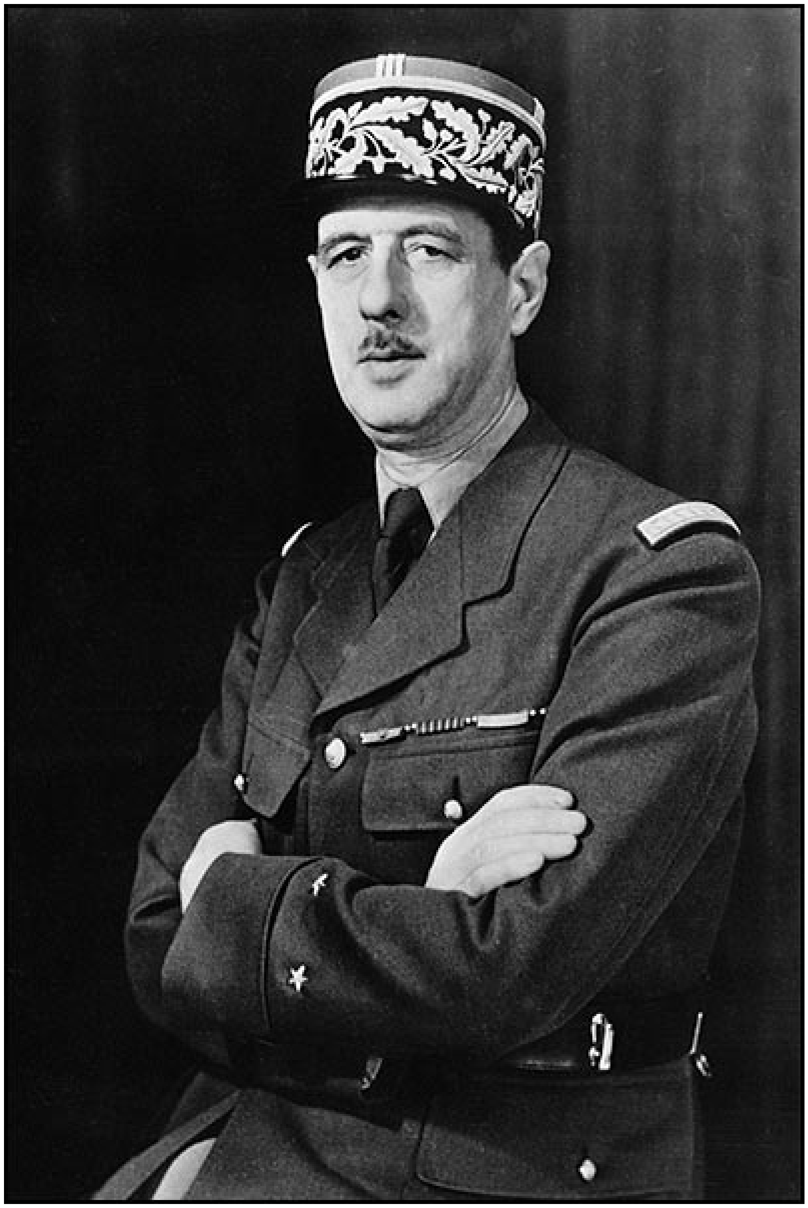
FRENCH VIEWS ON MONEY

"At the recent monetary conference, called by the United States, the French Finance Minister declared that ***FRANCE WAS AT HEART SINCERELY BIMETALLIC***."---"Silver In Europe," New York Times, November 11, 1878, page 4

"Enormous amounts of gold, silver and copper coin are in the pockets of the French, preferred to paper." (North American Review, June 1892, page 667).

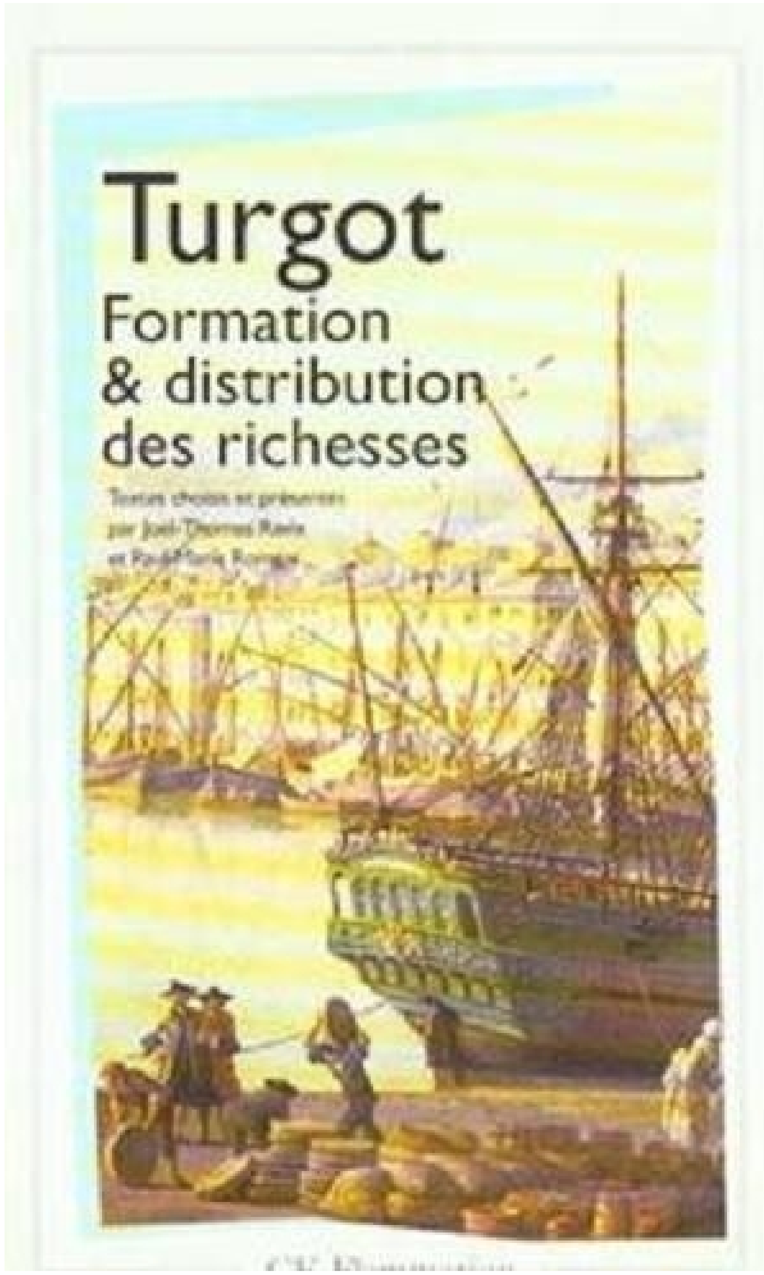
"***CENTRALIZATION OF NON-CIRCULATING GOLD IN CENTRAL BANKS CAUSES EVILS WORSE THAN THOSE WHICH IT IS SUPPOSED TO COMBAT. PRIVATE HOARDING OF GOLD IS FEARED BY OPPONENTS OF GOLD COINAGE***."---NYT, May 14, 1928, page 31

"In September 1961 French Finance Minister Baumgarten warned Secretary Dillon that ***WE WOULD LOSE CONTROL IF WE CONTINUED TURNING TOWARD SOFTER AND SOFTER MONEY***. On January third just past, General de Gaulle made it official by an announcement that gold would replace dollars."---Mining Congress Journal, February 1965, page 121. Charles De Gaulle (meaning rampart of a castle), 1890-1970, was wounded several times in World War I, fled France on June 17, 1940 with 100,000 gold francs, and set up the free French government in exile. Observe, he took innately guaranteed precious metal with him---not wildly uncertain paper notes. Originally opposed by Britain and America as a leader, he through personal force and demands of the French people became head of the French Provisional Government after the German retreat. This was a superior head of state who understood that no Republic can survive on a mere paper money basis! General De Gaulle served as President of France, 1958 through spring 1969---



"Gold & silver are constituted, by the nature of things, universal money---independently of all convention and all law. Thus, then, we come to the constitution of gold and silver as universal money, and that without any arbitrary convention among men, without the intervention of any law, ***BUT BY THE NATURE OF THINGS***. They are not, as many people have imagined, signs of values; they have themselves a value. Being more divisible, more unalterable, and more easy to transport than other commodities, it is more convenient to employ them to measure and represent values."---Robert Jacques Turgot, Baron D' Laune, 1727-1781 in "Reflections On The Formation And The Distribution Of Riches," Paris, 1770, page 39

"The employment of other metals for these purposes is only subsidiary. Those that are very common have too little value in too large a bulk to be employed in the exchanges of commerce. Copper, silver and gold are the only ones which have been brought into constant use. Copper, except among certain peoples who have not yet been able to obtain a sufficient quantity of gold and silver from mines or commerce, has only served in exchanges of the smallest values." (Pages 39-40)



“Gold is in great demand for the purposes of money.”---Jean Baptiste Say (1767-1832), page 191, “A Treatise On Political Economy, Or The Production, Distribution And Consumption Of Wealth,” Paris, 1824

Your silver history series writer is of paternal French descent. Two provinces in France bear the name Savoie, originally a Royal dynasty with corresponding branches in Italy (Savoia) and Britain (Savoy). But there are so many of us today, there are no royals left. That's as I prefer! Growing up middle class with worn tennis shoes and plain T-shirts, I never felt royal. Men should never be raised above their fellows merely because of birth. Everyone should depend on his or her personal merits alone. France across the years has had its share of fiat money advocates and creators. It has also had its share of honest money advocates. Let's evaluate some of this history. Most of the source material will be from Jean-Baptiste Say's book; you could consider this a book review.

In his chapter, called Section II, "Of the Material of Money," we see---

"To enable it to execute its functions, it must of necessity be possessed of inherent and positive value***; FOR NO MAN WILL BE CONTENT TO RESIGN AN OBJECT POSSESSED OF VALUE, IN EXCHANGE FOR ANOTHER OF NONE AT ALL.*** We read that, in Abyssinia, they make use of salt for money. If the same custom prevailed in France, a man must take a mountain of salt to market to pay for his weekly provisions. Wherefore, the commodity employed as money must not be so abundant, as to make it necessary to transfer a large quantity, on each recurring act of exchange. At Newfoundland, it is said, that dried cod performs the (end page 186) office of money; and Smith makes mention of a village in Scotland, where nails are made use of for that purpose."

(But that is what is taking place under all fiat currencies---people are accepting that which is worthless in exchange for all manner of tangible goods. Meantime, the backers of such "money" have ridiculed the use of silver, comparing it to cabbages as money (NYT, July 2, 1877, page 2) yet no complaint was made as to cabbages being perishable, nor recognition that silver is free from such limitation.)

"Besides many other inconveniences, that substances of this nature are subject to, there is this grand objection, ***THAT THE QUANTITY MAY BE ENLARGED ALMOST AT PLEASURE***, and in a very short space of time, and thereby a vast fluctuation effected in their relative value. But who would readily accept in exchange an article that might perhaps, ***IN A FEW MOMENTS LOSE HALF OR THREE-FOURTHS OF ITS VALUE?*** Wherefore, the commodity employed as money must be of such difficult acquisition, as to ensure those who take it from the danger of sudden depreciation."

(So there we have it---the menace of unbridled paper money creation! No wonder the powers that be wanted currency to be divorced from precious metals!)

"In the Maldive Islands, and in some parts of India and Africa, shells, called cowries, are employed as money, although ***THEY HAVE NO INTRINSIC VALUE***, except that they serve for ornament to some tribes. ***THIS KIND OF MONEY WOULD NEVER DO FOR NATIONS THAT CARRY ON TRADE WITH MANY PARTS OF THE GLOBE***; a medium of exchange with such very limited circulation would offer insuperable objections. It is natural for people to receive most willingly in exchange that article, which is the most universally received in like manner by other people in their turn."

