

L'escritoire de Denise

June 2012

Website, with all chapters and active links:

<http://www.youshouldbuygold.com/>

by Denise Rhyne

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Chapter 1. Gold Dollars, Oil Dollars

For almost seventy years, the United States dollar has been the reserve currency for the globe. Until a few years ago, about 70% of all foreign exchange transactions and 40% of all world exports have been denominated in dollars since WWII. Even when the dollar was delinked from gold, it retained its reserve status because the world needed dollar reserves to buy oil. However, the long-term value of any currency is its purchasing power.

OPEC and America’s creditors view gold as a measuring rod for the dollar’s value. Forty-one years ago, the dollar was worth **1/35th** of an ounce of gold. Today, after years of massive deficits and Federal Reserve credit creation, the dollar is worth less than **1/1,600th** of an ounce of *physical* gold.

Dollar holders around the world resent being defrauded by a currency with steadily diminishing value. America’s reckless fiscal policy has undermined their faith in the dollar.

"In the absence of long-term fiscal prudence, the United States risks under-mining the faith foreigners have placed in its management of the dollar."

"The End of National Currency," Council on Foreign Relations, *Foreign Affairs*, May/June **2007**

The disconnect between dollars and gold since 1971 has allowed the Federal Reserve to keep interest rates artificially below the natural market by injecting a steady stream of new credit and new dollars into the market. It is a policy of continuous currency supply dilution - a constant expansion of the money supply - which George Soros calls the "*orderly decline of the dollar.*"

"THE ORDERLY DECLINE OF THE DOLLAR "

The price of a British sovereign demonstrates the phenomenon of the orderly decline of the dollar. The sovereign is the gold (£) pound. When England and America were on a gold standard, the pound and the dollar had a standard relationship for a very long time: **£1 = \$4.86**. In those days, \$4.86 could be exchanged for the ¼ oz. gold sovereign (.2354 Troy oz of gold). Of course, the relationship between the pound and the dollar changed when both countries completely abandoned a gold standard in 1971. People started buying common gold coins such as sovereigns to hedge against inflation.

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In 1973, my mother bought a sovereign for \$10.55 and gave it to me. If you add 10% to her original cost (\$10.55) and compound 10% to that amount each year for 37 years, it amounts to \$358.74. (38 years = \$394.61) With the price for a physical ounce of gold at over \$1,600 per oz., the gold pound would cost more than \$383 today: **£1 = \$383**. This indicates the dollar has lost—over time—about 10% in purchasing power per year.

**Think of it; it takes about
\$383 to buy what \$4.86 used to buy.**

What if my mother had not bought that British sovereign? Instead, what if she had saved the original \$10.55 and collected interest on it in her bank account? Anyone can see what a mistake that would have been. We would all choose the 1/4 oz gold coin over the paltry sum of dollars.

Today, it is obvious gold was a better currency choice than the dollar during the last forty-one years. The gold coin retained its purchasing power. On the other hand, you can't buy very much today with \$10.55.

**A gold pound buys roughly the same amount
of goods and services now as it bought back in 1973
-or- when Victoria was Queen in 1873.**

In 2010, I passed that British sovereign on to my grandson for his first birthday. However, the 50% rise in its replacement cost since then is not cause for celebration. I am alarmed. The rapid rise in the gold price means the Federal Reserve is accelerating the rate at which it dilutes the money supply. This year, I gave my grandson U. S. Silver Eagles - 1 oz. silver coins.

PAPER DOLLARS REDEEMABLE IN SILVER OR GOLD

The dollar once had a reputation for being as good as gold because, in fact, it *was* as good as gold. The paper dollar was real money because it represented tangible value - and, it was redeemable.

Except during a few times of war, anyone could exchange paper dollars for gold or silver coins.

The dollar was equivalent to about 1/20th oz. of gold.

(1792 Coinage Act: **\$1 = .04375 Troy oz. gold**)

However, on March 6, 1933, the President declared a national emergency. Using his “war powers” (WWI Trading with the Enemy Act) he closed down all banks (Emergency Banking Act, March 9, 1933). And, by Executive Order, citizens were forced to turn in gold to the Federal Reserve at the exchange rate of \$20.67 per oz.

