

CRISIS MEMO TO ICMA

Presented July 2008 by Charles Savoie

"THE REMONETIZATION OF SILVER WOULD BE FUNDAMENTAL AND CONSTRUCTIVE. SILVER WILL SAVE CIVILIZATION."---Letter, New York Times, August 23, 1933, page 16

"In December 2007 the United States Conference of Mayors released a study that said that home values would drop by \$1.2 trillion in 2008, hitting city budgets the hardest. States are also beginning to suffer; on Wednesday, the Center for Budget and Policy Priorities in Washington reported that at least 16 states had predicted budget shortfalls for 2009 totaling over \$30.1 billion."---New York Times, January 24, 2008

As an intro for the letter to the ICMA, International City/County Management Association www.icma.org represents the interests and budgets of some 9,000-member governments at city and county level. Current news accounts of local governments in financial crisis are commonplace. Overriding cause of the problems is due to mismanagement by the Federal Government of our national finances---ceaseless deficit spending, rising debt ceiling (already incomprehensibly high) and an illegal, unconstitutional central bank that creates artificial money. As the dollar in its present form is merely fiat, its purchasing power must continue to decline in most sectors. Even real estate will bottom; but where is the bottom for the buck? The ICMA, founded in 1914, expresses the wish to improve public services for its cities and counties and quality of life. How can this be accomplished in the face of declining revenues, especially from property tax and sales tax? City and county governments have huge vehicle fleets and fueling them has become expensive and portends to become costlier still. **THIS LETTER CONCERNS ALL GOVERNMENT IN THE UNITED STATES OUTSIDE THE RECKLESS FEDERAL GOVERNMENT**, and is also addressed to the United States Conference of Mayors <http://www.usmayors.org/> and the National Governors Association <http://www.nga.org/portal/site/nga> These three are all headquartered in the District of Columbia.

Esteemed Governors, Mayors, City Managers, County Commissioners and City Councilmen---

No one could be more acutely aware than yourselves as to the worsening crisis in government finance in your jurisdictions. Prime responsibility for the sickly economic landscape rests with the Federal Government, who demonstrates no intention to balance its budget. An allegedly Federal agency, the Federal Reserve System, is the source of inflation, though they are expert at blaming industry, foreign trading partners, or anyone else lies can be hurled at. You must not march down the road of penalizing your law abiding constituents by merely raising property and other taxes, and becoming self-sanctioned thieves, as in the California situation of citizens safe-deposit boxes being declared "vacant" or "unknown," and their contents seized to help alleviate wobbly state finance, in spite of the owners not having defaulted on any obligations to the banks or any level of Government for overdue taxes or court judgments. Citizens can be squeezed only so mercilessly before they will revolt and turn out of office all who they perceive are gouging them, making them scapegoats suffering for Federal fiscal mismanagement. Tax

consumers who become unemployed could remain jobless. The municipal bond market is like a wildebeest inches away from a lion's jaws. Sinking funds will really sink and conduit bonds will be defaulted. With so many banks in danger, fiscal agents may look for Kit Carson's wilderness hideout. Revenue anticipation notes could become unsalable. Municipal index futures on the CBOT appear under a threatening cloud. Ten-year municipal notes have scant appeal in this diseased environment.

I remind all of you that these United States used to be nominally on a note to gold convertibility system, up until early March 1933. Additionally, we had circulating silver certificate notes redeemable into the summer of 1968. As a young man I was always excited to receive one in change, realizing they were superior to other paper notes. We have been assured ad infinitum by legions of university economists, many of them with egos the size of elephants, that there need be no precious metallic basis for our currency system. No wonder we have such an inflationary illness---there is nothing to stop government from creating inflation. Who am I? Merely a hobby historian who, without grants from Wall Street connected foundations, has offered one heavily documented historical research report after another on national and world finances and the legitimate role of precious metals, especially silver. The Silver Users Association, the Gold Anti-Trust Action Committee, Free Market News, Project for the Exposure of Hidden Institutions and the Institute of Chartered Financial Analysts of India are among those citing my research.