"We need not then be surprised that almost all the commercial nations of the world should have selected metal to perform the office of money; when once the more industrious and commercial communities had declared their choice, all the rest had an evident inducement to follow their example. At times, when the metals most now abundantly produced were yet rare, people were content to make use of them for the purpose. The legal currency of Lacedaemon was iron; that of the early Romans of copper. The laws of

Lycurgus directed the money to be made of iron, purposely to prevent its being easily hoarded, or transferred in large quantities; but they were inoperative, because they went to defeat these, the principal purposes of money. In proportion as those metals were extracted from the earth in greater quantity, they became liable to the objection above stated in respect to all products of too little comparative value; and it is long since the precious metals, gold and silver, have been universally adopted."

"To this use they are particularly applicable---(1) As being divisible into extremely minute portions, and capable of reunion, without any loss of weight or (end page 187) value; so that the quantity may be easily apportioned to the value of the article of purchase." (2) The precious metals have a sameness of quality all over the world. One grain of pure gold is exactly similar to another, whether it came from the mines of Europe or of America, or from the sands of Africa. Time, weather, and damp, have no power to alter the quality; the relative weight of any specific portion, therefore, determines at once its relative quantity and value to every other portion; two grains of gold are worth exactly twice as much as one."

(I have seen a web page making reference to silver rounds that came from "the purest silver mine in the world," yet these are probably not refined to four-niners, as are Maple Leafs. Hey, I don't care if some of my silver came from a Missouri galena mine as byproduct of lead! Once it's refined out, only the purity of the end product matters! But there are other matters as well. Some one-ounce rounds haven't been squeezed hard enough to bring out the brilliance of a Prospector or a Maple Leaf. These other rounds I mention have the same surface luster as a 100-ounce Englehard bar. They should always bring spot---whatever spot is, but would tend to be sold or exchanged before the nicer bullion coins. Therefore, it is possible that these coins of lesser quality minting standards may tend to enter the market more at the lower price stages of the coming silver boom, the better coins as usual being held back.)

"(3) Gold and silver, especially with the mixture of alloy, that they admit of, are hard enough to resist very considerable friction, and are therefore fitted for rapid circulation. (4) Their rarity and consequent dearness is not so great that the quantity of gold or of silver, equivalent to the generality of goods, is too minute for ordinary perception; nor on the other hand, are they so abundant and cheap, as to make a large value amount to a great weight. It is possible that in progress of time, they may become liable to objection on this score; especially if new and rich veins of ore should be discovered---and then mankind must have recourse to platina, or some other yet unknown metal, for the purposes of currency."

(We all understand his point, but the possible scenario certainly is at no risk of playing out in the years ahead. Most of the best ore grades are long since worked, and the amount of gold and silver, relative to world population, is rather small. Population will continue to outpace additions to gold and especially, to silver reserves. Seawater refining and oceanic mining will insure that gold and silver will continue to be available for all purposes.)

"Gold and silver are capable of receiving a stamp or impression, certifying the weight of the piece, and the degree of its purity. Although the precious metals used for money have generally some mixture of baser metal, generally copper, by way of alloy, the value of the baser metal, thus incorporated, is reckoned for nothing. Not that the alloy is itself destitute of value; but because the operation of disuniting it from the purer metal, would cost more than it would be worth, after it was extracted. For this reason, a piece of coined gold or silver, mixed with alloy, is estimated by the quantity of precious metal only contained in it."

"The present silver coin of France contains one part copper, to nine parts fine silver---the relative value of the copper to silver being 1 to 60. So that the copper contained in the whole silver coinage amounts to about 1-600 of the total value of the silver coin. Supposing it were attempted to disengage the copper, it would not pay the expenses of the process of separation---to say nothing of the value of the impression, that must be destroyed. Wherefore, it is reckoned for nothing in the valuation of the coin." (end page 188)

(Rising silver valuations in the last half of the 20^{th} century made it highly practical to melt 90% coins to get industrially pure bullion. The copper refined would have gone to all the ordinary uses, such as wire.)

Section III, "Of the Accession of Value a Commodity Receives by Being Vested With the Character of Money," beginning on page 189, addresses the matter of metal becoming more valuable when the demands of currency use are placed on it---

"From the foregoing sections it will appear, that money is indebted for its currency, ***NOT TO THE AUTHORITY OF THE GOVERNMENT, BUT TO ITS BEING A COMMODITY BEARING A PECULIAR AND INTRINSIC VALUE.*** Its preference, as an object of exchange, to all other commodities of equivalent value, is owing to its characteristic properties as money; and to the particular advantage it derives from its employment in that character; namely, the advantage of being in universal use and request. The whole population, from the lowest degree of poverty to the highest of wealth, must effect exchanges, must buy the objects of want, must be consumers of money; or in other words, must obtain possession of the commodity that acts as the medium of exchange, the commodity generally admitted to be best suited, and most frequently employed for that purpose."

(The fact that Fed notes are declared by law to be "money" no more truly renders them to be so, than if a renegade gemologist declares a rat pill to be a Burma pigeon-blood ruby. As limited creatures, no human can confer innate characteristics on anything---and those characteristics have been immutably conferred already---by Divinity.)

"A man that has any other commodity, jewels for instance, to offer in exchange for the necessaries or luxuries he may have occasion for, cannot get those necessaries or luxuries by the process of exchange, until he has found a consumer for his jewels; nor can he even then be sure, that such a consumer will be able to give him in return, the very identical article he may want. Whereas, a man with money in his pocket, is quite certain that it will be acceptable to the person, of whom he would buy anything; because that person will, in turn, be himself obliged to become a purchaser in like manner. The other property of money, the capability of subdivision, and apportionment of the value parted with, must not be lost sight of---by it the jeweler is enabled to exchange a minute portion of his precious commodity for the smallest item of his household expenditure."

"With the commodity, money, he can obtain all he wants by a single act of exchange only, called a purchase; whereas, with all others, two acts at least are necessary; a sale and a purchase. This is the sum total of its advantages in the character of money---but it must be obvious to everybody, that the preference, thus shown it as money, is a consequence of its actual use as such. I must here observe, that ***THE ADOPTION OF ANY SPECIFIC COMMODITY TO SERVE AS MONEY CONSIDERABLY AUGMENTS ITS INTRINSIC VALUE*** (end page 189).

"A new use being discovered for the commodity, it unavoidably becomes more in request; the employment of a greater part, the half or perhaps three-fourths of the whole stock of it on hand, in this new way cannot fail to render the whole more scarce and dear. The employment of the precious metals in manufacture makes them scarcer and dearer as money; in like manner as their employment as money makes them scarcer and dearer in manufacture." (end page 190)

(He would certainly understand the Silver Users Association's being opposed to silver coinage!)

"The increase of the value of metals is, generally speaking, attended with some disadvantages; inasmuch as it places many articles of comfort and convenience, silver dishes, spoons, &c. beyond the reach of most private families; but there is no disadvantage in such increased value of the metal in its character of money; on the contrary, there is a greater convenience in the transfer of a less bulky commodity, on every change of residence, and every act of exchange. The selection of any commodity, to act as money in but one part of the world, increases its value every where else. There is no doubt that, if silver should cease to be current as money in Asia, the value of that metal in Europe would be affected, and more of it would be given in exchange for all other commodities; for one use of silver in Europe is the possibility of exporting it to Asia." (page 191)

(Are the silver users worried about the activities of Hugo Salinas Price in Mexico? Absolutely.)

"Thus money, or specie, as some people call it, is a commodity, whose value is determined by the same general rules as that of all other commodities; that is to say, rises and falls in proportion to the relative demand and supply. And so intense is that demand, as to have sometimes been sufficient to make paper, employed as money, equal in value to gold of the same denomination."

(Convertible paper is only equal in value to gold when it is actually converted; and can never be absolutely as safe as actual metal in your pocket.)

"It must not be imagined, that the paper money of Great Britain derives its value from the promise of payment in specie, which it purports to convey. That promise has been held out (end page 191) ever since the suspension of payments by the Bank in 1797, without any attempt at performance, which many people consider impossible. Before the Bank of England can pay off its notes, the government, its principal debtor, must discharge its debt in specie; which it cannot do, unless it purchases the specie, either with its savings, or with the proceeds of further taxation. In doing so, it would in effect, substitute a new and very costly engine of circulation, which must be purchased by the state, for the present one, which ***ALTHOUGH MUCH OUT OF ORDER AND ALTOGETHER DESTITUTE OF INTRINSIC VALUE***, is yet made to do the business well enough." (page 192)

(A discordant note was being sounded here! Was this Frenchman on loco weed? Just what were his true views? Read on!)

"Gold is only procurable piece-meal, and by payment of an agio or percentage; in other words, by giving a larger amount in paper for a smaller amount in gold. Yet the paper, though depreciated, is invested with value far exceeding that of its flimsy material. Whence is that value derived? From the urgent want, in a very advanced stage of society and of industry, of some medium of exchange. England, in its actual state, requires for the effectuation of its sales and purchases, an agent or medium equal in value to 1,284,000 pounds weight of gold; or, what is the same thing, to 1,200,000,000 pounds weight of sugar; or, what is still the same thing, to 60,000,000 pounds sterling of paper, taking the Bank of England paper at 30 millions, and the paper of the country banks at as much more. This is the reason, why the 60 millions of paper, though destitute of intrinsic value are, by the mere want of a medium of exchange, made equal in value to 1,284,000 pounds of gold, or 1,200,000,000 weight of sugar."

(Again, just what was this Frenchman saying? That people trapped under legal tender laws have to act as if inconvertible paper has a real value such as gold? Or that we should barter with sugar? Dentist forbid! Read on!)

"As a proof, that this paper has a peculiar and inherent value, when its credit was the same as at present, and its volume or nominal amount was enlarged, its value fell in proportion to the enlargement, just like that of any other commodity. And as all other commodities rose in price, in proportion to the depreciation of the paper, its total value never exceeded the same amount of

1,284,000 pounds weight of gold, or 1,200,000,000 weight of sugar. Why? Because the business (end page 192) of circulating all the values of England required no larger value. No government has the power of increasing the total national money otherwise than nominally. The increasing quantity of the whole reduces the value of every part; and vice versa. (For the consequences of an excessive issue of paper money, Chapter 22 section 4, where the subject of paper money is discussed.)"

"Garnier elsewhere admits that specie in the coffers of an individual is real wealth, an integral part of his substance, which he may immediately devote to his personal enjoyment; although, in the eye of political economy, this same coin is a mere instrument of exchange, essentially (end page 193) differing from the wealth it helps to circulate."

"Wherever gold and silver act as money, they must of course be constantly passing from hand to hand. Most people buy or sell several times a day; judge then, what inconvenience must ensue, were it necessary to be always provided with scales to weigh the money paid or received; and what infinite blunders and disputes must arise from awkwardness or defective implements. Nor is this all; gold and silver can be compounded with other metals without any visible alteration. The degree of purity cannot be exactly ascertained, without a delicate and complex chemical process. The transactions of exchange are wonderfully facilitated, when the weight and standard of each piece of money is denoted by an impression that nobody can mistake. Metals are reduced to an established standard, and divided into pieces of an established weight, by the art of coining."

(There should be no need to have silver assayed that has been acquired from reputable dealers. The sole exceptions concern brands with little recognition, and of course Dore from mine sites; if anyone tells you your 90% must be assayed, walk away from the crook!)

"The government of each state usually reserves to itself the exclusive exercise of this branch of manufacture; whether with a view of gaining somewhat more by the monopoly, than (end page 194) it could, if every body were at liberty to practise it, or to hold out to the subjects a more solid security, than any private manufacturer could offer, which is more frequently the motive. In fact, though governments have too often broken faith in this particular, their guarantee is still preferred by the people to that of individuals, both for the sake of uniformity in the coin, and because there would probably be more difficulty in detecting the frauds of private issuers."