FOREIGN DOLLARS STILL REDEEMABLE IN GOLD

The Executive Order did not affect foreign banks. Foreign central banks could still exchange their dollar reserves for U. S. gold, but at a new exchange rate. After American citizens and institutions turned in their gold, President Roosevelt raised the price of gold 69% to \$35 per ounce. Overnight, the dollar was devalued. The devalued dollar was equivalent to only **.0285 Troy oz. gold**. The monetary unit went from 1/20th to 1/35th of an ounce of gold per dollar.

Profits were used for various international purposes, including Latin American loans. Treasury official Harry Dexter White used much of the gold in the creation of the International Monetary Fund (IMF) and the World Bank.

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GOLD BACKED PETRO DOLLARS

After WWII, the United States owned as much as 4/5ths of all the gold in the world and 2/5ths of its production. When OPEC (the Organization of Petroleum-Exporting Countries) was created in 1961, the cartel agreed to peg the price of oil to the dollar because we were on a type of gold standard (the dollar was 40% gold backed). For the first ten years after the creation of the cartel, OPEC nations could exchange their dollars for U. S. gold. Under the original contract with OPEC, the United States was essentially exchanging gold for oil.

Then till now, OPEC has traded its 40% share of the world's oil supply only in U. S. dollars.

Because of this relationship, the U. S. has been able to control the world oil market. The rest of the world has needed dollars to buy OPEC oil, so it has been necessary for them to hold huge dollar reserves.

OIL BACKED FIAT DOLLARS

Beginning in the middle 1960s, the Federal Reserve began massively inflating the U. S. money supply to pay for the expansion of the Viet Nam War. As the U. S. was flooding the rest of the world with dollars, European central banks began aggressively to cash in their huge dollar reserves for gold. When President Johnson introduced his "Great Society" including social programs such as Medicare and Medicaid, foreigners rushed in alarm to exchange their dollars for more of our gold reserves.

In 1969, the IMF developed an alternate world reserve currency called SDRs (Special Drawing Rights). One of the reasons the currency basket was developed was to quiet the world's concern the U. S. was debasing the dollar.

By 1971, U. S. gold reserves were disappearing at a dangerous pace. By fiat, President Nixon closed the "gold window," and declared to foreigners they could no longer exchange their dollars for gold. The United States reneged on its agreements with the oil exporters when we went off the gold standard. By making the dollar a fiat currency, the U. S. violated the longstanding oil-price contract by—in effect—devaluing our money.

"Fiat money is paper currency that does not represent coin or bullion at all. A legal order declares it to be legal tender." Fiat in Latin means "*let it be done.*"

Webster's New Twentieth Century Dictionary, unabridged, George W. Ogilvie, USA, 1904.

Webster's 1904 definition of legal money:

"Money: coins - gold, silver, or other metal.

Paper money: bank notes representing value"

When America's dollar was gold-backed, its purchasing power was steady. From 1873 to 1973, the price for one barrel of oil moved within a \$2 range. For one hundred years, the dollar had a stable relationship with oil. After World War II until 1973, the price for one barrel of oil was \$2.57 - \$3.57.

For twenty-five years, the dollar-to-oil-ratio remained within a \$1 range.

When OPEC (the Organization of Petroleum- Exporting Countries) agreed to trade its share of the global oil supply *only* in U. S. dollars, the price of gold was \$35 per ounce, and oil was \$2.85 per

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barrel. The dollar-to-oil-ratio was \$2.85-to-1. Source: Dow Jones & Company; B. P. Statistical Review, U. K.

DOLLAR-TO-OIL ALMOST 3,500% RATIO CHANGE

Today, the price for one barrel of Brent crude oil is \$99.64. The WTI Cushing (West Texas Intermediate) benchmark is at \$84.10. The average for one barrel of crude oil is \$92. If calculated in U. S. dollars, the price of oil has risen almost 3,500%. Does that signify an almost 3,500% increase in the value of oil? Not at all; today's oil price demonstrates the significant loss in the value of the U. S. dollar.

