

GOLD NEWSLETTER

Vol. 1 No. 1 Published by the **National Committee to Legalize Gold**
1524 HILLARY ST., NEW ORLEANS, LOUISIANA 70118 (504) 865-9919
JAMES U. BLANCHARD, III, EVAN R. SOULE, JR., EDITORS

“The government is the only agency that can take
a useful commodity like paper, slap some ink on
it, and make it totally worthless.”

--- Ludwig von Mises

CAMPAIGN BULLETIN

The National Committee to Legalize Gold was organized in early August of this past summer in response to the internal and external monetary dilemma that is occurring in America. A combination of events led us to campaign for Congressional Bills giving Americans the freedom to own gold, among which are the mounting international monetary crises and the spiraling costs of governmental inflation with the resulting depreciation of the fiat dollar--- a piece of paper whose last connection with gold via conversion has now been severed.

On Sunday morning September 5th, 1971 at the Young Americans for Freedom Convention in Houston, the National Committee to Legalize Gold held a press conference to launch our campaign. After stating before the news media our case for the individual's right to own gold, members of the Committee challenged the 1934 Gold Reserve Act by displaying a privately owned gold bar. We informed the media that the U.S. Treasury office in Houston had been purposely alerted but failed to show up. We could only surmise that the fiat managers did not wish to risk a court case for fear gold regulations could be declared unconstitutional. Our press conference received extensive radio, television, and newspaper coverage.

The Committee plans future nationally publicized challenges of governmental gold regulations. If the Congressional Bills to Legalize Gold are pigeonholed, we hope to go to court on behalf of the individual's right to own gold. However, at this time we are organizing our support behind Congressional passage of Gold Bills H.R. 1258 (Congressman Crane's) and H.R. 6790 (Congressman Schmitz's). At the International Monetary Seminar in Bermuda, Oct. 22-24th, attendees received a literature packet describing our campaign and seeking their support. We are specifically asking individuals to write Congressman Wright Patman, Chairman of the House Committee on Banking and Currency, urging him to hold hearings on these bills in late November. According to Congressman Crane: “My bill to permit Americans to own and hold gold is still pending action in the House Committee on Banking and Currency. Congressman Patman has requested a report on the bill from the Treasury Department, but none has been forthcoming. This is a prerequisite to hearings.”

Before late November we plan to send news of our campaign in a mailing to 30,000 individuals who have purchased books on gold, free market economics, devaluation, and related subjects. With the funds raised from these and other sources, we intend to purchase large advertisements in national publications (Barron's Financial Weekly and the Wall Street Journal)

which would read: WHY CAN'T AMERICANS OWN GOLD? --- followed by a description of our cause, urging individuals to write their Congressmen in support of Bills designed to Repeal Gold Prohibition.

With the publicity generated by these actions we hope to organize public pressure behind those Bills which would secure hard-earned savings from the corrosive effects of fiat inflation by giving American citizens the freedom to own gold.

Ludwig von Mises has pointed out that “No nation is powerful enough to abolish the gold standard.” As much as some governments would love to see gold demonetized, it remains only a dream as long as the people trust gold as a standard of value. Even when governments impose extreme penalties for owning gold, individuals defy these laws by purchasing and saving gold. This is true of every country where gold ownership is illegal.

In the United States a person can receive a penalty of \$10,000 and/or ten years in prison for illegally owning gold, yet millions of gold ounces are illegally held in this country. Even behind the Iron Curtain, where countries have extremely harsh laws against the private ownership of gold, there is still a brisk black market for gold. No one knows how much gold is entering communist countries, but there is certainly a large market demand supplied by Brussels and Zurich operating through Vienna into Poland, Hungary, and Czechoslovakia. Complete collectivism, with all its far reach powers, has not been able to wipe out this vital human liberty.

THE EVOLUTION OF AN INTERNATIONAL FIAT CURRENCY

At the 1971 International Monetary Fund meeting in Washington, the world witnessed another step in the development of an international fiat currency. Most nations agree that the role of SDR's [foolishly called “paper gold”] should be greatly expanded and eventually become the international monetary unit.