(A few years ago I sent for a load of silver and was told it arrived, but due to some incompetence, none of the rounds were stamped .999 One Troy Ounce. Arrangements were made to substitute other items with acceptable hallmarks. Very surprisingly, the first load came from a source not noted for making basic errors. This being a reputable dealer, there was also no problem straightening out issues such as minor under-counts and Kennedy's dated past 1964. However, in order to make such corrections, don't attempt it unless immediately after delivery. No dealer will tolerate a claim for adjustment weeks, let alone months, after the fact!)

"Coinage unquestionably adds a value to the metal coined; that is to say, a lump of silver, wrought into a 5 franc piece, is better than an equal weight of bullion of like standard; and for a very simple reason. The fashion given to the metal saves the person, that takes it in course of exchange, all the charges of weighing and assaying, among which the loss of time and labour must be reckoned; just in the same manner, as a coat ready made is worth more than the materials it is made of. Even if the business of coining were open to all the world, and government confined itself to fixing the standard, the weight, and the impression, that each piece should possess, still the holders of bullion would find it easier to pay a premium to the coiner, for coining their bullion into money; otherwise, they would have some difficulty in effecting an exchange, and would perhaps lose more on the exchange than it would cost to have the bullion converted into coin."

(From the view of an industrial user, coined silver, except as bullion coins, certainly does not add to the value, as a refining step must usually take place before electronically and chemically suitable metal is obtained. However, since estimates have it that under 10%, perhaps under 5% of original U.S. silver coins have to date escaped melting, these remaining coins, excepting the heavily worn specimens, will be more valuable as is, than melted. For these reasons I purposed at the start of my metal acquisition program, to have adequate representation of both, in balanced proportion.)

"In England, the whole expense of coinage is defrayed by the government; the same weight of guineas is delivered at the mint in return for a like weight of bullion of legal standard. The nation, in quality of consumer of money, is gratuitously presented with the charges of coining, which are levied by taxation upon them in their other character of payers of taxes. Yet gold, in the shape of guineas, has an evident advantage over bullion; not that of being ready weighed, for people are often at pains of re-weighing, but that of being ready assayed. Consequently, it has happened sometimes, that bullion (end page 195) has been carried to the mint, not to be converted into coin, but merely to have the standard ascertained, and certified to the foreign or domestic purchaser."

"Guineas are a better article of export than bullion, inasmuch as bullion, bearing the certificate of assay, is preferable to bullion without any such certificate. On the contrary, for purposes of importation into England, gold bullion answers every purpose of guineas ready coined, and is of just the same value, weight and standard being alike; for the mint makes no charge for converting bullion into coin. Foreigners have, in fact, an object in keeping back the guineas, which have already received the certificate of assay, and remitting bullion to England to obtain a like gratuitous certificate. This system makes it an object to export the coined metal, but holds out no encouragement to its reimportation."

"This mischief is somewhat palliated by an accidental circumstance, which never entered into the calculation of the legislature. There is no other mint in England, but that of the metropolis, which is so completely overloaded with business, that it cannot redeliver the metal coined till many weeks, and often (end page 196) months, after it is brought for coinage. All the other governments of Europe derive from coinage a revenue more than equal to the charges of the process. The exclusive privilege of issuing money, together with the severe penalties against private coiners, would enable them to raise the profit of the business very high, by the limitation of their issues; for the value of money, like that of every thing else, is always in direct ratio to the demand, and in the inverse to the supply."

"When silver in the shape of coin is so rare and dear, that 90 francs in coin will purchase the weight of 100 francs of equal fineness in the shape of bullion, it is an indication that the public attaches the same value to 9 ounce of coined, as to 10 ounce of uncoined metal. Wherefore, the government can, by its coinage, in such case, give to 9 francs the value of 10 francs, and make a profit of 10 percent. But if the coin become more abundant, and more of it be necessary for exchange for bullion, it may be necessary to give 95 francs in coin for the weight of 100 francs in bullion; in which latter case, the government can make a profit of no more than 5 percent, upon the purchase and conversion of bullion into coin. If, in the latter case, the government, with a view to increase (end page 197) the ratio of its profit, instead of purchasing bullion itself, were simply to charge a seigniorage, say of 10 percent upon the bullion brought to the mint for coinage, none at all would be brought for that purpose by individuals, who would have to pay 10 percent for an operation, which added 5 percent only to the value of the metal. Thus the mint would have nothing to coin either on public or private account; and the government would find a high ratio of profit incompatible with an extended amount of coinage."

"Whence it may be concluded, that the duty or seigniorage upon coinage, which has been so frequently discussed, is an absolute nullity; for that governments cannot fix their own ratio of profit upon the execution of the coinage, but that it must depend upon the state of the bullion market, which again is regulated by the relative supplies of coined and uncoined metal, and the demand for them. A coin, so well executed as to be difficult to counterfeit, accurate in weight and assay, may acquire a currency in different parts of the world. Witness the gold ducats of Holland, which are in request throughout all the north of Europe at a higher rate than their intrinsic value as bullion; and the dollars of Spain, which are all coined at Lima and Mexico, and have been executed with so much regularity and integrity, as to pass current as money (end page 198) not only all over Spanish America, but likewise in the United States, and in parts of Europe, Africa and Asia. The five franc pieces of France have, by their invariable uniformity of weight and standard since their first issue, acquired a similar currency in many parts of the world."

"The Spanish dollar is a remarkable instance of the value attached to the metal by the process of coinage. When the Americans of the Union determined upon a national coinage of dollars, they contented themselves with simply re-stamping those of the Spanish mint, without varying their weight or standard. But the piece thus re-stamped would not pass current with the Chinese and other Asiatics, at the same rate; 100 dollars of the United States would not purchase so much of other commodities as 100 dollars of Spain. The American Executive, nevertheless, continued to deteriorate the coin by giving it a handsome impression, apparently wishing to avail itself of this method of checking the export of specie to Asia."

"For this purpose it was directed that all exports of specie should be made in dollars of its own coinage, hoping in this way to make the exporters give a preference to the domestic products of its own territory. Thus, after wantonly depreciating the Spanish dollar, without prejudice, it is true, to the specie remaining current within the territory of the Union, it went on further to enjoin its use in the least profitable way, in the commercial intercourse with those nations that set the least value on it. The natural course would have been to suffer the value exported to go out of the country in the form that might offer the prospect of the largest returns. Self interest might have been safely relied on in this particular."

"But what are we to think of the wisdom of the Spanish government, which was enabled, by the confidence in its good faith in the execution of its coinage, to export dollars with a profit, and sell them abroad at an advance upon their intrinsic value; and yet thought fit to prohibit so advantageous a traffic, which would have furnished a vent to a product of the national soil, worked up by domestic industry for an ample recompense? Though a government be the exclusive coiner of money, and is by no means bound to coin gratuitously, it cannot with justice deduct the expense of coinage from its payments, in discharge of its own contracts. If it has engaged to pay a million, say for supplies advanced, it cannot honestly say to the contractor---"We bargained to pay a million, but we pay you in specie just coined; and therefore shall deduct 20,000 francs, more or less, for the charges of coinage." In fact, all pecuniary engagements (end page 199), contracted by government or individuals, virtually imply a promise to pay a given sum, not in bullion but in coin. The act of exchange, wherein the bargain originated, is effected with the implied condition, on behalf of one of the contracting parties, to give a commodity somewhat more valuable than silver bullion; namely, silver in crown pieces, or coin of some denomination or other."

"The virtual contract of government is to pay in coined money; and since, in consequence of that implied condition, it obtains a greater quantity of goods, than it will if the bargain be to pay in bullion. In this instance, it offers the charge of coinage into the bargain at the time of concluding the contract, and thereby obtains better terms, than if it is in the habit of paying in bullion. The charges of coinage should be deducted from the metal brought to the mint to be coined, at the time of its re-delivery in a coined state."

"These considerations lead us to the necessary conclusions, that the manufacture of bullion into coin increases the value of the metal, in the ratio of the additional convenience resulting to the community from the circumstance of coinage, and not an item further, whatever charges or duties the state may attempt to saddle it with; that a government, by monopolizing the business of coining, may make a profit to the whole extent of this accession of value; that it cannot possibly advance this profit any further, in its discharge of engagements, fairly and freely entered into; and that it cannot do so with regard to prior engagements, without committing an act of partial bankruptcy. In Spanish America, a higher duty is charged, amounting according to Humboldt to 11 per cent on silver and 3 percent on gold, over and above the actual charges of coinage; for the government allows no bullion to be exported in an uncoined state. So that, in fact, this is not a seigniorage, but a duty on exportation, exacted at the time of converting the bullion into coin."

"Moreover it is evident, that in all dealings between individuals, the public authority has still less power, by means of the impression of its die, to make the commodity, acting as money, pass for more than its intrinsic value, plus the value added by the fashion it receives. Vain will be any enactment, that the stamp impressed shall give to an ounce of silver a specific or determinate value; it will never buy more goods, than an ounce of silver, bearing that impression, is worth at the time being." (end page 200)

"The first issue of coined money among the Romans was their King Numa; and his coinage was of copper, which at that time was the properest metal for the purpose; for before the time of Numa, the Romans knew no other money but copper in bars. Modern governments have made choice of gold and silver, which would undoubtedly have been selected by the general accord of individuals, without the interference of their rulers." Image of King Numa, from whom the term numismatics derives, second ruler of Rome, 717-673 BC (after Romulus)---

"The public authority persuaded itself that it could raise or depress the value of money at pleasure; and that on every exchange of goods for money, the value of the goods adjusted itself to the imaginary value, which it pleased authority to affix to it, and not to the value naturally attached to the agent of exchange, money, by the conflicting influence of demand and supply. Thus, when Philip I of France adulterated the livre of Charlemagne, containing 12oz. fine silver, and mixed with it a third part alloy, but still continued to call it a livre, though (end page 201) containing but 8oz. fine silver, he was nevertheless fully persuaded, that his adulterated livre was worth quite as much as the livre of his predecessors. Yet, it was really worth one-third less than the livre of Charlemagne. A livre in coin would purchase but two-thirds of what it had done before. However, the creditors of the monarch, and of individuals, got paid but two-thirds of their just claims; land-owners received from their tenants but two-thirds of their former revenue, till the renewal of leases placed matters on a more equitable footing. Abundance of injustice was committed and authorized---***BUT AFTER ALL, IT WAS IMPOSSIBLE TO MAKE 8OZ OF FINE SILVER EQUAL TO 12."***

King Philip I of France, reign 1052-1108A.D., coin debaser---

"In the year 1113, the livre contained no more than 6oz. of fine silver. At the commencement of the reign of Louis VII, it had been reduced to 4oz. At the era of the French Revolution, the money bearing that name weighed only one-sixth of an ounce; so that it had been reduced to one-seventy-second of its original standard of weight in the days of Charlemagne."

Charlemagne the Great, King of France, 768-814, a great military commander, was a believer in the use of silver as money---

"Thus the term livre, has at different times been applied to very different quantities of fine silver. The alteration has been effected sometimes by reducing the size and weight of the coin bearing that denomination, sometimes by deteriorating the standard of quality, mixing a larger portion of alloy and a smaller one of pure metal; and sometimes, by raising the denomination of a specific coin; making for instance, what was before a 2 franc piece pass under the name of one of 3 franc. As no account is ever taken of any thing but the pure silver, which is the only valuable substance in silver (end page 202) coin, all these expedients have had a similar effect; for this reason; that they all, in fact, reduced the quantity of silver contained in what was called a livre. And this is what all French writers, in compliment to the Royal ordinances, have dignified by the term, raising the standard; on the ground that the nominal value of the coin is raised by these operations; which might, with much more propriety, be said to lower the standard, since the metal, which alone constitutes the money, is thereby reduced in quantity."