GOLD-TO-OIL 0% RATIO CHANGE

Compare the 3,000+% change in the dollar-to-oil-ratio with the 0% change in the gold-to-oil-ratio. Back in the day when the dollar was gold-backed, one ounce of gold could buy fifteen barrels of oil. The gold-to-oil-ratio was at 15-to-1.

In 1972, the average price of crude oil was about \$3.50 per barrel;
\$3.63 is the highest quotation.
The average price for gold was \$58.42 per Troy ounce.

1972

Average gold price = \$58.42/per oz
15 barrels of oil ($\$3.63 \times 15$) = \$54.45

Today, the price of Brent crude oil is \$99.64 per barrel.
The spot price for gold is \$1,595.70 per Troy ounce.

2012 (today)

Gold spot price = \$1,595.70
15 barrels Brent crude oil ($\$99.64 \times 15$) = \$1,494.60

**In 2012, one ounce of gold can still buy at least fifteen barrels of oil.
If measured by gold, the price of oil has remained relatively stable.
Oil prices are sky-high because the dollar is weak.**

DILUTING THE MONEY SUPPLY

Gold is real money, so its purchasing power is constant. On the other hand, the dollar is "fiat" currency that represents absolutely nothing. The Federal Reserve is debasing the dollar by diluting the money supply. The dollar's loss of purchasing power is the main reason for the high price of oil. In fact, the deterioration of the dollar is the main reason for the high price of *everything*.

AMR Corporation filed for bankruptcy November 29, 2011. AMR is the parent company of America's third largest airline, American Airlines. American Airlines cited record high fuel costs as one of the major contributing factors for its bankruptcy. The airline had been struggling with all-time-high jet fuel costs. In the past five years, oil has risen 56.4% - from \$1.92 to \$3.00 per gallon. (Oil has risen about 400% in the last ten years, despite diminishing demand from developed nations.)

Watch the Brent Crude Oil futures marker. The spot price for Brent Crude Oil remained at about \$100 per barrel even during the summer/2011 stock market crash.

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Click on this link for an explanation for the high price of oil: <http://www.youtube.com/watch?v=kFrJvMWMdLY&feature=related>

- **As the price of oil increases, the supply of petro-dollars increases.**
- **As petro-dollars increase, oil exporters have more dollars to buy a limited supply of gold bullion.**

THE BATTLE FOR OIL CURRENCY SUPREMACY

The dollar's value has been steadily eroding since 1971. Yet, the dollar has maintained global supremacy because of its oil backing. American foreign policy has been dedicated to enforcing OPEC's end of its original agreement to exclusively trade its oil for dollars.

If oil markets were to replace dollars with gold, for example, our ability to print dollars to cover our deficits would be curtailed. If OPEC countries no longer traded oil in dollars, Russia, China, Korea, India, Taiwan, and Japan could drastically lower their dollar reserves and convert out of dollars. And, if Iran's new Kish Bourse continues to trade oil and gas, European countries will not have to hold dollars to buy oil.

Dollar superiority, therefore, depends on a strong U. S. military to defend the dollar. The U. S. cannot allow oil producing nations to reject the dollar. The U. S. will not allow Iran to operate its new oil and gas *Kish Bourse* much longer.

BEWARE OF PRESIDENTIAL CANDIDATES IN FAVOR OF BOMBING IRAN.

The Council on Foreign Relations recommends war with Iran - now. Click on this link and scroll down to middle of page: <http://www.pakalertpress.com/2011/12/28/wwiii-countdown-cfr-declares-time-to-attack-iran/>

Click on this video to hear General Wesley Clark outline U. S./Middle Eastern war plans formulated ten years ago:

http://www.youtube.com/watch?v=ZnY_yXVrWiU&feature=related

ENFORCED DOLLAR SUPERIORITY

In 2000, Iraq's Saddam Hussein nearly caused a run on the dollar by demanding Euro for his country's oil. Secretary Paul O'Neill reported the main topic of G. W. Bush's first Cabinet meeting was how to find a way for a pre-emptive invasion of Iraq. O'Neill said regime change was topic 'A' only ten days after Bush' inauguration. He also revealed the main topic of the second Cabinet meeting was the future occupation of Iraq. In January 2001—eight months before September 11, 2001— they were discussing the Iraq invasion and occupation.

