

# Gold as the key to liberty

## **Ammunition against the attack of the kleptocrats**

My first contact with gold was around two and a half decades ago. At the time, I had not even begun to understand the personal or the social dimension of this sun metal. On an emotional quest for permanence, security and peace of mind, my intuition once again led me in the right direction. After 25 years of research and reflection, I have come to the conclusion that *gold* is crucial to both inner and material freedom.

## **Destroyers at work**

The most dangerous adversaries of a free and peaceful community are people, seen today in the form of politicians and bureaucrats in national, transregional and especially in international organizations, who cannot resist the temptation of using unbacked paper currencies to finance power, war, world betterment, well-intended utopias or promises to please the people, e.g. social programs. Because it is only with an *unbacked paper currency* that the gigantic losses of all their unaffordable and thus wasteful actions can be distributed unobtrusively among the often unsuspecting, barely economically literate, yet trusting majority of society – by stealing from a currency's purchasing power. This is how the world wars were financed, the brown, red and black terror of the Nazis, the Communists and the Fascists! But unfortunately, temptation did not disappear from the world with the demise of these historic totalitarian societies.

Since then, this devious form of financing has continued to be worthwhile for its perpetrators because few people understand the economic context. This is no wonder, as the duped will not be

presented with the ugly consequences of *inflation* immediately; the consequences will lag somewhat behind and appear not to have any causal connection.

### **Moral failure: loss of respect for history**

People who rely exclusively on their personal experiences are inclined to elevate these one-sided experiences to the status of standards for their judgments and of principles underpinning all actions. From the point of view of the individual, such principles may prove sound on occasion. But when long-term decisions have to be made in favor of a social order that takes subsequent generations into consideration, the starting position is completely different: placing *personal and thus short-term interests* before the interests of our descendants has to be prevented at all costs. The moral and ethical principles based on the life experiences of our ancestors can be of help here. One of these important life experiences is *respect for history* and the great civilizing achievements of our forefathers.

### **Special interests: the beginning of the end**

In a society based on the division of labor, as is the case in today's economies, all special interest groups are ultimately antisocial, if, through the effect of laws, individual members of society attain advantages at the expense of others. A society aiming at *long-term prosperity* will therefore do everything to avoid any pervasive influence by special interests in the shaping of the state. They are almost always fatal in the end. Sooner or later, the *injustices* created in this way will lead to social tensions, riots, revolution, war and thus to death, bloodshed, suffering and the disintegration of natural order – often, even, to the disintegration of society.

### **Economic self-responsibility as the engine of prosperity**

No matter which ideological conviction you choose to base your judgment on, it can, may and must be asserted that only economic self-responsibility or, if we use a less exact but more common

term, *capitalism*, in its (almost) pure form, has brought prosperity and progress to the majority of humankind. It is simply the case that by expecting an improvement in personal life situations, productivity can be optimized and increased in a way which has hitherto not been attained. It is precisely this combination of self-interest – with the simultaneous satisfaction of other members of the community – that makes true capitalism what it is and what it should always have been: a wealth-creating machine dependent on peace and justice! All brown, red or black socialist experiments are based on special interests of a typically very small political caste securing its power at the expense of the majority of the people. We know the price: millions of shattered dreams and as many shattered human lives to boot. Luckily however, these power groups do not operate in a vacuum. For the greatest foe of all political interest groups is always present and always the same: **the free market.**

In order to install and later defend the unjustly held spoils at all, the competition must first be eliminated. The free market of opinions can be considered a prime example of this aspect of the drive for power. Free countries are characterized by freedom of expression being possible. In contrast, the curbing of freedom of expression defines the real nature of countries oppressed by fascism, socialism or – in general – collectivism. This suppression enables us to see clearly what they really are: *dictatorships*.

Less clearly identifiable for most citizens are the multitudes of existing restrictions, or even the total elimination, of the free market – not to mention the catastrophic consequences of these machinations.