All governments that have debased and cheapened coinage relied on opinion hacks to lessen the obvious nature of their actions. Today we are told that a $1 coin from the U.S. Mint has the same purchasing power as ten 1964 dimes, nominally. Yet who will spend silver dimes for face when cheaper currency is available? Even 100 of the older copper pennies, and even going downward in value to the current zinc based penny, outvalue the dollar coins in content. With all those points known, the dollar coin has intrinsic metal value beyond a $100 note. As the dollar depreciates, the purchasing power of metals narrows the gap between themselves and perceived paper values. The trend must culminate in restoration of metallic currency.

"Though the quantity of metal in the livre has been continually decreasing from the days of Charlemagne till the present period, many of our monarchs have, at different times, adopted a contrary course, and advanced the weight and standard of quality, particularly since the reign of St. Louis. The motives for deterioration are evident enough---it is extremely convenient to pay one's debts with less money than one borrowed. But kings are not only debtors; they are very frequently creditors too. In the matter of taxation, they stand precisely in the same relative position to the subject, as landlords to their tenants. If every body be enabled by law to pay their debts and discharge their contracts with a less amount of silver than bargained for, the subject can pay his taxes, and the tenant his rent, with a smaller quantity of that metal."

"And although the king received less silver, yet he continued to spend as much as before; for the nominal price of commodities rose, in proportion to the diminution of metal in the coin. When what was before 3 francs was declared by law to be 4 francs, the government was obliged to pay 4 francs, where before it paid but 3 francs; so that it was necessary, either to increase the old, or to impose new taxes; in other words, the government, to obtain the same quantity of fine silver, was obliged to demand a greater number of livres from the subject. This course, however, was always odious, even when it really made no difference in the real pressure of taxation, and was often quite impracticable. Recourse was therefore, had to restoration of the coin to the higher standard. The livre being made to contain a greater weight of silver, the nation really paid more silver in paying the same number of livres."

"The same expedient was resorted to by that monster of prodigality, the Roman Emperor Heliogabalus. The taxes of the empire were payable in specific gold coin, called aurei, and not in gold by the tale; and the emperor, to enlarge his receipts, made a new issue of aurei, weighing as much as 24oz. each. The virtuous Alexander Severus, actuated by an opposite motive, made a considerable reduction of weight."

Gold grabber Heliogabalus, 218-222, Roman Emperor, had five wives---

"Thus we find, that the ameliorations of the coin commence nearly about (end page 203) the same period, as the establishment of permanent taxation. Before that innovation, the monarch had no motive for increasing the intrinsic value of the coin he issued."

"It would be a great mistake to suppose that the frequent variations of the standard alluded to, were effected in the same clear and intelligible manner, which I have adopted to explain them. Sometimes the alteration, instead of being openly avowed, was kept secret as long as possible; and this attempt at concealment gave occasion to the barbarous technical jargon used in this branch of manufacture. Philip de Valois, in his official instructions to the officers of the mint, A.D. 1350, enjoins the utmost secrecy on the subject of the purposed adulteration, even with the sanction of an oath, for the express purpose of taking in the commercial classes; directing them "to put a good face upon the matter of the course of exchange of the mark of gold, so that the intended adulteration might not be discovered." Many similar instances are to be met with in the reign of King John."

"At other times, one denomination of coin was altered, while the rest were left untouched; so that at a given period, a livre, paid in one denomination, contained more silver than if paid in another. Finally, to throw the matter into still greater obscurity, the subject was commonly forced to reckon up his accounts, sometimes in livres and sous, sometimes in crowns, and to pay in coin representing neither livre, sol, nor crown, but either fractions or multiples of these several denominations. Princes that resort to such pettifogging expedients can be viewed in no other light, ***THAN AS COUNTERFEITERS ARMED WITH PUBLIC AUTHORITY."***

(Wow! The same thing is true of the Federal Reserve, and the Mint, with its base metal only coinage for circulation!)

"The injurious effect of such measures upon credit, commercial integrity, industry, and all the sources of prosperity, may be easily conceived; indeed, it was so serious that at several periods of our history, the monetary operations of the state suspended all commerce whatever. Philip Le Bel drove all foreigners out of the fairs of France, ***BY COMPELLING THEM TO RECEIVE HIS DISCREDITED COIN IN PAYMENT, AND PROHIBITING THE MAKING OF BARGAINS IN A COIN OF BETTER CREDIT.*** Philip de Valois did the same thing with respect to gold coin, and with precisely the same result. A contemporary chronicler informs us that ***ALMOST ALL FOREIGN MERCHANTS DISCONTINUED THEIR DEALINGS WITH FRANCE***; that the French traders themselves, ruined by the frequent adulterations of the coin, and the consequent uncertainty of values, withdrew to other countries; and that the rest of the king's subjects, both noble and bourgeois, were equally (end page 204) impoverished with the merchants; for which reason, the annalist adds simply enough, ***THE KING WAS NOT AT ALL BELOVED***."

King Philippe The Fair of France, reign 1285-1314, coin adulterator, taxed the clergy to 50% of their income and made it stick after a battle with the Pope, and cheated the bankers of Lombard (Italian district due south of Switzerland)---

"The examples I have cited are taken from the monetary system of France; but similar expedients have been practiced in almost every nation, ancient or modern. Popular forms of government have been equally culpable with those of a despotic character. The Romans, during the most glorious periods of the republic, ***EFFECTED A NATIONAL BANKRUPTCY MORE THAN ONCE, BY DETERIORATING THE INTRINSIC VALUE OF THEIR COIN.*** In the course of the first Punic war, the "as," which was originally 12oz. of copper, was reduced to 2oz.; and in the second Punic, was again lowered to 1oz."

"In the year 1722, the state of Pennsylvania, which acted in this particular as an independent government, passed a law enacting that 1 pound sterling should pass for 1 pound 5 shillings and the United States and France also, after declaring themselves republics, have both gone still further. "It would require a separate treatise," says Stewart, "to investigate all the artifices which have been contrived to make mankind lose sight of the principles of money, in order to palliate and make this power in the sovereign to change the value of the coin appear reasonable." He might have added, that such a volume would be of little practical service, and by no means prevent the speedy adoption of some new device of the same kind. The only effectual preventative would be the exposure of the corrupt system that engenders such abuses; were that system rendered simple and intelligible, every abuse would be detected and extinguished at the outset."

"***LET NOT GOVERNMENTS IMAGINE THAT TO STRIP THEM OF THE POWER OF DEFRAUDING THEIR SUBJECTS, IS TO DEPRIVE THEM OF A VALUABLE PRIVILEGE.*** A system of swindling can never be long-lived, and must infallibly in the end produce much more loss than profit. The feeling of personal interest is that, which soonest awakens the intellectual faculties of mankind, and sharpens the dullest apprehensions." (end page 205)

"Government will acquire a character for cunning as well as faithlessness. The real interest of government is, to not look to fictitious, disgraceful, and destructive resources, but to such as are really prolific and inexhaustible; and one can render it no better service, than to expose and render abortive those of the former kind, and to point out to it those of the latter. The immediate consequence of a deterioration of the coin is, a proportionate reduction of all debts and obligations payable in money; of all perpetual or redeemable rent charges, whether upon the state or upon individuals; of all salaries, pensions, and rents; in short, of all values previously expressed in money; by which reduction, the debtor gains what the creditor loses. ***IT IS A LEGAL AUTHORIZATION OF A PARTIAL BANKRUPTCY,*** or compromise, by every money debtor with his creditor, ***FOR A SUM LESS THAN HIS FAIR CLAIM, IN THE RATIO OF THE DIMINUTION OF PRECIOUS METAL IN THE SAME DENOMINATION OF COIN."***

"The kings of France have not always allowed their subjects to reap the same advantage in their private concerns, which the monarch proposed to himself, by the operation of increasing or diminishing the quantity of metal contained in a particular denomination of coin. Their personal motive was, on all such occasions, to pay less, or receive more silver or gold themselves, than in honesty they ought; but they sometimes compelled individuals, notwithstanding the alteration, to pay in the old coin, or if in the new, at the current rate of exchange between the two (the ordinances of Philip Le Bel in 1302; of Philip de Valois in 1329 and 1343; of John in 1354; and of Charles VI in 1421.) This was a close copy of a Roman precedent. When that republic, in the second Punic war, reduced the “as” of copper from two oz. to (end page 206) one, the republic paid its creditors one “as” instead of two, that is to say, 50 per cent on their claims.”

King Charles VI of France, who ruled 1380-1422, was called Charles The Mad. This coin cheat had a habit of howling like a wolf and insisted he was made of glass---


CHARLES
SIZIESME

"A bankruptcy effected by deterioration of the coin, has been sometimes considered in the light of a plain and simple bankruptcy, or mere reduction of the public debt. It has been thought less injurious to the public creditor to pay him in adulterated coin, that he again may pay over at the same rate, as he receives it, than to curtail his claim by one-quarter, one-half, or in any other proportion. Let us see how the two methods differ. In either case, the creditor is equally a loser in all his purchases posterior to the bankruptcy. Whether his income be abridged by one-half, or whether he find himself obliged to pay for every thing twice as dear as before, is to him precisely the same thing."

"As to all his own existing debts, he may undoubtedly get rid of them on the same terms as the public has discharged his own claim; but what ground is there for supposing, that the public creditors are always in arrear in their private accounts with the rest of the community? They stand in the same relation to society as all other classes; and there is every reason to believe, that the public creditors have as much owing to them by one set of individuals, as they owe themselves to another; in short, that the accounts will square. Thus the injustice they do to their private claimants is balanced by the injury they receive; and a bankruptcy, in the shape of a deterioration of the coin, is to them fully as bad, as in any other shape."

(Recently when I went to acquire more silver I saw a large box of foreign coins, many made of aluminum and brass---all of base metal. These are often sold by the pound. However, by the way they were priced, certain of the larger copper coins were actually worth more for copper content, so I added some of those!)

"But it is attended with other serious evils, destructive of national welfare and prosperity. It occasions a violent dislocation of the money prices of commodities, operating in a thousand different ways, according to the particular circumstances of each respectively, and thereby disconcerting the best planned and most useful speculations, and destroying all confidence between lender and borrower. Nobody will willingly lend, when he runs the risk of receiving a less sum than he has advanced; nor will any one be in a hurry to borrow, if he is in danger of paying more than he (end page 207) gets. Capital is, consequently, diverted from productive investment; and the blow, given to production by deterioration of the coin, is commonly followed up by the still more fatal ones of taxation upon commodities, and the establishment of a maximum of price."

"Nor is the effect less serious in respect to national morality. People's ideas of value are kept in a state of confusion for a length of time, ***DURING WHICH KNAVERY HAS AN ADVANTAGE OVER HONEST SIMPLICITY***, in the conduct of pecuniary matters. Moreover, robbery and spoliation are sanctioned by public practice and example; personal interest is set in opposition to integrity."

"Money would be a mere sign or representative, had it no intrinsic value of its own; but on the contrary, whenever it is employed in sale or purchase, its intrinsic value alone is considered. When an article is sold for a 5 franc piece, it is not the impression or the name, that is given or taken in exchange, but the quantity of silver, that is known to be contained in it. As a proof of the truth of this position, if the government were to issue crown pieces made of tin or pewter, they would not be worth so much as those of silver. Though declared by law to be of equal value, a great many more of them would be required in purchase of the same commodities; which could not happen, if they were nothing but a mere sign."