Iraq resumed trading its oil for dollars just two months after the 2003 invasion. *The U.S. cannot afford Iraq to trade its oil for anything but dollars.*

OUT FROM UNDER DOLLAR HEGEMONY

For decades, Libya and other African countries had been attempting to create a pan-African gold standard. Under the leadership of Libya's al-Qadhafi, African nations had convened at least twice for monetary unification. The countries discussed the possibility of using the Libyan "dinar" as the only possible money to buy African oil. Qadhafi and other heads of African States had wanted an independent, pan-African currency.

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**Libya's al-Qadhafi had rejected the dollar *and* the Euro,
and had bypassed International Monetary Fund rules that forbid "hard currencies."**

Until the recent US/NATO invasion, the gold "dinar" was issued by the Central Bank of Libya (CBL). The Libyan bank was 100% state owned and independent. Foreigners had to go through the CBL to do business with Libya. The Central Bank of Libya had used the country's 143.8 tons of gold to issue the Libyan "hard currency."

Libya's substantial foreign reserves were "frozen" after the war in Libya began. One wonders into whose vaults went hundreds of tons of Libyan *and* Iraqi gold.

NON-DOLLAR DEALS

- August 19, 2011, Iran's Kish Bourse began trading the world's fourth largest oil supply in Euro and the Arabic Dirham, rather than in dollars. Iran's foreign currency reserves have been held in Euro since 2009. *The U. S. cannot afford any country to trade oil for anything but dollars.*
- Brazil, Russia, India, China, South Africa (BRICS) signed an agreement (April 2011) to use their own currencies when issuing credit to each other, rather than using dollars.
- Since 2006, Vladimir Putin has been talking about switching out of dollars, and creating a Russian stock exchange to avoid dependence on the NYMEX and ICE (NY Mercantile Exchange and Intercontinental Exchange).
- Russia's Prime Minister Putin and China's Premier Wen Jiabao met in St. Petersburg, November 2010. They agreed to use their own currencies in bilateral trades, rather than dollars.
- China has (non-dollar) oil deals with Libya, Iran, Sudan, Angola, Nigeria, and Syria.
- Japan and China are phasing out of dollars in their bilateral trades.
- In 2007, the Commercial Bank of Syria switched all the country's transactions from dollars to Euro. Is another Middle Eastern war looming because *the U.S. cannot afford Syria (and Iran) to trade oil for anything but dollars?*

Chapter 2. The Unique Role of Gold

THE DOLLAR'S DETERIORATION AFFECTS EVERYONE.

Americans have not been overly concerned about dollar weakness and rising commodity costs until the last few years. For many reasons, the dollar's deterioration has been obvious to just about everyone in the world but the U. S. consumer. For one thing, much of what we have been buying has been inexpensive. We have been able to consume cheap manufactured goods from China and elsewhere.

While we have been complaining about rising prices since the 2008 crash, people in the East have been *rioting* because of their high costs for food and fuel. That's because costs for essential commodities are a relatively small percentage of U. S. family income compared to families in the Middle and Far East who must spend 80% of their incomes on food alone. (See Oxfam statistics).

ORCHESTRATED IGNORANCE - MANIPULATING GDP & CPI

It's not your fault if gold's rise to over \$1,600 per ounce took you by surprise (Today, the price for

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an ounce of *physical* gold is \$1,627.61 per oz). Dollar erosion has not been as apparent in the United States as it has been to the rest of the world.

The media, the Federal Reserve, and the United States federal government have worked very hard for forty years to obscure the reality of the dollar's debasement.

To hide the dollar's loss of purchasing power, the federal government has gotten really creative in the way it calculates the Gross Domestic Product (GDP) and the Consumer Price Index (CPI) - excluding most of the costs for food and fuel (the essentials) from its indexes. They have come up with ingenious new methods for figuring out how much the cost of living is going up—using “weighting,” “substitution,” “hedonics.” It's fantastic.