If you prefer a monumentally more authoritative voice on national finances, we direct you to consider President Jackson. Could he be summoned, I am certain we would all stand aside so he could take center stage. He was a bitter opponent of unbacked paper currency as he saw its "value" withering everywhere as if shrinking in a blazing fireplace; his travel expenses were paid in gold! He abolished the central bank, which in its innate dishonesty imposed unreasonable barriers against note redeemability; notes issued at one branch could only be converted at a distant branch! Imagine Wal-Mart in Chicago issuing coupons only good at Wal-Mart in Miami! Old Hickory issued the Specie Circular, which required that Federal lands could only be purchased with gold and silver. The consequence was that the United States national budget was finally balanced and he ended his two-term tenure with a Federal surplus. This was the same fiscal conservative whose decision to scrap the central bank has been so vilified by our prostitute economists, who have wasted entire forests for paper their bogus journals are printed on! They have depicted Jackson as a dimwitted unwashed slobbering backwoods illiterate with a pig farmer's mentality who "couldn't understand banking," when in fact he was quite the paragon of brilliance, outmaneuvering foreign generals and wily bankers both and crushing their schemes like the consummate master of conflict he was. No one who ever ran for President had as much popular support. His notion concerning the two presidential contenders might be to have summoned them to a pistol duel.

[A letter in the New York Times, September 12, 1933, page 22 remarked---](#)

["May I commend to the President the wisdom of reading Chapter VIII of Thomas Hart Benton's first volume of his "Thirty Years View," which tells of the restoration of specie payments under the Jackson administration, with particular attention to this paragraph"---](#)

["The good effects of the bill were immediately seen. Gold began to flow into the country through all the channels of commerce; old chests gave up their hoards; the mint was busy; and](#)

in a few months, as if by magic, a currency banished from the country for thirty years overspread the land, and gave joy and confidence to all the pursuits of industry.”

Thomas Hart Benton was a Missouri Senator known as “Old Bullion.” He was a key legislative ally of Andrew Jackson. This was the same man who earlier wounded Jackson in a dispute in 1813. Years later they put their differences aside for the good of the nation. Where are such great men today? Why do we continue to have Presidential candidates with morals undetectable under a microscope?

Another NYT letter, signed by “Colombian,” dated October 2, 1933, page 18, stated in part---

“Then came the revolution of 1900, to finance which the government had recourse to paper money; **THE PRINTING PRESSES STARTED TO POUR OUT PAPER AND MORE PAPER.** At the end of the war they were figured approximately as 1,250 millions. Exchange had gone from 150 to 25,000---that is, the Colombian peso was worth less than 1 cent in gold dollars. Ruination came to merchants, bondholders and bank depositors, with misery to the wage earners and wealth only to speculators in exchange. Commerce was chaotic and confusion reigned supreme.”

(Notice this monetary victim referred to war finance as a cause of the inflationary paper issuance. This is exactly what we have in Iraq now and someone wants to widen the war to Iran.)

“When exchange had subsided to 10,000 and kept there for some time, it was decided to liquidate the emissions at that figure. A special fund was provided for the purpose and the country went back to the gold standard, **BUT NOT BEFORE THE MAJORITY OF THE PEOPLE HAD BEEN RUINED. THERE WAS OWING TO ME THE SUM OF \$2,000 BEFORE THE DEBACLE FOR WHICH I RECEIVED IN PAYMENT \$20.** And yet there is at present in Colombia a movement, to force the government into the issuance of fiat money. Decidedly, life is not so short as man’s memory.”

The NYT had a letter “Experiments in Inflation,” October 11, 1933, page 22 and please pay attention---

“In Persia, we are told by Colonel Henry Yule, Kaikhata Khan, in 1294, had a financial officer called Izzuddin Muzaffar who seems to have been a sort of brain-truster, and who planned an issue of unsecured legal tender paper notes. The people, however, appreciated the imposition, **CLOSED THE MARKETS AND EXECUTED IZZUDDIN.** The lesson is a timely one for Senators and brain-trusters. Sultan Mahomed Tughlak of Delhi, according to Colonel Yule, tried the same sort of thing in 1330-1331, using copper tokens instead of paper, but declaring them of value equal to gold and silver coins of the same size, **BUT THEY BECAME DISCREDITED AND WERE EVEN THROWN AWAY AS VALUELESS.** Then the Sultan, thinking to give them value, declared them exchangeable for the gold and silver they represented. No one wanted to keep them and **EVERYONE RUSHED TO EXCHANGE AND THE TREASURY WAS BANKRUPTED.**”