"Violence, ingenuity, or extraordinary political circumstances, have sometimes kept up the current value of a money, after a reduction of its intrinsic value; but not for any length of time. Personal interest very soon finds out whether more value is paid than is received, and contrives some expedient to avoid the loss of an unequal and unfair exchange. Even when the absolute necessity of finding some medium of circulation of value obliges a government to invest with value an agent, ***DESTITUTE EITHER OF INTRINSIC VALUE OR SUBSTANTIAL GUARANTEE***, the value, attached to the sign by this demand for a medium, is actual value, originating in utility, and makes it a substantive object of traffic. ***A BANK OF ENGLAND NOTE IS OF NO VALUE WHATEVER AS A REPRESENTATIVE; FOR IT REALLY REPRESENTS NOTHING, AND IS A MERE PROMISE WITHOUT SECURITY, GIVEN BY A BANK, WHICH*** (end page 208) ***HAS ADVANCED IT TO THE GOVERNMENT WITHOUT ANY SECURITY***; yet the note is, by its mere utility, possessed of as positive value in England, as a piece of gold or silver."

(Here he appears to be speaking of a temporary perception, for fiat money has often endured for a time, rather than becoming instantly worthless. Certainly the fiat money of the French Revolution caught fire far faster than the Federal Reserve Note, whose combustion accelerated in mid-August 1971.)

"But a bank note, payable on demand, is the representative, the sign, of the silver or specie, which may be had whenever it is wanted, on presenting the note. The money or specie, which the bank gives for it, is not the representative, but the thing represented."

"When a man sells any commodity, he exchanges it, not for a sign or representative, but with a commodity of real, substantial value, equivalent to the value purchased. A radical error, in this particular, has given rise to another of very general prevalence. Money having been pronounced to be the sign of all values whatever, it was boldly inferred, that in every country the total value of the money, bank and other notes and credit paper, is equal to the total value of all other commodities. A position that derives some show of plausibility from the circumstance that the relative value of money declines when its quantity is increased, and advances when that quantity is diminished." (end page 209)

"A yard or a foot is a real measure of length; it always presents to the mind the idea of the same degree of length. No matter in what part of the world a man may be, he is quite sure, that a man of 6 feet high in one place is as tall as a man of 6 feet high in another. When I am told, that the great pyramid of Giza is 100 toises square at the base, I can measure a space 100 toises at square at Paris, or elsewhere, and form an exact notion of the space the pyramid will cover; but when I am told, that a camel at Cairo is worth 50 sequins, that is to say, about 2500 grammes of silver, or 500 francs in coin, I can (end page 210) form no precise notion of the value of the camel; because, although I may have every reason to believe, that 500 francs are worth less at Paris than at Cairo, I cannot tell what may be the difference of the value."

"The utmost that can be done is, merely to estimate or reckon the relative value of commodities; in other words, to declare, that at a given time and place, one commodity is worth more or less than another; their positive value it is impossible to determine. A house may be said to be worth 20,000 francs; but what idea does that sum present to the mind? The idea of whatever I can purchase with it; which is, in fact, as much as to say, the idea of value equivalent to the house, and not of value of any fixed degree of intensity, or independent of comparison between one commodity and another. When two objects of unequal value are both compared to different portions of one specific product, still it is a mere estimate of relative value."

"One house is said to be worth 20,000 francs, another 10,000 francs; which is simply saying, the former is worth two of the latter. It is true that, when both are compared to a product capable of separation into equal portions, as money is, a more accurate idea can be formed of the relative value of one to the other; for the mind has no difficulty in conceiving the relation of 2 integers to 1, or 20,000 to 10,000. But any attempt to form an abstract notion of the value of one of these integers must be abortive. Nor will this measure of relative value, if we may so call it, convey an accurate idea of the ratio of two commodities one the other, at any considerable distance of time or place. 20,000 francs will not be of any use in the comparison of a house in former, with a house in present times; for the value of silver coin and of wheat have both varied in the interim. A house at Paris, worth 10,000 crowns in the days of Henry IV, would now be worth a great deal more, than another of that value now. So likewise one in Lower Brittany, worth 20,000 francs, is of much more value than one of that price at Paris; for the same reason, that an income of 10,000 francs, is a much larger one in Brittany than at Paris." (end page 211)

"Silver, and coin too, whatever be its material, is a commodity, whose value is arbitrary and variable, like that of commodities in general, and is regulated on every bargain by the mutual accord of the buyer and seller. Silver is more valuable, when it will purchase a large quantity of commodities, than when it will purchase a smaller quantity. It cannot, therefore, serve as a measure, the first requisite of which is invariability." (end page 212)

"The value of labour is affected materially by its quality. The labour of a strong and intelligent person is worth much more than that of a weak and ignorant one." (end page 213)

"The advances made to the old government of France by the then bank of discount, and those of the Bank of England to the English government, ***COMPELLED THOSE BODIES TO APPLY TO THE RESPECTIVE LEGISLATURES TO GIVE THEIR NOTES A COMPULSORY CIRCULATION, THUS DESTROYING THEIR FUNDAMENTAL***

REQUISITE OF CONVERTIBILITY. The consequences have been, that these banks went all to pieces." (end page 244)

"Bank bills or notes, payable on demand, and circulating as cash, play so important a part in the progress of national wealth, and have engendered such important errors in the brain of many writers of repute, that it will be worth while to examine their nature and consequences. I should premise, that the residue of this section applies exclusively to bank notes, depending solely upon the credit of the bank for their currency, ***AND CONVERTIBLE AT PLEASURE INTO SPECIE."***

(So great is the temptation to progressively sever the link between paper and precious metals, that President Jackson realized---probably many years before taking over the office, that the sole guarantee against corrupted paper, is to use no paper at all! His successors, Martin Van Buren and John Tyler, were of the same conclusion!)

"It is a matter no less of curiosity than of importance, to enquire whether bank notes, or ***PAPER DESTITUTE OF INTRINSIC VALUE***, be any addition to the stock of national wealth and what, if any, is the possible extent of that addition, ***FOR WERE THERE NO LIMITS TO IT, THERE COULD BE NO END TO THE WEALTH THAT A STATE MIGHT ACQUIRE IN A SHORT TIME BY THE MERE FABRICATION OF SOME REAMS OF PAPER.*** (end page 245)

(The Frenchman answered his own inquiry. Ink slapped on paper, standing alone as wealth, has, is, and ever will be---fraud!)

"No account is taken of money hoarded which, for the national interest, might just as well have remained in the mine." (page 246)

(This point must be disputed! In a fiat environment such as we have, people of comprehension will seek to maintain and increase a stash of precious metals for self-protection!)

"I have supposed, for the sake of simplicity, that half the specie might be ***replaced by circulating notes---but THIS IS A MONSTROUS PROPORTION***; particularly if it be considered, that ***PAPER CANNOT RETAIN ITS VALUE AS MONEY ANY LONGER, THAN WHILE IT IS READILY AND INSTANTLY CONVERTIBLE INTO SPECIE;*** I say, readily and instantly, because otherwise ***PEOPLE WOULD PREFER SPECIE, WHICH IS AT ALL TIMES, AND WITHOUT THE LEAST HESITATION, TAKEN FOR MONEY."***

"To insure this requisite convertibility, it is necessary that besides having at all times in reserve a fund in specie, sufficient to meet all the notes that may be presented, the bank itself should be at all times within reach of holders of the notes. Therefore, if the territory be of any extent, and the notes so generally circulated, as to form half of the circulating medium, the subordinate offices of the bank must be greatly multiplied to place them within each of all the note holders." (end page 247)

(The reader is directed to the Archives section to examine "Paper Notes Cannot Depreciate." There you will find documentation concerning the so-called "free banking period" in American history, which took place especially over a period of roughly 25 years following Jackson's termination of the U.S. Bank. Note holders were told they could redeem their notes for precious metal at obscure, and always nonexistent sites, in the depths of forests! Persons who presented notes to bank tellers in cities were often threatened with tarring and feathering! Once again, we see that only physical metal can be fully trusted!)

"Should the paper issues of a bank at any time exceed the demands of circulation, and the credit enjoyed by the establishment, there follows a perpetual reflux of its notes, and it is put to the expense of collecting specie, which is absorbed as fast as collected. The Scotch banks, though productive of great benefit, have been obliged, upon such trying occasions, to keep agents in London constantly employed in scraping specie together at a charge of two per cent, which specie was instantly absorbed. The Bank of England, in similar circumstances, was under the necessity of buying gold bullion and getting it coined; and this coin was melted again as fast as it was paid by the Bank, in consequence of the high price of the metal, ***WHICH WAS ITSELF THE EFFECT OF THE CONSTANT PURCHASES MADE BY THE BANK***, to meet the calls upon it for specie. In this manner, it sustained the annual loss of from 2 and one half to 3 per cent, upon a sum of about 850,000 pounds, more than 20 millions of our money. I say nothing of the situation of this bank of late years, ***SINCE ITS NOTES HAVE ACQUIRED A FORCED CIRCULATION AND CONSEQUENTLY ALTERED THEIR NATURE ENTIRELY."*** (end page 248)

(Calculations have been made to approximate the gold price should all dollars correlate to it. Astronomical, yes. And let us never forget silver. A forced paper circulation always leads to bankruptcy.)

On page 253 Baptiste-Say referred to Adam Smith, author of "Wealth of Nations" (quoting entire paragraph from Smith)---

"The commerce and industry of the country, however, he continues, though they may be somewhat augmented, cannot be altogether so secure, when they are thus, as it were, suspended upon the Daedalian wings of paper money, as when they travel about upon the solid ground of gold and silver. Over and above the accidents, to which they are exposed from the unskilfullness of the conductors of this paper money, they are liable to several others, from which no prudence or skill of those conductors can guard them. An unsuccessful war, for example, in which the enemy got possession of the capital, and consequently of that treasure, which supported the credit of the paper money, would occasion a much greater confusion in a country, where the whole circulation was carried on by paper, than in one, ***WHERE THE GREATER PART OF IT WAS CARRIED ON BY GOLD AND SILVER***."

Continuing with Baptiste-Say's quoting Adam Smith---

"The usual instrument of commerce having lost its value, no exchanges could be made but either by barter or upon credit. All taxes having usually been paid in paper money, the prince would not have where withal either to pay his troops, or to furnish his magazines; and that state of the country would be much more irretrievable, than if the greater part of its circulation had consisted in gold and silver. A prince, anxious to maintain his dominions at all times in the state, in which he can most easily defend them, ought upon this account to guard, not only against that ***EXCESSIVE MULTIPLICATION OF PAPER MONEY***, which ruins the very (end page 253) banks which issue it; but even against that multiplication of it, which enables them to fill the greater part of the circulation of the country with it." (end of quote of Adam Smith)

"The distinctive appellation of paper money I have reserved exclusively for those obligations, to which the ruling power may give ***A COMPULSORY CIRCULATION*** in payment for all purchases, and discharge of all debts and contracts, stipulating a delivery of money. I call them obligations because, though the authority that issues is not bound to redeem them, at least not immediately; yet they commonly express a promise of redemption at sight, ***WHICH IS ABSOLUTELY NUGATORY***; or of redemption at a date expressed, ***FOR WHICH THERE IS NO SORT OF SECURITY***; or of territorial indemnity, the value of which we shall presently inquire into." (page 255)

(Nugatory is a near archaic word meaning zero or void.)

"Such obligations, whether subscribed by the government or by individuals, can be converted into paper money by the public authority only, which alone can authorize the owners of money to pay in paper. ***THE ACT IS INDEED, AN EXERTION, NOT OF LEGITIMATE, BUT OF ARBITRARY AUTHORITY; BEING A DETERIORATION OF THE NATIONAL MONEY IN AN EXTREME DEGREE."***

"Upon the principles above established, it should seem, that a money, ***DESTITUTE OF ALL VALUE AS A COMMODITY***, ought to pass for none in all free dealing subsequent to its issue; and this is always the case in practice sooner or later. The notes of what was improperly called Law's Bank, and the Assignats issued during the French Revolution, were never regularly called in or cancelled; yet those of the highest denomination would not pass for a single "sol." ***HOW THEN, CAME THEY EVER TO PASS FOR MORE THAN THEIR REAL VALUE***? ***BECAUSE THERE ARE MANY*** (end page 255) ***EXPEDIENTS OF FRAUD AND VIOLENCE***, ***WHICH WILL ALWAYS HAVE A TEMPORARY EFFICACY***."