Without those clever methods, the media would never have been able to report an annual inflation rate of only 1 or 2%--all those years our houses were supposedly going up in “value” 10% per year. Why would anyone worry about an inflation rate of only 1 or 2%?

HOW DO THEY GET AWAY WITH IT?

To avoid the spotlight on our ballooning money supply, the Federal Reserve quit publishing the M3 monetary aggregate in 2006. The Fed no longer reveals how much or how fast the total money supply is being increased.

Even now—while foreigners are repudiating the dollar and rushing into gold—our media are reporting only 3% inflation. How do they get away with it? Maybe, they get away with it because we don't understand money or what inflation really is.

WHAT IS INFLATION?

For 1,000s of years *until* John Maynard Keynes, everybody knew the answer. Inflation is an increase in the money supply. An inflated money supply causes higher prices even when demand is low.

"Inflation: An increase in the amount of currency in circulation, resulting in a relatively sharp and sudden fall in its value and rise in prices. The rise in prices is caused by an increase in the volume of paper money issued." Webster's New Twentieth Century Dictionary, unabridged, George W. Ogilvie, USA, 1904. *

*Note: Even though this definition is correct, the term inflation is now used as if it means higher prices. Higher prices are not inflation; higher prices are the *result* of monetary inflation. (There is always a 'lag time' before prices reflect the expansion of the money supply.)

GOLD IS MONEY.

When anyone buys a new gold coin, he is exchanging fiat money for real money. Since Nixon severed the connection between the dollar and gold, the price of physical gold has risen well over **4,600%** in relation to the U. S. dollar. The person who bought gold forty years ago has preserved his wealth. Imagine how much wealth was destroyed in the portfolios of those who bought long-term Treasury Bills and Bonds instead of gold. Gold is a medium of exchange that always retains its purchasing power—in times of inflation or in times of deflation (The price of gold went up 69% during the deflation of the 1930s).

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AN ANCIENT LAW OF MONEY

There is an ancient law of money associated with Copernicus and a British financier named Gresham. The law is now referred to as Gresham's Law.

"Bad money drives out good money."

Gresham's Law explains why it is rare to find old gold and silver coins in circulation. If anyone comes upon an old silver or gold coin, he will save it rather than spend it. People always retain the good money and spend the bad money. We save the coins because we know precious metals have value. Not only that, we expect the prices of the coins to increase.

All fiat currencies will buy less in the future.

The price of real money rises in relation to fiat money. It is not guesswork. Gold and silver coins always retain their purchasing power. And, fiat money will continually lose value.

THE GOLDEN CONSTANT

All around the world, gold is resuming its traditional monetary role as "the golden constant." Economists are re-discovering that gold is the measuring rod by which prices for other commodities can be gauged. The late Professor Roy Jastram from the University of California, Berkeley proved the nearly constant purchasing power of gold in his 1977 book *The Golden Constant: The English and American Experience*. He charted gold's relationship to most other commodities during a four hundred year period starting in 1560.

Professor Jastram's study proved gold maintains a constant relationship with other commodities over time. That is, an ounce of gold buys the same amount of a particular commodity today as it did at almost any time in the past. A few items can get out of line with the golden measure because of wars, catastrophes, government interference, or when the supply is too plentiful or too scarce. However, prices for the commodities quickly readjust.

**During times of inflation or times of deflation,
the purchasing power of gold has remained
nearly a mathematical constant.**

Others have cited similar studies using ancient records to demonstrate the nearly constant relationship of gold to wheat, for example. It seems one can purchase about the same number of bushels of wheat today with an ounce of gold as Nebuchadnezzar could buy with an ounce of gold in Babylon. Since the beginning, the purchasing power of gold has remained constant.

Click on this link for an overview of the dollar crisis: <http://vimeo.com/8601724>

Chapter 3. Why are Central Banks Dumping Dollars and Buying Gold?

Since the economic crisis in Europe began, we have been told the entire globe is panting for "king dollar" as a refuge from the financial storm. Is that true? Does the rest of the world still believe the United States dollar is a "store of value?"

