**Gold As Regulator, Gold As Libra**

[](http://elainemeinelsupkis.typepad.com/.shared/image.html?/photos/uncategorized/2008/05/17/libra_at_the_gates_of_death_2.jpg)  
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Quietly, this time, gold has crept back into the speculative game. After wild swings between $1000 an ounce and $800 an ounce, it has been steadily climbing. This time, the speculators are hoping no one notices and all the novices who rushed the markets will continue to sell. Meanwhile, the central bankers are desperate to get us to think all is over, all is well. But one major speculator/investor says, we are in the eye of the storm, not the end. Of course! This storm has been raging since...Nixon went to China! Rice, by the way, is plunging in price as hoards are being tapped finally. IN JAPAN. Ahem. And we visit 'The Bubble That Broke The World', a book we all should memorize.

[Bernanke Requests Power to Pay Interest on Reserves](http://www.bloomberg.com/apps/news?pid=20601087&sid=a_ne91Qe_Pkw&refer=home)

*Federal Reserve Chairman Ben S. Bernanke asked Congress to give the Fed immediate authority to pay interest on reserves deposited by commercial banks, seeking to streamline efforts aimed at alleviating credit strains.*

*The payments would help officials push money into the banking system without influencing the main policy rate, by giving lenders an incentive to leave funds with the Fed. Congress already passed a law giving the central bank the authority, starting in October 2011.*

All the central bankers like this little trick. It puts in a 'floor' so interest rates for the 'money' cranked out by the central bank doesn't 'fall'...NO MATTER HOW MUCH MONEY THEY MAKE OUT OF THIN AIR. This is, of course, inflation money. But the 'interest' that 'accrues' hides the true nature of this inflation until, get this, it flows away from the Fed or central bank and moves OVERSEAS. Many central bankers do this already and what do we see?

GLOBAL INFLATION! Oopsie! This is a nice trick like all the others but in the bitter end, the chicks hatched this way always end up flying home again and dropping bird dung on someone's bald head. I went about the web, looking at mainstream economists and their take on this. They think it 'works' since the consequences are not instantly visible. Yup. This sort of thinking characterizes our entire economic brainiac class. It is very hard to get them all to understand, they have an obligation to look into the future and foresee the ultimate outcomes of various choices and systems set up today. And to do this, we have to look at everything all the time, without exclusion.

For we have global inflation. We have tremendous global speculation. And a lot of this is over things that are already 'not real'. Ie: not gold, rice, houses, cars, timber, etc. The speculators are creating huge profit surges in interest rate games! Or selling and buying currencies while borrowing money and shifting that around, too! These various side games have grown tremendously fast in the last 35 years and now overshadow the 'real things' economy. Which is why we have madcap inflation.

Shockingly, gold has risen by 35X over 35 years ever since the US, the world ruling empire, dumped the gold standard entirely. Virtually no one made any money speculating about gold or the value of the dollar or what the interest rates would be in the future. After Nixon severed this Golden Gordian Knot, the financial system has unravelled. At all times, we struggle against hidden financial hazards. For example, during the fake 'low inflation' years, we thought we could produce money and play games that created money out of thin air, yet there was no inflation.

But anyone with curiosity and a brain could see that the fun times were due not to inflation being banished but rather, roosting temporarily at the Bank of Japan! Who, along with China, kept inflation at bay in order to undermine US industries. Now that the colonization of the US is nearly done, both are toying with releasing all these captive inflationary dollars. If they want something, all they have to do it talk about launching 'Sovereign Wealth Funds' and have this money return to the US in the form of buying out the last of our infrastructure and commodity resources! OOPS.