"In the first place, a paper wherewith debts can be legally though fraudulently discharged, derives a kind of value from that single circumstance. Moreover, the paper money may be made efficient to discharge the perpetually recurring claims of public taxation. ***THE VERY CREATION OF A PAPER MONEY WITH FORCED CIRCULATION OCCASIONS THE DISAPPEARANCE OF METALLIC MONEY***; for as it is made to pass at par with the paper, it naturally seeks a market where it can find its true level of value. The paper money is thus left in the exclusive possession of the business of circulation; and the absolute necessity of some agent of transfer, in every civilized community, will then operate to maintain its value."

“***NATIONS PRECIPITATED INTO FOREIGN WARS***, before they have had time previously to accumulate the requisite capital for carrying them on, and destitute of sufficient credit to borrow of their neighbors, ***HAVE ALMOST ALWAYS HAD RECOURSE TO PAPER MONEY.*** The Dutch, in their struggle with the Spanish crown for independence issued money of paper, of leather, and of many other materials. The United States (end page 256) of America, under similar circumstances, likewise had recourse to paper money; and the expedient, that enabled the French republic to foil the formidable attack of the first coalition, has immortalized the name of Assignats.”

(The link between paper money and war was well documented in “The Warmongers” by Howard Katz, 1979).

“The last Assignats no longer purported to be payable at sight. The alteration was little attended to, because neither first nor last were, in fact, ever paid at all. ***BUT THEIR VICIOUS ORIGIN WAS MADE MORE APPARENT.*** The paper contained these words---“National domains---Assignat of one hundred francs,” &c. Now what was the meaning of the term, one hundred francs? ***WHAT VALUE DID THEY CONVEY THE NOTION OF***? Was it the value of the quantity of silver, theretofore known under the designation of one hundred francs? No; for 100 francs could not possibly be obtained with an Assignat to that amount. Did it convey the idea of as much land, as might be purchased for 100 francs in silver? Certainly not; for that quantity of land could no more be obtained, even from the government, by an Assignat of 100 francs, than 100 francs in specie. The domains were disposed of at public auction for as many Assignats as they would fetch; ***AND THE VALUE OF THIS PAPER HAD LATTERLY SO FAR DECLINED***, ***THAT ONE OF 100 FRANCS WOULD NOT BUY AN INCH SQUARE OF LAND.”***

"Setting aside all consideration of the discredit attached to that government, the sum expressed in an Assignat presented the idea of no definite value whatever; and those securities could not but have fallen to nothing, even had the government inspired all the confidence, of which it was so (end page 258) eminently destitute. The error was discovered in the end, ***WHEN IT WAS IMPOSSIBLE ANY LONGER TO PURCHASE THE MOST TRIFLING ARTICLE WITH ANY SUM OF ASSIGNATS, WHATEVER MIGHT BE ITS AMOUNT."***

(This concludes the book review. We will now consider several items from the New York Times.)

On October 29, 1877, page 2, the NYT stated that the Bank of France was holding 823,800,000 francs in silver coin. The gold in its vaults was estimated at 1,386,780,000 francs and continued---

"It is estimated that a sum in silver equal to that in the bank is in the hands of the French people."

The NYT, November 13, 1877, page 4, said, “The Bank of France has a gigantic silver elephant on hand.” The great newspaper was in league with British Empire elements!

On January 18, 1926, page 30, the NYT reported that John Maynard Keynes, British economist and fiat money promoter, advised the French Finance minister to inflate prices to “nine times their present figure.” This would be accomplished by a massive paper currency issue! Keep in mind, this was just two years after Germany crashed and burned in that exact same manner. But according to Keynes, his recommendation would lead to a “lightening the burden on the taxpayer through a higher income to manufacturers and higher wages for the employee.” According to the story, Keynes proposals “have found no favor in France or anywhere else.”

Keynes was a member of the Royal Commission on Indian Currency under Viceroy Halifax. This Commission recommended the demonetization of silver in India in 1926 and dumping it on world markets. These predatory lowlifes knew exactly what they were doing and what the worldwide consequences would be. They caused the Great Depression. Then 24 years later Halifax became president of The Pilgrims of Great Britain---the London branch of the paper money mob. The NYT, January 27, 1926, page 22, in a short editorial titled “Advice Not Taken” said that Keynes wanted “to send across the Channel some kind directions to the French how to manage their currency” and had other points to make, such as how---

“Every financier in France ought to accept the ideas of Mr. Keynes because they are “***ABSOLUTE AND DEFINITE IN THEIR SCIENTIFIC RIGOR***.”

Such a rich example of a lying economist! There’s more! Consider this---

“Mr. Keynes admits that previous Finance Ministers in Paris have “inflated magnificently,” but points out that that they did not succeed in sufficiently depreciating the purchasing power of the French franc.” To do that is, according to him, the great task that remains. The net result is that Mr. Keynes benevolent offer of financial advice to France is declined with thanks**.** ***THE FRENCH PERCEIVE THAT THE WAY TO STABILIZE THE FRANC IS NOT TO DEPRECIATE IT BUT TO STRENGTHEN IT***.”

According to E.C. Knuth in "The Empire Of The City---World Superstate" (1946, about the City financial district of London, extensively mentioning The Pilgrims Society), page 100, Keynes was a neighbor of Lord Rothschild. It was Keynes who actually originated the ominous Bretton Woods Plan (1944). As always, the biggest operators hide behind front men!

In a NYT editorial titled, "Falling Franc Rivets Attention Of Nations," subtitled, "Social and Political Unrest Invariably Accompanies a Depreciated Currency," Harold Moulton, director of the Institute of Economics in Washington D.C. (August 8, 1926, section VIII page 10) had this to say (excerpts only)---

"The attention of the whole world is now focused upon the French franc. If the franc declines, social unrest increases, now taking the form of opposition to government policies, again manifesting itself in hostility to foreigners and especially to tourists who flaunt their unaffected wealth. As the depreciation gains momentum ***A SPENDING MANIA DEVELOPS***. ***PEOPLE SEEK TO CONVERT THEIR MONEY INTO TANGIBLE GOODS BEFORE IT EVAPORATES IN THEIR HANDS.*** At the same time, the "flight from the currency" begins, which means that francs are exchanged for stable foreign currencies and the proceeds deposited in foreign banks. The efforts of individuals thus to protect their own interest, coupled with the activities of speculators, intensify the difficulties and accelerate the currency disorganization."

(The spending mania he spoke of was never more dramatically seen than in 1923 Germany as prices literally rose by fractions of a minute round the clock. In a hyperinflation situation in the not distant future, say by mid 2009, banks may be ordered closed for a time and withdrawals be made impossible. When a reopening is announced, angry citizens could find their spending power cut by 60% or more. This includes a sudden "emergency" in which the President addresses the nation, announces the start of the North American Union and the new hemispheric currency---the Amero! Precious metals are hardly the only item citizens need be concerned about having on hand. Among other things, a six-month food supply is highly advisable!)

More from Moulton, who came from a professorship at Rockefeller's University of Chicago---

"As parliamentary government breaks down the granting of dictatorial powers is looked to as the only means of preventing financial and economic catastrophe. The Belgium franc declines and the King is granted "war time powers" in the hope that thus the situation may be saved. The Polish zloty collapses and revolution ensues. ***A DICTATORSHIP IS SET UP.*** American experts are called in to analyze and prescribe. The Italian lira declines, and even a Mussolini is concerned, as witness the drastic restrictions upon all forms of expenditure both public and private. Since the war, Russia, Austria, Hungary, Germany and other countries have passed through currency debacles more or less complete."

"The social consequences of depreciated currency were so serious that in the nineteenth century all of the leading governments of the world adopted a device to prevent a repetition of currency inflation. ***THE POWER OF ISSUING CURRENCY WAS TAKEN AWAY FROM GOVERNMENTS AND PLACED IN THE HANDS OF INDEPENDENT BANKING INSTITUTIONS CALLED BANKS OF ISSUE. EXPERIENCE HAD CONVINCED STUDENTS OF THE PROBLEM THAT ONLY BY TAKING AWAY FROM GOVERNMENTS THE POWER OF CREATING CURRENCY AND PLACING THIS POWER IN THE HANDS OF INDEPENDENT AGENCIES COULD THE SANCTITY OF THE STANDARD OF VALUE BE PRESERVED. GOVERNMENT TREASURIES WERE NOT TO BE TRUSTED."***

(This was written over 90 years after President Jackson stomped the second United States Bank into a mudhole. It also was alleged by its supporters to be an "independent agency" whose task was to "stabilize the currency." Mr. Moulton conveniently said nothing on the subject of that obscene Bank and how it drove gold and silver from circulation through extraordinary quantities of fiat notes. Mr. Moulton spoke of "students of the problem"---wow! Comparing central bank backers to students of a monetary problem is like calling kidnappers travel agents!)

Next Moulton seemed to be humming a different tune---

"The result was that the total quantity of paper currency was increased without any increase of metallic reserve. So long as paper currency was redeemable in gold, it was as good as gold. But when the quantity was rapidly increased to meet war requirements, it became impossible for the European banks of issue to redeem the paper currency at any time that it might be presented. In addition to the fact that the quantity of paper currency outstanding was greatly increased, there was always the danger, in wartime, ***THAT GOLD WOULD BE WITHDRAWN FROM THE BANKS AND HOARDED. HENCE IT WAS NECESSARY TO REFUSE TO PAY OUT GOLD, TECHNICALLY KNOWN AS SUSPENSION OF SPECIE PAYMENTS***."

(The link between war finance and inconvertible paper money is indisputable. Gold, in addition to being a restraint on inflation, is also a restraint against war, if we allow it to be. As for "hoarders," governments staffed by the wrong personalities will always hold the view that citizens have no basic right to protect themselves from irresponsible currency debasement; it's even unpatriotic! The most gallant military commander who rose to the Presidency, General Jackson, would never have agreed that citizens act "treasonously" by saving in precious metal!)

"When the Bank of France suspended specie payments during the war international traders had to compare the American dollar, not with the French gold franc, but with the French paper franc. And as the number of paper francs increased the value of the paper franc in comparison with the dollar declined. Hence French exchange declined."

(It amazes you to consider how so many have gotten by over the years proposing unbacked currencies as a way of life, when history's lessons vividly illustrate the dangers of such policy. Sure, even a car will run without gasoline---if it's going down a mountain road. But how far does it continue on when the grade steepens? What was Moulton's proposed solution for stabilization of the French franc? He said the budget should be balanced---with which we will not disagree. Yet he failed to state that gold convertibility should be restored---the prime basis for stabilization!)

"Most serious of all is the effect upon the different classes in society. As was said at the time of the German currency collapse, the situation creates a country divided into three classes, "one that suffers silently and goes under in decency; another that profiteers cynically and spends recklessly; ***AND A THIRD THAT WRITHES IN DESPERATION AND WISHES TO DESTROY IN BLIND FURY WHATEVER IS LEFT OF A GOVERNMENT AND A SOCIETY THAT PERMITS SUCH CONDITIONS."***

(Destruction of a fiat currency by constant overissue is one manner of imposing dictatorship at the end of the process. It is also the most effective wealth transfer mechanism that ever existed. The 1961 Who's Who, page 2081, shows that Moulton was president of the Brookings Institution from 1922 through 1952 when he became president emeritus. Brookings is viciously opposed to use of silver as money. Treasury Secretary Dillon, who demonetized our silver coins, chaired the Brookings Institution, and there are plenty of other instances available to show its anti-silver connections.)