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There is significant evidence central banks are preparing for a new currency to replace the dollar as the world's reserve currency.

During the last five years, central banks have been aggressively dumping dollars and buying *record amounts* of gold bullion. According to the Wall Street Journal, central bank gold purchasing is accelerating due to concerns about the creditworthiness of Western governments. It was reported they have been "buying in earnest" since August 2007. (WSJ, November 17, 2011)

In 2011, central banks bought more *physical* gold and at a *faster pace* than they did in 1964 and the years leading up to Nixon's 1971 closure of the United States "gold window."

Central banks are concerned about the balance sheets of the world's largest economies. However, they are not running to the dollar for "safe-haven."

FOLLOW THE REAL MONEY.

Central banks are concerned about the balance sheets of the world's largest economies. However they are not running to the dollar for "safe-haven." According to the *Wall Street Journal*, central bank gold purchasing is accelerating due to concerns about the creditworthiness of Western governments.

Based on the evidence, central bankers no longer believe the dollar is a safe "store of value."

Over the last few years, China has been gradually shifting from paper to real assets. In 2012, the country's purchases of U. S. Treasuries have been slowing significantly; and, from August through December 2011, China was a net seller of U. S. Treasuries. During the same period, China's purchases of physical gold bullion have been *extraordinary*.

In the last twenty-seven months, China has purchased one thousand one hundred eighty-five *tons of gold* (1,185 metric tonnes of gold) *plus* acquisitions from its own gold mines. Chinese mine production is estimated to reap an additional 300 metric tons of gold bullion per year.

The Chinese are not the only ones who have been buying hundreds of tons of gold. Central banks around the world have been shedding dollars and buying gold *aggressively*. In an interview with the *Wall Street Journal*, the World Gold Council said central bank gold purchases "soared" in Quarter 3, 2011. It was reported central banks have been "buying in earnest" since August 2007. (WSJ, November 17, 2011, WGC, August 18, 2011)

On January 23, 2012, the World Gold Council reported central banks purchased record-amounts of *physical* gold in 2011. The Council predicted 2012 would be a "record year" for central bank gold purchases. The WGC said the trend for central bank gold purchasing of *physical* gold will continue in 2012 because economies are seeking "alternate investments to the U. S. dollar."

Recently, Russia cut its holdings of U. S. Treasuries to a fifty year low. Click on this link: <http://www.zerohedge.com/news/china-brings-us-treasury-holdings-one-year-low-russia-cuts-holdings-50-one-year-low>

**Chinese gold bullion imports
January – March 2012 were six times higher
than they were January – March 2011
(135.5 metric tons - up 600%)**

**In 2011, Mainland China imported
more than 750 metric tons of gold bullion
(up 250% over 2010)**

**Central bank gold purchases were almost
seven times higher in Quarter 3, 2011,
than they were in Quarter 3, 2010.
(up almost 700%)**

**Gold purchases in Quarter 3, 2011 doubled the
amount they purchased in Quarter 2, 2011.**

**Central bank gold purchases were
four times higher in Quarter 2, 2011,
than they were in Quarter 2, 2010.
(up 400%)**

In August 2011, the Bank of Korea, the central bank of South Korea, purchased 25 tons of gold. Four months later, it purchased 15 more tons of gold. Click on this Jim Rickards/James Turk interview (bottom right picture) in which they discuss Asian central bank gold purchases:
<http://goldswitzerland.com/index.php/the-gata-conferencelondon-august-2011/>

In March and April of this year (2012), the following central banks purchased a total of 80.8 tons of physical gold: Mexico (16.8 tons), Russia, Turkey, the Ukraine, Kazakhstan, Sri Lanka, and the Philippines.

GOLD WILL HAVE A ROLE IN NEW CURRENCY SYSTEM.

Gold performs a consistent and unique role in the portfolios of individuals, sovereign nations, and in the portfolios of central banks. In November 2010, World Bank president Robert Zoellick said leading economies should consider adopting a modified global gold standard to guide currency rates. He suggested a Bretton Woods II with a new currency system that employs gold as an international reference point.