“Chinese chroniclers tell that Ming dynasty paper money so depreciated that in 1448 the “chao” of nominally 1,000 cash was worth but 3 in coin. In France’s experiment more than 30,000 paper Assignats could be bought for the gold equivalent of one. **I HAVE A COLLECTION OF GERMAN AND RUSSIAN PAPER MONEY OF NOMINAL GOLD VALUE OF MORE THAN \$100,000, FOR WHICH I PAID \$1 RETAIL. WHOLESALE THEY WOULD HAVE COST ABOUT A QUARTER.**”

If you believe these United States to be immune from cataclysm caused by fiat money, you must also believe that a spear to the heart, though deadly in ancient times, is tolerable today.

A Federal budget surplus cannot transpire as long as the debt mongering Federal Reserve System exists. No way would Jackson have tolerated the Federal Reserve System and because of his antagonism towards the United States Bank, received in excess of 1,200 assassination threats, with an actual attempt failing. I therefore urge you to use your influence with your Senators and Representatives in Congress, to have this “agency” audited, then scrapped. The U.S. Government cannot run the entire world. Return to a metallic standard will be forced! The Constitution vested the national money power in Congress and did not authorize Congress to shift that power into what is in fact a privately owned monopolistic entity. A letter in the New York Times, August 23, 1933, page 16, calling for remonetization of silver, correctly identified silver as **“REAL PRIMARY MONEY INSTEAD OF BANK CREDIT AND USURY.”**

The NYT had another insightful letter, “The Need For Sound Money,” October 14, 1933, page 14-

“The laws of economics are rigid. **NO GOVERNMENT CAN FLOUT THEM FOR VERY LONG WITHOUT CALLING DOWN AN UNCONTROLLABLE FORCE.** Confidence cannot be restored, business cannot improve until the basic foundation of money values is reaffirmed and publicly upheld by the Government. The only real way lasting confidence can be restored is for the President to gradually get the country back to the gold basis.”

Until that squelching of the runaway FED, issuer of our trash-based currency*** takes place, the only thing you can do to shield the finances of your voters is to stop listening to advice from such as Goldman Sachs; JPMorganChase; Merrill Lynch; Citigroup; Lehman Brothers; Bank of New York Mellon; BankAmerica; Morgan-Stanley and so on. This gang gave America, among many toxic plagues, the subprime crisis! They don’t have your interests in mind and call to mind the remark by Judge Fenton in the 1968 Eastwood film---“**MARAUDERS WHO’LL KILL YOU FOR A HATBAND!**”---



A telephone book size documentation could be assembled as to the disasters associated with State, County and City governments following Wall Street recommendations. There is, however, a powerful current you can invest with. World growth, chiefly in the “BRIC” countries of Brazil, Russia, India and China, is driving a commodities boom. Grains, petroleum, natural gas, copper, gold and silver are the trend in place for years. This is not to say that dicey investments should be made in the commodity futures markets. I urge you to avoid all investments with expiry and counterparty risk. Even options with a three-year term may be too speculative for more than 10% of funds.

Please consider protecting your constituents by prudently investing in selected shares of commodity producers, including water. As for the actual commodities, only silver, gold, and possibly copper make much sense. In regard to gold and silver, consider that these have never become worthless; any more than scarce water in a desert could become valueless. Currency and banking problems appear to be gradually worsening. You should seriously consider acquiring physical gold and create a storage facility separate from any banking institution, subject to routine citizen (not Federal) review and audit! Silver is in such tight supply you'd be lucky to allocate 1% as many dollars to it. Because of the rottenness in our currency, at some point there must be a sustained, unstoppable spurt North in gold and silver, as these are historic money in which the judicious always take refuge in the face of national mismanagement. No amount of economist misinformation suffices to negate that fact. Ben Bernanke's synthetic money will worsen---like biting into a sandwich and a bunch of squirming beetles come running out. Howls of protest from levels of government below the Federal level can prevent atrocities such as monetary and exchange controls from being inflicted on constituents, **WHO WILL CRUCIFY YOU IF YOU DON'T ACT!** We must not permit another President to be a financial despot such as Franklin Roosevelt, of opium trading ancestors!