[Rice price dives as US and Japan set to unlock grain pact](http://business.timesonline.co.uk/tol/business/industry_sectors/natural_resources/article3943779.ece)

*Rice prices nosedived today as Japan moved closer to unlocking its massive hidden surplus and bullish supply forecasts routed speculators.*

*The price collapse came as commodity experts called on Japan and the US to urgently unwind one of the biggest “invisible” distortions in global rice markets: a quirk of World Trade Organisation rules that obliges Tokyo to buy grain it does not need and effectively turns millions of tons of high-grade American rice into feed for Japanese pigs.*

*If that distortion were removed, said researchers at the Washington-based Centre for Global Development (CGD), and the 1.5 million tons of unwanted US rice were released from Japan’s storage silos, the crisis that has sent the price of the crop that feeds half the world would be instantly solved. Rice prices, suggested the group’s forecasts, could even halve between now and June.*

Depression=hoarding. Japan has had a depression for nearly 20 years now. And they have hidden hoards we can't even begin to imagine. Even as price hikes kill off the last of the Japanese workers, the masters hung on with vicious intent, on these hoards. Even as the Japanese ruling elites saw news stories of their neighbors starving, they hung onto their hoard! This is 'dragon think'. If I were Japanese, I would be hammering on the doors of the Diet demanding a better diet. 'Let them not eat rice cakes!'

[Scholes, Nobel Laureate, Says Credit Crisis May Not Be Over](http://www.bloomberg.com/apps/news?pid=20601109&sid=a8AZRX5LUMYE&refer=home)

*Myron Scholes, chairman of Platinum Grove Asset Management LP and 1997 winner of the Nobel Prize in economics, said the worst of the crisis in credit markets may not be over.*

*``From my perspective, I think that we don't know if the storm has passed or if we are still in the eye of the storm,'' Scholes said in an interview with Bloomberg Radio yesterday. ``Are there other shoes to drop and new events or new shocks that will come to the fore?''*

HAHAHA. There is an Imelda Marco closet filled with thousands of shoes that have yet to drop. There are enough shoes to drop, they could keep a million barefoot children shod. Already, the global money flow is shifting dramatically. China has to house 5 million people. Fast. And fix a huge amount of infrastructure. This means the money that could be squirreled away in FOREX reserves and thus, not create inflation, will flow again. China will cease adding to its tremendous reserves. And I am betting, Japan will cease, too. For the patient Japanese serfs who suffer all sorts of restricted conditions of poverty will now demand to see what else the rulers have been hoarding. Eh? They have to appease these people who can become remarkably belligerent and suddenly, too.

[Gold futures surge after initial crude rally](http://ap.google.com/article/ALeqM5jND4r3B-VBZu2Ogg2_yzjYnPIP8gD90MAM1G0)

*Gold prices shot up Thursday after crude oil surged early in the day, an inflationary move that fed buying of precious metals as safe, alternative investments.  
Oil eventually closed lower, as did other commodities; soybeans, rice, gasoline and heating oil futures all declined.*

*Gold for June delivery jumped $13.50 to settle at $880 an ounce on the New York Mercantile Exchange, after earlier rising as high as $888.50.*

*"We've seen projections for $150 crude so that's adding to inflation fears and helping gold," said Carlos Sanchez, analyst with CPM Group in New York. "Oil has fallen back but gold is still hanging in positive territory."*

*Higher crude prices tend to lead to higher inflation, prompting investors to shift funds into hard assets like gold and silver, which are known for holding their value.*

NOPE. Oil shot up and gold dropped like a rock for several months. Meanwhile, first wheat and then rice, shot up rapidly. What I see is an army of hungry, hungry hell hounds and pirates rushing from one favored commodity to another. After driving up one, they all exit just as swiftly and rush the next candidate. Periodically, they come back to gold. Gold will probably now rise to $1,000 an ounce again. And oil will fall, perhaps, if the US consumers finally take it on the chin and give up trying to drive around like maniacs in huge SUVs and trucks all the time.

Frankly, we are no where near the pain threshold. During the 1970's, I and many others rode bikes. I see very few people doing this just yet. Also, there is no rationing. So this is still not serious. It will be if we start any verbal or physical wars with Iran Kitty. Kitty will scratch our eyes out. They are the ONLY oil producing nation that can reduce the oil shortage. And we are making this shortage because the US has been awesomely successful at getting everyone to boycott Iran, even maybe Japan. HAHAHA.