The collapse of the Polish Zloty was mentioned. Though this essay is mainly concerned with French monetary history, events in all major European nations had influence across the continent. The NYT, August 10, 1929, page 20 reported---

"Cable reports from Warsaw announce that Poland is now initiating the circulation of a new silver coin. The government is now proceeding to replace 140,000,000 zlotys with 28,000,000 of the new 5 zloty silver coins."

How many lessons of history are needed before we return to precious metals?

The NYT ran a story, "Caillaux Hits Gold Franc," subtitled, "Declares Efforts to Establish Such Value Are Insane" (January 20, 1927, page 16)---

"Paris---The former French Minister of Finance, M. Caillaux, at a session of the Executive Committee of the Radical Socialist Party this evening announced that he was strongly opposed to any financial program looking to the restoration of the franc to a gold value. "All hopes of restoring the franc to a gold value are insane. I repeat that I am for stabilization. I am convinced it is the only true course. The Radical Socialist Party has affirmed its adhesion to the program of stabilization adopted at Bordeaux. Let it remain faithful to that conception."

According to http://en.wikipedia.org/wiki/Joseph_Caillaux

"Joseph Auguste Caillaux (March 30, 1863- November 22, 1944) was a major French politician of the Third Republic. The leader of the Radicals, he favored a policy of conciliation with Germany during his premiership from

1911 to 1912, which led to the maintenance of the peace during the Second Moroccan Crisis of 1911.

In 1914 he resigned as Minister of Finance after his wife Henriette shot Gaston Calmette, the editor of Le Figaro newspaper when he threatened to print a letter written by Caillaux that was political dynamite. She was acquitted, however, and Caillaux became the leader of a peace party in the Assembly during World War I. This led to his arrest and trial for treason in 1918. Again rehabilitated after the war, Caillaux served at various times in the left wing governments of the 1920s."

Caillaux was Finance Minister from April into October 1925 and was not in office when Keynes made his suggestion to deluge France with unbacked currency so as to increase prices 900%, otherwise, it seems as if he might have like Keynes idea! Keynes (1883-1946) resembled a grinning jackass---

Keynes disgraced the front cover of Time, December 31, 1965. The NYT, July 9, 1927, front page, “Stabilized Franc Not In Discussion, Governor Strong Asserts” contained items of note---

“Anticipated denial that the approaching stabilization of the French franc has entered into the conferences here of executives of the Bank of England, the Bank of France, the Reichsbank and the Federal Reserve Bank was forthcoming yesterday in the first official statement as to the subjects discussed at the conferences. The statement was issued by Benjamin Strong, Governor of the Federal Reserve Bank of New York. ***THE FLOW OF GOLD AMONG NATIONS***, the operation of the gold standard and the relationship of discount rates in the various countries are among the subjects which have received attention at the conferences, Mr. Strong said.”

(The name Benjamin Strong appears as honorary secretary of The Pilgrims of the United States, for 1971-1973---this is the paper money mob of which Douglas Dillon, mentioned at the start of this presentation, was an executive committee member.)

“While no information supplementing the formal statement was forthcoming at the Reserve Bank, the financial district attached great importance to the apparent progress toward removing barriers against the free flow of commerce. The statement issued by Governor Strong follows---

"The expected presence in this country of officers of the Bank of England, the Bank of France and the Reichsbank was explained by the Federal Reserve Bank prior to their arrival. No statement could be made as to any specific matters to be discussed."

"For several years Governor Strong has visited Sir Montagu Norman, Governor of the Bank of England, each summer, while Governor Norman usually comes to New York in the winter. Hjalmar Schacht, President of the Reichsbank, also had been invited to come to New York, and he and Governor Norman arranged to make their visit together, after which Charles Rist, Deputy Governor of the Bank of France, was invited to make his visit to New York at the same time."

The story closed with mention that the Bank of France might acquire gold from the Fed. The August 28, 1927 NYT, section II, page 13, read "Regulation Of Gold Values Is Proposed," subtitled, "London Bank Believes Achievement Possible Through Cooperation of Central Banks"---

"The Midland Bank of London expresses the opinion in its monthly bulletin for August that an international conference with a view to the regulation of gold values and prices is a practical possibility. The bank remarks that "it is well known that for some time past unofficial periodical conversations have taken place between central bank authorities in Europe and the United States."

(Actions against gold today have their roots in planning long ago! To see how inflation has gripped the world in this era of inflating fiat currencies, consider that the NYT, December 6, 1928, front page, reported that the Midland Bank had deposits equal to $1,869,221,358. How many banks in the world of 2007 have deposits nominally exceeding that figure? There are several banks with 200 times that---and more---in nominal terms.)

"The most inclusive of these meetings has recently taken place and, thanks in part to the gold movements which preceded it, a great volume of speculation has arisen as to matters under discussion. So far no meeting along the lines suggested at the Genoa conference has been called by the Bank of England and, officially at least, no steps have been taken toward the conclusion of an international convention for stabilizing the value of gold, though, according to a statement by the New York Federal Reserve Bank, the recent conversations have covered the question of gold values among other subjects."

(For "stabilizing the value of gold" read, "rigging the price.")

"The apparent absence of official negotiations is not to be taken as implying the rejection of the scheme. The terms of the Genoa resolutions may be read as indicating that the time is not yet ripe for entering on the negotiations for a monetary convention. As soon as France and Italy have reached stabilization of exchange, ***WITH DEVALUATED MONETARY UNITS***, there will be presented the opportunity for carrying out the proposals on a comprehensive plan."

(While these plans were going on to control the gold supplies of major nations, silver assuredly was not overlooked. The matter of the colossal silver dumping out of India the British started in 1927 will be addressed in the series "Britain Against Silver," starting this summer.) Germany, France's most prominent neighbor, with whom many wars have been fought, has had the same fiscal ills as France. In fact Germany was so demonized by inconvertible paper that Alfred Landsburgh, an editor, was "against managed currencies" and advised a "return to general use of gold coin." (NYT, May 14, 1928, page 31).

The NYT, July 10, 1928, page 32, "French Lose On Silver," subtitled "Government Will Pay but 40 Cents on Dollar for Demonetized Coins" noted---

"Paris---The silver coins hoarded for years by French peasants in their proverbial woolen socks will not be redeemed at par, but at two-fifths of their pre-war value. The Government has fixed the ratio, effective next Monday, for the silver pieces which have been demonetized under the stabilization bill, the value being set on the basis of the bullion value."

(The lowered bullion value was attributable 100% to the British dumping silver out of India that started over a year before that---and to no other cause! You can be sure that the authors of the stabilization bill knew what was taking place; maybe many of them even approved of it!)

"Consequently***, FRENCHMEN WHO DID NOT TRUST BANKS, THINKING THAT ANY HARD MONEY WAS ALWAYS WORTH PAR, WILL GET ONLY FORTY CENTS ON THE DOLLAR FOR THEIR SILVER COINS."***

(Sick tricks such as this won't work today---there isn't any silver of any magnitude left to dump. Even if all the metal in Barclay's ETF "seeped" out into the market, with more investors realizing the best silver is that which they privately hold, it couldn't dent the price by too much for very long. It could frighten out the uninformed, however!)

We will conclude after review of three other items on French finance, having reviewed only some portions of French monetary history dating back centuries, and ending the review before mid-twentieth century.

The NYT, September 16, 1928, page 17, "France Gets Hoarded Gold," subtitled, "97 Tons of it and 500 Tons of Silver Have Been Turned in by Peasants" revealed---

"Paris—(AP)—Five hundred tons of silver coins have been turned into the French Treasury since stabilization of the franc was decreed, and Premier Poincare announced that the silver 1, 2 and 5 franc pieces were ***NO LONGER LEGAL TENDER***. Ninety-seven tons of gold coin likewise have found their way into the coffers of the Treasury. Bank officials say that the peasant hoarders prefer gold to silver and must still have billions of gold francs buried in their gardens and cellars."

French Premier Raymond Poincare (1860-1944), silver coin grabber---

(Does it seem realistic that the hoarders preferred gold over silver in view of only five times as much silver by weight as gold being turned in? That's certainly out of whack with historic mining ratios.)

"Most of the French banks have had to hire special staffs to handle silver and gold coins as they have been turned in. For this work a knowledge of economics and finance has been less necessary than powerful shoulders and a deep chest, because the silver, heaped in great piles, was handled with shovels and bundled for shipment in gunny-sacks. Some of the silver turned in appears never to have been circulated, going directly from bank to garden or garret depository. The banks are paying $7.50 per pound for the silver franc pieces and $6.75 a pound for the small coins in which there is more alloy."

"Sarthe, the department in which the large American centre at Le Mans was situated during the war, turned in the most silver, while the occupied Department of the Nord led in gold, the explanation for the latter being that the Germans during their four years of occupation failed to find the peasants hoards, and the peasants themselves were unable to turn the gold in for war loans. Among the gold pieces received is one coined by Godfrey De Bouillon in Palestine a thousand years ago."

This appears to be the origin of the term bullion, from French, meaning to "boil," as in this case, to melt metals before they become coins. De Bouillon (1058-1100 AD) was a Crusader who went to Jerusalem in 1096 and knew Robert, the son of William the Conqueror---

Obviously the history of all forms of money is long and complex. I think it important to know exactly who across the ages has interfered with the integrity of money, by debasing coinage, confiscating metals, making paper notes inconvertible for metal, right on down to our modern day world banking community thieves with their organizations like The Pilgrims and its Bilderberg subsidiary for transitory heads of state. The French apparently understand the importance of purity, "Paris Rejects Gold In American Shipment," subtitled, "Bank of France Refuses Bars as Containing Less than 99.5% Pure Metal," NYT, December 25, 1929, page 37. The article noted as to the Fed---

"It is the practice of the Federal Reserve Bank to accept gold bars of any fineness, although payment is made only for the actual gold content of the bars."

I bet the spooks at the Fed would accept any fineness today, just to hold market prices down to prop up currencies, especially the FRN. In the last days of silver certificate redemption back in 1968, silver granules were paid instead of coin or bullion, and this understandably caused unhappiness. It was almost as if the Treasury, in its bending over backwards to placate the silver users, rendered silver into casting shot---as used in jewelry manufacture.

The December 24, 1929 NYT, page 23 stated---

"Although it is expected that it will be many years before silver is abandoned as a monetary unit, reports have been current in banking circles that France may insist on the gold standard for Indo-China."

What we find in French Indochina (what we now know as Vietnam, Cambodia and Laos, which colonial empire ended in 1954) were coins of zinc; copper; nickel; and aluminum http://art-hanoi.com/collection/iccoins/1943.html

However, as regards the opium trade in those areas, silver was still demanded as payment and was called the opium tael http://art-hanoi.com/collection/iccoins/tael.html

The December 22, 1930 NYT, page 30, shows the corrupting British influence in French financial circles---

"It is also believed that any concerted plan in the direction of supporting silver would mean reversion to the bimetallic theory, ***WHICH NO LONGER HAS ANY SUPPORT IN FRANCE, AND WHICH IS***

CONSIDERED, IN VIEW OF FINANCIAL CONDITIONS OF THE PERIOD, TO BE AN ABSURDITY."

(Silver had huge support in France, but not among the corrupted, infiltrated, bought-off leadership. Adverse financial conditions of the period were caused by demonetization of silver. Then the crooks blamed the victim for the crime!) Yes, any bankers anywhere would be tempted to act against hard money, even had Britain never existed. It would take another essay to discuss the Latin Monetary Union, which lasted from 1865 to 1927 (when Great Britain's silver attack intensified). These nations used silver and gold coins for currency and included Belgium; Italy; Switzerland; Austria; Greece; Bulgaria; Romania; Serbia; Montenegro; Venezuela; San Marino; Vatican State; and France, under Napoleon III (1852-1870)---

The NYT, March 20, 1927, section II, page 13, "Swiss Gold Is Still Put Into Circulation" we read---

"The Swiss National Bank in its current annual report comments as follows on the attitude of Switzerland regarding gold and silver coinage---"The policy of our establishment in respect of the issue of gold coins has not changed since the previous report; on demand the Bank continues to put into circulation gold coins paid in over the counters. The stability of the Swiss franc in the immediate proximity of the dollar parity prevented large international arbitrage operations in gold. Imports of bar gold do not enter into this category of operations, and imports of gold coins from countries of the Latin Union have not quite ceased."