The Associated Press reported on September 14, 1933 regarding Georgia Governor Eugene Talmadge (1933-1937) that---

"Governor Talmadge thinks a good plan for making currency inflation effective and widespread would be to print a lot of ten and twenty dollar bills and scatter them over the country by throwing the money out of airplanes."

Bernanke's suggestion of dropping Federal Reserve Notes from helicopters as alleged monetary stimulus wasn't an original idea. It's certainly an idea overloaded with faults!

On February 14, 2008, Congressman Ron Paul of Texas delivered an address to the House of Representatives calling for laws permitting competing currencies <http://www.islandwebdiva.com/Money%20Banking%20Federal%20Reserve.htm> you should acquaint yourself with that, as we aren't presently on the proper currency. Proper currency is determined by the nature of things---not by Government edict; decrees that contradict nature ultimately fail and the people resist. No result is possible other than that precious metals values will soar to the ionosphere. "An American Guerrilla in the Philippines," a 1950 film, contains a line evocative of the inconvertible Federal Reserve Note---

"SOME OF OUR MONEY WAS PRINTED ON WRAPPING PAPER!"

Dollars can be created to infinity; precious metals are finite. Why would you senselessly disregard the concept of investing in scarcity? The United States Mint recently began rationing Silver Eagle coins! And that, in the face of yet another spurious communiqué from the shady Commodity Futures Trading Commission that there is no short manipulation in silver. This is the same agency whose Commissioners have a history of addressing the Silver Users Association in flattering terms---an organization desirous of ever flat silver prices! www.cftc.gov/opa/speeches01/ Newsome subsequently took the reins at the New York Mercantile Exchange with its COMEX division, where trading rules are heavily slanted to favor short sellers. Apparently Newsome is "working" with the Silver Users Association, as he indicated.

Internationally top ranked commentators on this subject include David Morgan of www.silver-investor.com who has traveled to leading silver mines all over the Western hemisphere and China and runs the globally preeminent silver investing and information website; leading silver analyst, Commodity Exchange and CFTC critic Theodore Butler of www.butlerresearch.com; Jim Puplava of www.financialsense.com; and Jason Hommel of www.silverstockreport.com who has done a fine job of identifying questionable trade practices that place unsuspecting investors at extreme risk and recently outpointed an allegedly cerebral adversary in a public contest. The Gold Anti-Trust Action Committee www.gata.org publishes the world's best information on the gold markets. No one has attempted to refute their allegations concerning the concerted effort to dampen gold prices, as covered in their full-page ad in The Wall Street Journal on January 31, 2008 <http://www.gata.org/node/wallstreetjournal> For earlier history of gold suppression, refer to "The Conspiracy Against Gold" in Archives of www.silver-investor.com

Why does our national government resist a gold audit of the national treasure we are asked to casually accept is still there? A leading Mexican businessman, Hugo Salinas-Price, obtained the support of all 31 Governors of Mexico and 96% of Mexicans polled for a return to use of monetary silver <http://www.plata.com.mx/plata/> and the spurious Bank of Mexico is fighting that initiative. There are other qualified commentators however I urge you to locate them in links of the above sites, in order to avoid apologists for the metals cover-up price suppression scheme.

Do I have self-interest in mind in making these suggestions? You bet! Several persons who heeded my advice starting in 1999 are now worth millions. The aforementioned large financial institutions certainly have their self-interest in mind when they suggest their lipstick wearing pig investments! We recall the irksome Jack Grubman, Wall Street "analyst," five of whose picks plunged to zero!