Except everyone who wants the US to collapse knows this success seals our fate. We are doomed to collapse thanks to it. Meanwhile, gold is a good place to play speculative games again. The Arabs are back to hoarding it again.

[Scandinavians unite to end Iceland's financial chaos](http://www.telegraph.co.uk/money/main.jhtml?view=DETAILS&grid=&xml=/money/2008/05/17/cniceland117.xml)

*The central banks of Norway, Sweden and Denmark have joined forces in a stunning move to rescue Iceland, offering a credit line of €1.5bn (£1.2bn) to beat back speculators and shore up the battered krona.*

*The solidarity gesture is a powerful signal to hedge funds betting on Iceland's downfall that they are up against the international system. The swap accord doubles the foreign reserve cover of the Icelandic government at a stroke.*

*Iceland's central bank said the deal was a "precautionary measure" to stabilise the currency, which has crashed 25pc this year.*

Just seven months ago, all the speculators were big on the krone. I thought that was stupid back then. Now they are dumping it enmass and putting their money into rice, oil and now, gold again. Note that all the other bankers have to fix this by extending themselves to boost the reserves of this bankrupt nation. Iceland tried to be a pirate cove. Only, unlike the other island pirate headquarters, they have a population bigger than a postage stamp. So they have an overhead. The ideal pirate cove has virtually no humans. Just addresses. Time to go back in time to the last time a major global empire collapsed.

When Britain went bankrupt during WWI, like the US, she refused to admit this. Instead, Britain limped along, expanding her empire for another 30 years, using the US as a crutch. During this time, the global banking system collapsed very badly due to the British empire going bankrupt. This is called 'The Great Depression'. Germany also was bankrupt but this wouldn't destroy international finance for the simple reason, no one used the German Mark as their standard for international trade or banking!

Time to talk about gold since it is back in the news and we can see clearly that there is no connection anymore between a stable international currency and this ancient form of value:

[A BUBBLE THAT BROKE THE WORLD Published in 1933 by Garet Garrett:](http://www.mises.org/books/bubbleworld.pdf)

*When the Bank of England suspended gold payments [in 1931] our stock of monetary gold was five billions; the French had two and one third billions. But our population is threefold that of France; our national wealth may be easily five- or sixfold greater. Therefore, France had more gold than this country, in proportion to her economic weight and rank. Our stock of monetary gold was less than $42 per capita; hers was more than $57 per capita. Yet it was France from the beginning that led the run on the American gold reserve.*

*Why did she want the gold? Was she fearful that the United States would abandon the gold standard? If so, did that fear seize her all at once? That would not be like French bankers. Take their record for it, they see far and straight for France. In any case,* ***all that France could do with the gold would be to hoard it; and for that purpose she has built since the war a treasure chamber unique in the world.***

*Every country, of course, has massive burglar-proof vaults for its gold reserves. But France decided to make one so deep and strong and mysterious that not even a victorious modern army could break into it. You might blow the Bank of France away with bombs and its gold would be all the safer. The chamber is two and one half acres big; it lies two hundred feet deep in the earth. Over it, first, is forty feet of water, which is a lake they made by damming the subterranean river that flows beneath Paris, and then above the water fifty feet of solid rock. The way to it is through six steel towers with revolving doors moved by electric engines, and the passage of descent can be flooded at a moment's notice. At the signal of alarm a detail of defenders would instantly vanish through this passage, pull the water in after them, and be forgotten—safely forgotten for an indefinite time, or for the duration of a war, because everything has been thought of beforehand. They would find in the gold chamber a kitchen, provisions enough for two or three arctic expeditions, dishes, linen, beds, all the facilities for comfortable housekeeping.*

*Beginning on or about September 20th, every fast ship from New York for French ports carried gold on its way to this hiding place. The same fast ships or others carried gold also for Holland, Switzerland, Belgium and Germany. Even Germany, where three quarters of a billion of American money was frozen in the form of bank balances and overdue short-term credits—even Germany could take gold from New York.*