One shouldn't be surprised by this push for new, international monetary cooperation. Nor should one be in doubt of the rationale for this cooperation. As Ludwig von Mises points out: “What governments call international monetary cooperation is concerted action for the sake of credit expansion.” Politicians have a vested interest in the creation of an international fiat currency since it would enhance their ability to resort to inflation. When a nation experiences a prolonged fiat spending spree, the resulting inflation destroys international confidence in that nation's currency; foreign trade is threatened. Eventually, politicians are forced to limit inflation or face complete rejection of the nation's currency in international markets.

Politicians realize that with sufficient international monetary cooperation, they could develop an international fiat currency which would allow national inflation to continue unchecked by the competition of gold and “hard” currencies. The inflationists would then have a money monopoly and would be free to pursue their inflationary plans on an international scale.

At past International Monetary Fund meetings we have heard impassioned pleas for more international liquidity [i.e. more credit expansion]. If an international fiat currency becomes a reality, we will undoubtedly witness annual speeches calling for an end to world problems by an increase in the supply of international irredeemable paper. All the horrors of hyper-inflation, which have previously been limited to individual countries, would threaten the world economy as a whole. In the past, nations which destroyed their domestic economies by runaway inflation could depend on gold and hard currencies to finance the rebuilding process. But with the world

depending on one fiat currency, the economic collapse would be so catastrophic in nature, that rebuilding would be nearly impossible.

In the coming months, the nations of the world will be negotiating on how to reform the monetary system. It is just possible that pro-gold Europeans will assert their influence, and SDR's will be made convertible into gold at a much higher price per ounce. Actually, Europeans have seen the horrors of hyper-inflation and many understand the dangers of an international fiat currency. If, however, demands for international irredeemable currency are successful, we face a religious future where ownership of gold bullion or coins would provide the only protection from total economic chaos.

GOLD FUTURES

The Winnipeg Grain Exchange, Canada's only futures market, has revealed that it is considering listing gold bullion contracts. Winnipeg exchange secretary Peter Huffman has stated that the possibility of trading gold futures has been a "subject which has been under discussion amongst officials of the exchange on an informal basis only," and it is too early to speculate on the probabilities.

Canada is the world's largest producer of gold outside of South Africa, and presumably Russia, although actual production statistics are not available in the latter instance. Although the Canadian government does not have any regulations which restrict the ownership of gold, Huffman noted that the WGE would confer with government authorities before making a move to list gold futures trading.

The world's first gold futures trading forum was operated briefly this past July, with British gold sovereigns employed as the vehicle of transaction, on the floor of the West Coast Commodity Exchange in Los Angeles. Trading in gold futures on the WCCE in Los Angeles was opened on July 20th with a volume of about \$1 million chalked up the first hour, \$3 million the first day, and \$6 million for the 3 days. But its three day life was snuffed out by the U.S. Treasury through the promulgation of 'revised' gold regulations.

Why did the Treasury clamp down? The Treasury didn't want the general public to have the choice between gold and the fiat dollar. Assuming escalating inflation, the small gold trading could have in time, mushroomed into a full-scale domestic dollar crisis and goldrush. At the very least, gold trading in the United States would have opened up a vast new source of gold demand and put pressure on the gold price in international markets. This in turn would have proved a hindrance to the export of U.S. fiat currency.

If there is anything money managers fear, it is the combination of a free people and a free gold market. Since a free gold market means an alternate money available to the people, Treasury officials do not welcome such competition. With inflation proceeding at an ever increasing rate, many individuals would rather have their money in gold than in fiat currency and government securities. Inflation is really nothing more than a hidden tax---a confiscation of the people's savings. Confiscation by inflation would be hampered if the dollar had to meet the competition of gold, the oldest and traditionally the most secure form of money.

“Many Germans, who at great risk defied Hitler’s orders in the 1930’s that all holdings of gold were to be declared, found at the end of the war that their gold saved their lives. They bribed Russian soldiers with it or saved their families from near starvation by using it to buy food on the black market. Remembering this, the Germans still buy between 5 and 12 million dollars worth of gold each year.” - - - quoted from Timothy Green’s The World of Gold.

Gold Newsletter

www.goldnewsletter.com

To celebrate **50 years** of Gold Newsletter, receive **\$50 off** a *Gold Newsletter* or *Gold Newsletter Alert* subscription by entering promo code **50YEARS** at check out at www.goldnewsletter.com for a limited time only.