In capitalism (the free market), the value of all goods is determined by the market participants' millions of different preferences. The price of one commodity is continuously exposed to new influences and is thus subject to constant changes. At the same time, all contracts (price determination) are made on a voluntary basis. Simultaneously, the market determines justice. The true king, the consumer, will silently but very efficiently make sure that in each case the lowest-priced, best or fairest bidder survives, grows and prospers. Financially unhealthy market participants are displaced by the healthy. Today we are witnessing how, through government intervention, healthy companies are

displaced by unsuccessful companies dependent on loans – with devastating consequences for society! This is Darwinism turned upside down: effort and adaptation are punished, failure and ignorance are rewarded – “The survival of the unfittest.”

Any kind of restriction or even prohibition of markets always distorts competition – and even justice. It’s easy to explain why people in future should trust the free market rather than a “sense of justice within government”: *justice defined by law made by people in power is always based on injustice!*

The fact that our current monetary system was created not by friends of the free market, but by representatives of special interests, cannot be emphasized strongly enough! Today’s money is *legal tender* accepted under threat of state violence. We also know that today’s laws were not enacted by *God*. This fact is incredibly important if you want to identify the true destroyers of our society and its natural order.

### **Central banks as gravediggers of society**

Every day we read, hear and see press reports about the failure of capitalism; there is even talk about a much-maligned *turbo-capitalism*. With “real” money however, this so-called turbo-capitalism would not exist! Central banks, calling themselves monetary watchdogs, manipulate the money market by turning the interest screw and by increasing the supply of money and credit. The results we can see today of these manipulations confirm the charge of critics who *for a long time have identified central banks as central-planning inflation machines in the service of selfish and antisocial representatives of special interests*. Champions of this system, notably the overwhelming majority of today’s economists, cannot or will not remember the manifesto of the communist party from the year 1847; even back then, Karl *Marx* (1818–1883) and Friedrich *Engels* (1820–1895) realized that power can be secured only by gaining control of money: “*Nevertheless, in the most advanced countries, the following will generally apply: [...] Centralization of credit in the banks of the state by means of a national bank with state capital and an exclusive monopoly.*”

The unspeakably unjust *fiat money creation system* (fractional reserve banking), which allows banks to create *credit money out*

*of thin air* and even to rake in interest on it, was also introduced by law by representatives of special interests!

These most important criteria for evaluating today's financial crisis have not entered the fashionable consciousness of the majority. Most people are not aware that today's problems are not really a financial crisis, but a crisis the system has inflicted upon itself. All of those curious about the true reasons for economic crashes and currency devaluations recurring since the founding of central banks should look to the Austrian School of Economics. Its main exponents, *Ludwig von Mises* and Nobel Prize winner *Friedrich A. von Hayek*, for example, have predicted past and present crises, not as *prophets*, but as brilliant *social economists*. The numbers of supporters persuaded by the Austrian School of Economics' arguments are rising continually. But governments who hold the monopoly on education ignore its teachings, lest power politicians and bureaucrats of varying levels lose massive spoils.

To repeat: neither our current money, backed by debt, nor the central banks are a product of the free market, but are instead monopolies, based on force – of a selfish and power-mad elite who abuse the privileges of money creation most shamefully. In a free world, billions of people decide voluntarily what *money*, and thereby freedom or bondage, is. This is not decided by a handful of unelected functionaries who have earned their positions not by achievement or by satisfying other members of society, but who have sidled their way to power by introducing laws. The financial press supports the paper money system almost unquestioningly. It argues against gold, even demonizing the metal. This is not surprising, since freedom for citizens remains a highly dangerous prospect for the powerful.

**Gold is the only honest money and the key to freedom.**

The parasitic, antisocial paper money kings are well acquainted with their greatest enemy, the free market. But they fear gold, their mortal enemy, even more. By manipulating money and precious metals, these self-proclaimed kings show their true colors. In the long term, however, no ruler stands a chance against the human drive for liberty, peace and justice. In the end the *market* is always stronger. This sad chapter of world history will end, whenever it does, when the central banks' gold stocks run low.

Then, and only then, will people realize that the emperor really and truly has no clothes and that the appallingly unjust monetary system will have to make way for another, hopefully more equitable, order.

### **Many thanks**

I was delighted when Professor Dr. *Hans J. Bocker* immediately agreed to write this book. I herein express my most heartfelt thanks.

May as many people as possible be reminded time and again that *peace* can only be forged and preserved by a fair economic and financial system.

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*Bern, October 2008*