*To lose three quarters of a billion of gold in six weeks, with no saying when or where the run would end and no way of stopping it, was a very serious matter for this country, especially in view of its own condition of internal stress. No country, under any conditions, could lose gold at that rate or in that proportion for long and hold to the gold standard. That would be true if to begin with it had all the gold in the world.*

Hoarding is a reflex that one does when seeing inflation. Hoarding in a depression is unlikely. Since France was hoarding gold at the beginning of the Great Depression, this means they expected their neighbors to create inflation in order to deal with the banking collapse in England. Certainly, England was now going to play the inflation game now that they could no longer play the 'reserve currency of the world' game. Within days of dropping the gold standard, the British pound shed a tremendous amount of value. People holding pounds were pounded into the ground. People holding gold were not.

The US was solvent. Europe was bankrupt. So how did the French raid our Treasury for much of our gold? France owed us tremendous sums from WWI. The US dollar wasn't losing value, it was doing fine right up until the sudden collapse in Germany and England. But since both owed to the US, this was like the US housing market going belly up: debts were suspended and the value of the bonds that backed these debts plunged in value. No one wanted them.

Secondly, note the cave business! Ah! How elegant the goddesses are! The Giants and the Dwarves toil day and night to dig out of Mother Earth, the shining gold. They steal it from Rhine maidens or they steal it from the New World. This gold is then hammered into many beautiful things. Then the rulers build first, pyramids, then excavate deep caverns and not only hide the gold in these deep caves but hide the caves themselves! Aha! Only the king and his Treasurer know the secrets of the Cave of Death! Killing off the slaves who build it, they set a three headed hell hound in charge of slaying any who enter. Or they put on the Ring of Power and turn themselves into a dragon!

The French made a terrible mistake. They didn't kill the builders of this Cave of Death. They couldn't hide the fact that they had lots and lots of gold in Paris. So it wasn't even 10 years before the looters goose stepped into Paris and seized the overlords who knew where this cave was. Like the Mongols, the Germans knew that if you torture or threaten these gold hoarders enough, they will cough up the key to the Cave of Death. And the fine golden hoard was useless for France. But not for Hitler.

Word of warning: it anyone knows about these Caves of Death, they will loot it. Sometimes it takes 8,000 years to pry open the crypt and steal all of King Tut's gold, just for example. But it is done. Always. Everyone dreams of looting these Caves of Death.

Often, the people hoarding gold die without revealing to the looters, where it is. Then it is still dug up by farmers or children using spades, etc. Or it lies on the bottom of the sea, possessions of Neptune. Until someone dives down and gets it back. Then governments do battle for the loot as we see in the news.

Gold drives men to madness. This is because it is proof against speculation in the long run! Unlike rice, it doesn't rot. Unlike oil, it doesn't burn. When it is melted, it doesn't change. It is always gold. Except if you vaporize it with a nuclear bomb or drop it into the sun, I suppose.

Bubble:

*Fourthly, such a thing as* ***the central bank of one country serving notice on the banking system of another country that because the rate of interest is too low, or for any reason, it may feel obliged to call its aggregate credit balances away in gold, was hitherto unheard of. No one could have imagined it. That is not the way it happens in the normal course of international finance.***

*Credit balances are continually shifting. If the rate of interest is higher in New York than in London, credit balances move automatically to New York, or if the rate of interest is higher in London they shift from New York to London, and nothing is ever said about it. The only news of it will be in the bank statistics. Now, the Bank of France very well knew that suddenly to lose $600,000,000 more gold, on top of what we had already lost to Europe—and the bulk of it to France— would create a very grave situation in this country. And mark this, that if the French themselves believed what they had been saying in Europe about the dollar and about the American financial situation in general they must have believed that to demand $600,000,000 more gold all at once from New York would pitch this country off the gold standard. Well, of course, in that event—in the event of the dollar going the way of the pound sterling —then the French franc assuredly would be the premier gold money and govern the world of finance.*

France was using their CREDIT in the US to demand gold, not US financing. France was deep in debt and unable to pay the US even the interest on the debts. But the US, the year before, had suspended interest payments on these massive war debts. So France took advantage of this to tap in their existing credit to turn it to gold rather than keep it in our banks as 'assets.' Remember: 'assets' in banks are DEBTS. Only 10% or less is 'savings'. Debts are assets ONLY if they give a return in interest. When that ceases, they become the opposite of assets. They become losses! Especially if the debtor nation isn't paying either interest OR principal. This is the dread 0%/0%/0% system that is a characteristic of a depression. It really means, the banking system is bankrupt but is kept going by the government anyway, by hook and crook. Especially crooks.

