot be completed. Many of the resources that were previously redeployed are no longer needed or depleted.

[14] The world that we live in today is, of course, very different than it was in 1912, and the amount of money lent into existence appears endless. We all know, of course, that this cannot continue indefinitely, and that the underlying economic laws, that existed in the era of Ludwig von Mises wrote, still exist today.

[15] The Bank of International Settlements was founded in 1930 as part of the Young Plan. It was advertised as a means to help Germany cope with its war reparations. In reality, it was a meeting of our world's central bankers to obtain even better control of the world's supply of statutory counterfeit. The bank survived, the Young Plan did not.

Incomes fall and with them demand. Price deflation sets in. Because interest payments remain unchanged, businesses find it difficult to maintain their margins and begin to default on their loans. Most start-ups are crushed, and many struggling business are thrown under the bus. Unemployment sets in, demand falls further, inventories build, and prices fall, as the demand for new loans tumbles. The money supply contracts, as old loans are not renewed, and little new credit is extended.

Provided that government does not interfere, but in the most dire of circumstances — famine, disease, and war — inventories eventually clear, and those businesses that have managed to sustain the financial and economic carnage observe as their money flows begin to recover. The bust phase comes to an end, and the economy begins to rebuild.

Those with deep pockets buy up the assets of those who failed to survive the financial and economic carnage, and wealth becomes more concentrated in fewer hands. New projects that were begun during the previous boom cycle and were beginning to show promise are expanded. Depending on the amount of economic devastation and misguided government intervention, the new boom phase can even start with greater economic potential than the previous boom — albeit, with a less uniform income distribution. The income gap has widened.

This is the way we have been living in America since the first recorded wide-spread economic downturn marked by *The Panic of 1819*.[16]

With the passage of time these boom-and-bust cycles have become ever more frequent and massive, and have greatly accelerated since the creation of the Federal Reserve System in 1913, FDR's confiscation of our domestic gold supply in 1933, Nixon's withdrawal from the Bretton-Woods Accords in 1971, and the monetary polices pursued by the Federal Reserve Board since Alan Greenspan became the Board's chairperson under the Reagan administration. This is a non-partisan issue. What is more, the world is now threatened with the widespread use of Central Bank Digital Currencies (CBDCs) and the end of voluntary free markets as we have known them since the beginning of the early European Renaissance (14th century).[17]

---

[16] Rothbard, Murray N. 1962. *The Panic of 1819: Reactions and Policies*. Columbia University Press.

[17] It should be noted, once again, that *fractional reserve banking* and *statutory counterfeit* have been with America since its outset. It was introduced with the creation of the Bank of North American in 1781. Before this, the British provincial governments issued *bills of credit* that served as interest-free government debt. These bills were non-interest bearing paper sold into existence with a promise of redemption in gold or silver specie at some future date. Although issued at par with locally circulating specie, they were nearly always abused and eventually discounted as their number grew. If there were a positive aspect to this issue of paper, it could be used in the payment of taxes. No, America has never known a *true* gold or silver standard.

Roddy A. Stegemann
nudge.online

Conclusion

The transition from *real money* — close to nature and the needs of the *primary economy* — to that of *statutory counterfeit* and *fiat currency* that emphasize the priorities of the state, corrupt bankers and their closest associates in the secondary economy was fairly sudden and the direct result of state intervention. The resulting three-hundred-year illusion of monetary sophistication has not only led humanity down a painful, tortuous market path, but it now threatens to destroy the very liberties that have brought Western civilization the greatest material prosperity the world has ever known.

The path to the restoration of *real money* is as simple and straight forward as was the path to its demise. What stands in our way today is the absence of courage and wisdom on the part of economists around the world to take a moral stand.

Pierre-Joseph Proudhon, the 18th century anarchist who condemned private property as the source of all human conflict, demonstrated clearly why the right to own property is NOT a natural right, and how unfair it is that only a small number of the world's population owns land.[18]

Land, as we have just witnessed, is what sustains all human endeavor. As every economist knows, land is also an important source of rent. As the market value of the primary and secondary economies increase through technological innovation, the value of the land on which these two economies sit automatically increases in value. Small pieces of gold formed into coin or bullion are a piece of land that everyone can own and from which everyone can collect rent in harmony with their individual endeavor and nature's source.

Were gold or silver, but not both, the sole source of our money supply, then everyone would share in its ever-rising value.[19] What could be more equitable and still preserve the right to private property and Western civilization's *Pursuit of happiness*?[20]

---

[18] Pierre Joseph Proudhon. 1840. *Qu'est-ce que la propriété? Ou, Recherche sur le principe du Droit et du Gouvernement. Premier Mémoire*. Édition électronique. <https://dev.proudhon.net/quest-ce-que-la-propriete-ou-recherche-sur-le-principe-du-droit-et-du-gouvernement-paris-1840/>

I have not read the following translation, but it is touted on the internet as the best available: Proudhon, Pierre-Joseph. *What is Property? Or, an Inquiry into the Principle of Right and of Government*. Translated by Benjamin R. Tucker. New York: Humboldt Publishing Company, 1890.

[19] Although gold, among the precious metals, is the demonstrably superior energy embodiment, silver may be, politically speaking a better alternative to gold. It is a matter for another paper. Important is that we do not fall into the trap of bimetalism.

[20] Thomas Jefferson, et. al. 1776. Declaration of Independence. <https://www.archives.gov/founding-docs/declaration-transcript>

First Hill, Seattle 98104
Mobile: +1 206 291-8468