Haven't you wondered why Wall Street sources don't recommend gold and silver investments? It's because they don't want anyone to have a monetary shield against currency debasement! That would prevent wealth transfer from us to them! We have to advise you that if you invest in gold or silver, our own Federal Government is fighting the value of these investments! The Commodity Futures Trading Commission allows naked short sales in silver. The Securities Exchange Commission allows naked shorting of mining shares <http://stopphantomshortselling.org/> and <http://www.thesanitycheck.com/> nevertheless this interference will be swept away. World demand has become too big to continue short rigging. What would the Fed note be other than trash without the legal tender laws, as it is a receipt for exactly nothing? When gold and silver rise, this makes the unbacked Federal Reserve Note appear weaker. That is the "shinplaster coupon" they are defending! Adding more colorful tints and hues has not impeded its devaluation! If we can get enough government at state, county

and city level to challenge this, it can be resisted and overcome. New Hampshire and Nevada have both had silver coin proposals, House Resolution 6184 for a five ounce silver coin is in the hopper and Jason Hommel has a Silver Coin Proposal <http://silverstockreport.com/silvercoinproposal.htm> sent to the fifty State Governors.

According to <http://www.dollarcollapse.com/iNP/view.asp?ID=64> Shayne McGuire, an official of the \$115 billion Texas State Teachers Retirement Fund, gold is a “must” in a portfolio and has even authored (March 2008) “Buy Gold Now: How a Real Estate Bust, our Bulging National Debt, and the Languishing Dollar Will Push Gold to Record Highs” <http://www.amazon.com/Buy-Gold-Now-National-Languishing/dp/0470185880> This state official has indicated his view that gold can hit \$10,000 per ounce and reports that several colleagues have migrated to his conclusions. McGuire states he also likes silver but prefers gold. Butler has made long-standing claims that silver has better percentages and we’ve seen no convincing refutation.

Caroline Evans, Secretary of the Denver based Bimetallic Association, writing in the New York Times, October 22, 1933, section IV, page 5, stated---

“The greatest error is the way writers confuse silver as a commodity with silver as money. Silver and gold are historic money metals. Nothing should hamper their free circulation. **WHEN SILVER WAS DEMONETIZED AN ECONOMIC LAW WAS BROKEN.** We are paying the penalty and we shall continue to pay so long as the error persists. There is no need for the Government to buy silver. Open the mints.”

“We have had four years of futile attempts to put purchasing power into the hands of the masses. The simplest way to do it is to remonetize silver. It will cost nothing. It will relieve the taxpayer of part of his burden. Why is it so much better to continue issuing interest bearing bonds than to make silver money? The taxes have to be paid some time or the government will have to repudiate its obligations. Isn’t four years long enough to starve in the sight of plenty?”

Those who feel the age of precious metals ended generations ago because of “modern banking methods” are slated for mind-numbing trauma, especially when they could have acted and failed to because they discussed the issue with some university faculty economist professor holding assorted awards who just happens to have some relationship with a Federal Reserve branch bank and he advises that metals are anachronisms and just take a sleeping pill and disregard the suggestion as an irrelevant bagatelle. “Don’t worry about money because the FED can create all the liquidity the nation needs,” says the multi-degreed prostitute as he frowns and adjusts his eyeglasses, standing in front of an equation on his blackboard. In a college economics test I penned the answer I knew would pass the question, marked it with an asterisk, and followed it up with, * “however, this is the correct answer...”



This commodity route appears to be the optimum way of protecting yourselves from ongoing Federal mismanagement. I offer no specific stock recommendations as that takes place elsewhere. You are all talented enough to conduct your own research and due diligence. As with the leading financial institutions, we advise that you bear sole and total responsibility for any decisions made. Most of you will outsmart yourselves and disregard this counsel. There may be little time remaining before prices see a jolting sustained shift higher. The entire financial panorama is a pus-filled sore ready to break open. An attack on Iran is a primary factor. Why not take refuge in a safe haven, profoundly substantiated by history? For those who act on this advice, please contact any silver or gold investing website early next year and advise our community of your pleasant success. Very Respectfully, the "Silverwriter," Charles Savoie

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***Refer to "The Paper Hangers" in Archives for documentation that Federal Reserve Notes are printed on stock deriving in part from once soiled underwear and fabric from sweaty armpits! That is an extraordinarily poor substitute for the coin of the realm, gold and silver, as our three best Presidents, 1829-1845, fully realized. Adequate precious metal exists for currency in a trimetallic system including copper provided that we allow the purchasing power to rise! We ask readers to forward this item to their city managers, mayors, county and state officials.