*Under pretence of being dissatisfied with the rate of interest in New York the Bank of France revealed to us, to Europe, to the whole world, the amazing fact that France had the power, almost if not quite, to throw the American banking system off the gold standard I To send the American dollar after the pound sterling! That was something for the premier of France to have in his hand when he should begin to examine the problems of the world and explore solutions with Mr. Hoover in the White House. But it was at the same time a revelation in no way calculated to relieve the tension then existing here and elsewhere or* ***to check the hoarding of gold by individuals—a dread movement that was already world-wide and threatening to become uncontrollable.***

OK: this is where we see clearly where we are going today. France wanted a higher interest rate on its assets [the war debts] sitting in US banks. Now this sounds strange but these where the equivalent of our modern 'Treasuries' which are also...WAR DEBTS. These are sold to central banks who hold them and collect...interest! So...France had these toys in the US that were collecting interest. But France needed more money so they demanded it go up or else. The US said, 'You aren't paying us any interest or principal on your own loans we hold!' But we were also holding French loans that they parked in the US for safety, fearing the Germans. Who were very good looters back then as history shows us.

Note the last sentence here! All the bankers moves up until the French decided to hoard gold, were to discourage hoarding of gold. We saw this for the last three years, too. Both in statements and by selling off huge amounts of gold, the central bankers of the G7 group tried very hard to discourage gold hoarding. But the hoarding has taken off thanks to the devaluing of the currencies the US and Japan! Europe has striven to prevent this which is why the euro is very strong. But they are beginning to regret this and are in the process of weakening the euro again.

The US, back in 1933, dealt very harshly and in a draconian fashion by outlawing hoarding of gold and raiding any and all gold hoards. A classic looting expedition. But in 1931, they still hoped to do things the legal, proper way. This was doomed, of course, once France decided to hoard.

Bubble:

***A gold country is like a bank. Its first responsibility is to itself, for the integrity of its money, its credit and its assets, and if it suffers this imperative to be overcome by a sense of responsibility to others, no matter with what intention, it will fail in its responsibility to others because it has forgotten that first responsibility to itself. There is no other law.***

*In one of the bad moments last October a member of the Federal Reserve Board was heard to say: "Not only is this the worst financial crisis in all history. Something is missing that was always there before. All over the world there is this sense of something missing, like a familiar rock, an immovable principle, a wheel of balance.*

*And what is it?* ***The Bank of England is missing. The value of the pound sterling is uncertain, changing from hour to hour. We never had that to contend with before."*** *So it was. And that is why the suspension of gold payments by the Bank of England was an appalling financial event. No longer was the pound sterling worth $4.86 in gold anywhere in the world. No longer was it the universal unit of value in which all other things were priced. Now the pound sterling itself has to be priced in other things—in American dollars, for example.*

*Then suppose the same thing should happen to the dollar, which had recently become the next most stable unit of value in the world's opinion. Suppose the dollar, instead of being worth one hundred cents in gold anywhere in the world, should have to be priced at ninety cents, eighty cents, seventy cents, in terms of something else, maybe the French franc.*

*The long and familiar preeminence of the pound sterling as a universal unit of value in any kind of financial weather, war only excepted, had been worth to Great Britain an income of three or four hundred millions a year from the rest of the world in the form of banking profit, meaning discounts, commissions, interest and fees. Preeminence of the American dollar in the trade and ex- change of the world, in place of the pound sterling, would be worth 300 or 400 millions a year to this country. Or, if such preeminence passed to the French franc, it would be worth 300 or 400 millions a year to France.*

First England and then the US took advantage of ruling the Seven Seas via war ships and armies sent abroad on looting or intimidation expeditions. The value of trade currencies meant the ruling empire got a 'bonus'. Because of this, the central banking systems become corrupt. This is because they can 'get away with murder'. Seeing that all traders want a steady, strong currency, they maliciously debase it while pretending it is still strong. Over time, say, 100 years, the differential between the debased currency and the pretense of value grows greater and greater. And then collapses!