"The great event of the year in respect of the gold circulation was the dissolution of the Latin Monetary Union brought about by its denunciation last year by Belgium. In consequence of this dissolution the gold currencies of other countries of the union are no longer legal tender in Switzerland, where certain of these coins have circulated since 1860. These coins having been withdrawn, our monetary circulation will be completely nationalized. These measures are of particular importance because they mark the end of a period of more than three-quarters of a century of Swiss monetary history. Since the unification of our monetary system, effected in 1850, our circulation was supplemented in various degrees by foreign coins. Since the establishment of the Latin Union in 1865, our monetary rights have been on an international basis. To discuss the Latin Union and its merits would exceed the scope of this report. It departed this life without a struggle, after its sixty-two years of existence, and without having fulfilled all that was expected of it."

I take issue with the closing words of this story! A great struggle did take place, with the bad guys centered in London. That's material for another article. If someone gets there before I do, you have relieved me of a load! Let's just consider an excerpt from a NYT editorial, "Will Our Example Be Followed?" dated February 20, 1878, page 4. They were referring to the silver bill that was to start the series of Morgan dollars later that year. They were lamenting the fact that its passage was "too probable." If you ever heard of a Morgan silver dollar, you know the paper did not get what it lobbied for and predicted continued foreign action against silver as money---

"Germany, whose action has already been so important and so decided, is not in the remotest degree likely to contemplate its reversal. The advocates of bimetallism in that country are few and of no great influence, while the government is committed beyond all retreat to the opposite view. The tendency of Austria is toward a gold standard, and this shows itself both in the policy of the government and in public opinion."

This was probably a case of the paper putting words in someone else's mouth. I doubt that a majority of Austrians suddenly decided that silver coins are some kind of infectious disease.

"There remains the countries of the Latin Union. These consist of France, Belgium, Switzerland, Italy, Greece and Romania. The compact which binds these countries together expires with the present year, and the question of its renewal or modification is exciting much attention. It was prominently brought forward in the recent debate in the French Senate on the request of the Ministry for authority to continue the suspension of the coinage of silver for another year. There is much dissatisfaction with the working of the Union, but it is of a character that is not likely to advance the employment of silver."

"During the year 1877 neither France, Belgium, nor Switzerland coined the full amount which was allowed to her under the Union. Specie payments being suspended in Italy, the Italian coin found no employment at home, but was all sent out of the country, principally to France, where it circulates at 10 percent more than its real value. The convention gives France the right to return this coin at its nominal value, ***BUT DEPRECIATED BANK NOTES WOULD BE ALL THAT COULD BE OBTAINED IN EXCHANGE***. It is not likely that France will consent to a renewal of the Union, except on terms which will protect her against the flood of silver."

Imagine that! Apparently depreciated bank notes are to be preferred over silver coins---with morons leading the charge!

"Her influence will be thrown in the direction of restricting the amount of silver put in circulation, and not in the direction of extending it, as the silver advocates in our own country fondly imagine. In this she will be likely to be sustained by Switzerland and Belgium, neither of which governments, as we have noted, permitted the coinage of any silver during the past year. The action of Greece and Romania cannot be considered of any consequence. Thus we have the preponderance of opinion in the Latin Union strongly against the extension of the use of silver."

Any such preponderance of opinion was held by national leaders, not with average people. There is no historical record I have yet to see, and I have been poking around in multiple extensive archives for 6 years, that shows rank and file individuals ever voluntarily gave up the use of silver as money!

The NYT, October 4, 1931, page 19, mentioned Warren Burgess (Pilgrims Society) of the Federal Reserve Bank of New York, and several deals into which the Bank of France was drawn to the extent of $350,000,000. Of course, these were no isolated instances. As Undersecretary of the Treasury in the mid-1950s Burgess helped oversee silver disbursements to the Silver Users Association and in 1957 he became Ambassador to N.A.T.O.

In a paragraph titled "Huge Vaults Of Bank Of France" (National Geographic Magazine, April 1933, "Men And Gold, page 518) we find---

"France, with a stock of about $3,250,000,000, or more than twice what she held in 1929, has the world's largest concentration of gold. America's stock is larger, but so is our country, and our stock has not increased so fast as that of France. France guards her vast treasure by a method almost spectacular. Neither burglars nor enemy armies using bombs or poison gas would find it easy to get at these billions held by the Bank of France. Its great vaults are beneath the city of Paris, 200 feet down, protected by 50 feet of solid rock and a subterranean lake deep enough to float a ship."

"To reach these vaults one descends by elevator, then through six steel towers with steel doors that revolve by electric motors. In case of danger, a thousand bank employees could descend this passageway and flood it behind them. Once in the huge treasure chamber of two and a half acres in extent, enclosed in walls of steel and concrete 20 feet thick, this army could live indefinitely, almost in comfort, with kitchens, dishes, linen, and beds. There is food enough on hand to withstand a long siege. Fresh air is supplied by a secret means."

"Even if intruders could bore their way through the solid rock and conquer the waters of the Seine, dammed up here by the bank chamber, there would still be other ways of protection, known only to a few. Love may laugh at locksmiths; but there is no joke about the insurmountable barriers, which took nearly 1,500 workers three years to complete, behind which France guards her gold stock."

Canadian gold has often arrived at French destinations (NYT, January 18, 1928, page 34). A review of French outlook on money and economics would be incomplete without a summary from Frederic Bastiat (1801-1850)

Frederic Bastiat 1801-1849 “The Law” (1849)

"If the natural tendencies of mankind are so bad that it is not safe to permit people to be free, how is it that the tendencies of these organizers are always good? Do not the legislators and their appointed agents also belong to the human race? Or do they believe that they themselves are made of a finer clay than the rest of mankind?"—From The Law

"Life, faculties, production—in other words, individuality, liberty, property—this is man. And in spite of the cunning of artful political leaders, these three gifts from God precede all human legislation, and are superior to it. Life, liberty, and property do not exist because men have made laws. On the contrary, it was the fact that life, liberty, and property existed beforehand that caused men to make laws in the first place."—From The Law

"Government is the great fiction through which everybody endeavors to live at the expense of everybody else."—From Government

"But how is this legal plunder to be identified? Quite simply. See if the law takes from some persons what belongs to them, and gives it to other persons to whom it does not belong. See if the law benefits one citizen at the expense of another by doing what the citizen himself cannot do without committing a crime."—From The Law

"If socialists mean that under extraordinary circumstances, for urgent cases, the state should set aside some resources to assist certain unfortunate people, to help them adjust to changing conditions, we will, of course, agree. This is done now; we desire that it be done better. There is however, a point on this road that must not be passed; it is the point where governmental foresight would step in to replace individual foresight and thus destroy it."—From “Journal des Economistes”

"Socialism, like the ancient ideas from which it springs, confuses the distinction between government and society. As a result of this, every time we object to a thing being done by government, the socialists conclude that we object to its being done at all. We disapprove of state education. Then the socialists say that we are opposed to any education. We object to a state religion. Then the socialists say that we want no religion at all. We object to a state-enforced equality. Then they say that we are against equality. And so on, and so on. It is as if the socialists were to accuse us of not wanting persons to eat because we do not want the state to raise grain."—From The Law

"The socialists declare that the state owes subsistence, well-being, and education to all its citizens; that it should be generous, charitable, involved in everything, devoted to everybody; ...that it should intervene directly to relieve all suffering, satisfy and anticipate all wants, furnish capital to all enterprises, enlightenment to all minds, balm for all wounds, asylums for all the unfortunate, and even aid to the point of shedding French blood, for all oppressed people on the face of the earth."

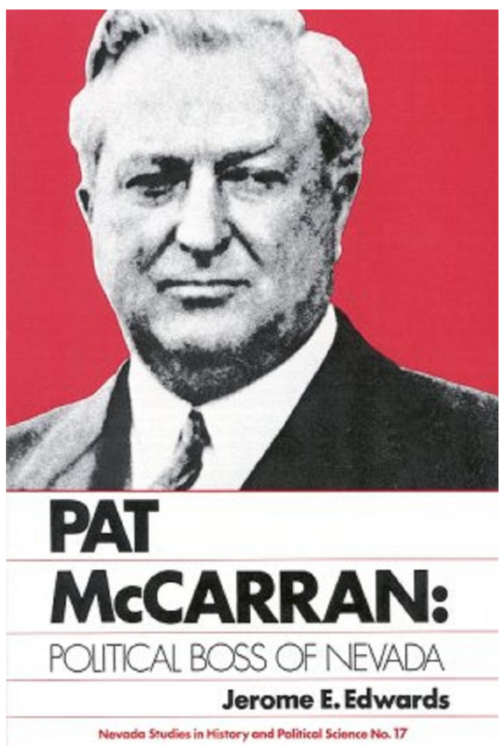
"Who would not like to see all these benefits flow forth upon the world from the law, as from an inexhaustible source? But is it possible? Whence does the state draw those resources that it is urged to dispense by way of benefits to individuals? Is it not from the individuals themselves? How, then, can these resources be increased by passing through the hands of a parasitical and voracious intermediary?"

"Finally we shall see the entire people transformed into petitioners. Landed property, agriculture, industry, commerce, shipping, industrial companies, all will bestir themselves to claim favors from the state. The public treasury will be literally pillaged. Everyone will have good reasons to prove that legal fraternity should be interpreted in this sense: "Let me have the benefits, and let others pay the costs." Everyone's effort will be directed toward snatching a scrap of fraternal privilege from the legislature. The suffering classes, although having the greatest claim, will not always have the greatest success."—From "Journal des Economistes"

"It seems to me that this is theoretically right, for whatever the question under discussion—whether religious, philosophical, political, or economic; whether it concerns prosperity, morality, equality, right, justice, progress, responsibility, cooperation, property, labor, trade, capital, wages, taxes, population, finance, or government—at whatever point on the scientific horizon I begin my researches, I invariably reach this one conclusion: The solution to the problems of human relationships is to be found in liberty."—From The Law

"Try to imagine a regulation of labor imposed by force that is not a violation of liberty; a transfer of wealth imposed by force that is not a violation of property. If you cannot reconcile these contradictions, then you must conclude that the law cannot organize labor and industry without organizing injustice."—From The Law

The great Nevada Senator Patrick McCarran, speaking at the American Mining Congress conference in Salt Lake City, remarked (Mining Congress Journal, December 1942, page 21)---



“There are those countries in which teeming millions exist that know only silver as a basic money. Today, the people of India have raised the price of their silver, and are imploring that we send more silver to them. Today, in France, the masses of the people of France are praying---clamoring for silver. I will tell you why. Those governments have issued paper money, paper money, paper money, until the masses of the people of the subjugated countries have lost faith in controlled currency, because they know the printing press runs on forever, and they have gone through a period in their history when they could hold a bale of the paper in their hand, and couldn't get a loaf of bread for it, but the fellow with a little piece of silver coin tucked away in his pocket could buy the necessities of life; and so ***THE TEEMING MILLIONS OF THE WORLD ARE ASKING FOR SILVER***."

If you remember Steve McQueen's 1966 hit film, "The Sand Pebbles," concerning an American gunboat upriver in China in 1926, you recall the scene where the character called "Frenchy" died. Today Frenchy---and billions more people from pole to pole---are at extreme risk of monetary death by fake money. So, let's remember the lessons from monetarily sensible leaders like Charlemagne and Napoleon---silver is money---gold too; all else is fraud!