ALL MONEY SYSTEMS DO THIS! If we have fractional lending, the lending banks start cheating more and more. They hold less and less. Then they play interest games that assigns fake values to things that have no real present value, only future promises. This is what 'debts' are: assets only if the future payments come in. If they don't come in, the bank collapses. To prevent this, the bankers devise other, even more devious systems. All of this is designed to allow them to create infinite Funny Money™. Since this causes inflation, they have to be under the supervision of banking authorities who restrict this lending. But this seldom happens. Everyone wants Funny Money™. Unlike capital that comes from profits due to value-added trade and then passed on to investors and labor, Funny Money™ springs from the loins of Kali, the Goddess of Death. The baby is nursed by the three headed hell hounds. It is irresistible. Creating this money is way, way too easy!

Bubble:

*So you may see what was involved as between the dollar and the franc, merely in terms of national income; you may see also what Great Britain had lost. You may understand at the same time that when the British say* ***it was a good thing for England to leave the gold standard they mean only that it was good for England that she embraced a bitter necessity in time, for if she had waited, her fortunes might have become irretrievable.***

***Now she will work harder, trade harder, spend less, live a little less, until she is quite solvent again.*** *Her export of goods will increase for several reasons. They will be priced in the depreciated pound sterling, which means they will be cheaper for the world to buy, or, to say it another way, other people's gold money will buy more in England than before. Prices will rise in England, but not as much as the value of the pound sterling declines outside; as prices rise in England, real wages will fall, wherefore the labor cost of producing British goods will fall, and so will the standard of living in England, temporarily at least. And this must all happen to any country that loses the integrity of its money.*

*True, you will hear some British economists say it was not England that failed the gold standard; it was the gold standard that failed the world. Therefore, they say, the world may do well to try something in place of the gold standard and see if that will work any better. This is a novel way of thinking in England, yet elsewhere very old—putting the blame on money! If England had not lost her hold on the gold standard she would be the last to say the gold standard had not been working —in a remorseless manner, to be sure, yet nevertheless working as it should—in the last three years. If she had not lost her hold on it and other countries were losing theirs, the Bank of England would be saying: "This is hard, but it is the way the gold standard works."*

*It would be a grim thing to say, a selfish thing, perhaps, and yet quite right. For how did the pound sterling come to have preeminence throughout the world in the first place ? Its prestige was from the fact that the British had always a primary sense of their responsibility to themselves, that is to say, again, for the integrity of their own money and their own credit; and it turned out, as the law is, that the more jealous they were in this first sense of responsibility to themselves the more certain they were not to fail the world in their responsibilities to it, including the responsibility to keep the balance wheel running true. Thus the pound sterling became a symbol of stability that was a great asset to the whole world.*

Where did England's gold come from? The author neglects this ugly little story. England fought a war before WWI. With people from Germany and the Low Countries: the Boer War. This war was over diamonds and gold mines! England's military weakness from imperial over stretch was painfully obvious and egged on the German High Command to consider a smashing blow on England itself. Before stealing it from Africa, using near-slave labor of the defeated tribes who fought so valiantly, the Zulu warriors defeated by gattling guns, where did England get gold?

Um, invading and destroying India and China! China, in particular, sat upon the Dragon Throne which, in turn, sat on the world's biggest gold hoard. This was looted without mercy by the Europeans. By 1931, China was now being devoured by the Japanese warlords. Indeed, the Bank of England certainly would have dearly loved to hang onto its powerful golden hoard. But they had to give it to the Americans. Or the Germans would have gotten it. For this was what we demanded before we rescued England's empire. We needed to hold this gold hostage so we could get our war loans to England paid back. For gold does NOTHING. It has to be guarded in a cave. The real money is, frankly, the Funny Money™ that is made out of thin air! The bonds, the loans were the real money makers. For interest had to be paid on it! Hah! There it is: England couldn't do this anymore. And ran out of gold to send forth as hostage. France couldn't, either. But unlike England, they didn't care if they sank the US banking system. They were of course, very stupid. They thought Germany would not be able to leap upon France and destroy her utterly in some Blitzkrieg.

Bubble:

***For this now is the modern function of gold—to limit the amount of money and credit that may be wilfully, irresponsibly created and set free.***

*Organized credit is relatively a strange thing in the economic life. New and experimental forms of it are continually being invented and we love to deceive ourselves with them. We forget that credit in any form represents debt in some other form. We know about ourselves that we have seizures of ecstasy and mass delusion; that again a time may come when the temptation to throw the monetary machine into wild motion so that everybody may become infinitely rich by means of infinite debt will rise to the pitch of mania, as it did, for example, in 1928 and 1929. With this intelligent knowledge of ourselves we make bargains beforehand with reason; we agree that money, credit and debt shall not be inflated beyond a certain ratio to gold, under certain penalties such as we shall be very loath to pay and yet such as we cannot refuse to pay under worse penalties still.  
  
So long as the convention is reasonably kept in the faith of credit nobody wants gold. People know what the fiction is. They may read for themselves in the published figures of the bank that its liabilities exceed its gold ten- or twentyfold, and yet they feel no anxiety about the gold value of their deposits. They may read for themselves in the figures from the public treasury that the gold reserve is only one half or one third as much as the amount of paper money in circulation. Yet they will treat that paper money as if it were gold. Nobody would dream of supposing that a country, no matter how rich, could redeem its bonds in gold. Yet its bonds will be treated as if they were gold, and one who happens to want gold for them may freely have it. All so long as the convention is kept. Does this mean, as some of the silly textbooks used to say, that we are all gambling upon a mythical law of averages? No. It means a very definite thing. It means that if every kind of physical wealth were priced in gold, all in one moment of inventory, the aggregate value of it would not be less than the total amount of money, credit and debt outstanding against it. Then all the money is as good as gold, all the credit is gold credit, gold itself is a nuisance in the pocket.*

*But let the faith be broken, let the delusion arise that the fiction is the reality, let the limit upon the amount of credit that shall be set free be left to imagination, and presently there is no way of telling what anything is worth by pricing it.*

Gold is NOT wealth. Gold is a REGULATOR. Gold is LIBRA. Gold, when used as a restrictor, a curb, a control, is not part of the Cave of Death anymore. Instead, it becomes a GUARDIAN at the Gates of Death! In other words, a goddess or a Watcher. Its function is to protect OTHER WEALTH. The things that are 'real'. Like labor, rice, oil, wheat, land, trade, ships and armies. Hoarding gold doesn't work. It has to be harnessed in the role of regulator, not be a commodity that is just as uncertain as all other things. The chaos, the total chaos we see today is a dynamic of running a system with NO CONTROLS. NO BALANCE. Libra hates this.

I was born in the center of Libra. I have a lot of Liberian tendencies including being a liberal. I worry about balance and control. This is why I tame animals. And tend gardens while worrying about an out of control world. And I know the Gates of Death, having passed through those frightful, painful portals!

The only way gold can perform as a guardian deity is for the central bankers to bow to Her and sacrifice to Her and to understand Her rules and tempers. This is a very ancient role, by the way. From the first pharaohs. For some reason, humans can control the desire to be greedy if they have a system that has this sort of exterior restrictions. Isn't that funny?

And this is why talking about ancient religions and money go hand in glove! We definitely are seeing magic here: the magic of the human psyche, the soul. And how we battle our own inner demons. This is the hardest lesson to learn.