A UNITED NATIONS WORLD MONETARY SYSTEM

The headquarters for the World Bank and the International Monetary Fund (IMF) are located next to the Federal Reserve in Washington, D. C. In 1944, the IMF and the World Bank were created in Bretton Woods, New Hampshire to impose a global monetary system. At the first United Nations Bretton Woods Conference, the architects of the two central banks suggested the "bancor" as a possible currency for the entire world. Conferees settled on the U. S. dollar as the interim currency for international trade - until a global monetary unit is established.

IMF RULES

The IMF is a United Nations central bank. Because of an IMF ruling, no paper money in the world - not even the Swiss franc- is allowed to have any gold backing. The Swiss franc was delinked from gold May 1, 2000.

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Under an IMF agreement ratified in 1978 (1st Amendment, Article IV), participating countries are not allowed to even peg their currencies to gold. The U. N. bank does not allow countries that participate in its system to back their currencies with gold, even though the bank itself owns tons of gold.

In 2005, the IMF reported ownership of 103.4 million oz. of gold. In 2009, the IMF sold 12.97 million oz. (403.3 metric tons) into the market. At the end of August 2011, the IMF reported holding **2,814.10 metric tons** of gold (90.5 million ounces).

**The IMF received the lion's share of the gold
it has today at the time of its creation.**

Where did the IMF get most of its gold? See Chapter 1.

GOLD PRICE MANIPULATION

According to available records, the Federal Reserve and other central banks now own a high percentage of all gold ever mined. In the short term, central banks such as the IMF and the Federal Reserve Bank of New York can—and have—manipulated the gold market.

The World Gold Council reports central bank selling supplied 400 to 500 tons of gold directly to the market in the 1980s and 1990s. In addition, central banks loaned tons of gold to bullion banks. (The gold was leased at nominal interest.) Bullion banks then sold the gold they borrowed. Since 1980, 16,000 tons of *leased* gold flooded the market and repressed the world price of gold.

The last thirty years of central bank gold loaning, gold swapping, and gold selling was coordinated:

- **To keep gold prices low**
- **To obscure dollar weakness**
- **To build confidence in the dollar**

Click on this link to read about Central Bank gold manipulations: [Gold suppression is public policy and public record.](#)

HARD CURRENCIES - FIAT CURRENCIES

- **Currencies backed by a percentage of gold or silver are called hard currencies.**
- **Currencies with no intrinsic value are called fiat currencies.**
- **The dollar has been a fiat currency for 41 years.**

The existence of hard currencies used to discourage nations from wildly inflating their fiat currencies. If a nation debased its currency, other nations would flee from the fiat currency, and flock to available hard currencies. The countries with hard currencies kept the nations with fiat currencies "honest."

However, there are no longer hard currency alternatives to fiat currencies - other than physical gold and silver. For the first time in your lifetime, no sovereign nation issues its own hard currency. Since the bombing of Libya, all national currencies are now fiat currencies.

**The rapidly deteriorating dollar would not be able
to retain its reserve currency status
if it had to compete with hard currencies.**

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In 1969, the IMF developed an alternate world reserve currency called SDRs (Special Drawing Rights). The dollar will remain the world's reserve currency until it is replaced with a global monetary unit such as the IMF's SDR. All member nations have been pressured to accept SDRs as legal currency.

- **World banks produce SDRs at no cost.**
 - **They loan SDRs to countries at interest.**
 - **Almost every Developing or Third World country is in debt to the IMF or to the World Bank.**
 - **Loans are rescheduled over and over.**
- Chapters 9 & 13 provide more information.

Click on this link to read a thorough explanation of the role of the IMF in a world monetary system: <http://dailyeconomicupdate.wordpress.com/2011/04/21/u-s-corp-and-the-impending-imf-merger-by-robert-denner/> *"U. S. Corp and the Impending IMF merger"*

HOW MUCH GOLD IS LEFT IN FORT KNOX?

After WWII, America owned as much as 80% of the gold in the world. More than half of that gold was stored at Fort Knox. Some have suggested there is precious little gold in those vaults today. No one has been allowed to audit Fort Knox since the Eisenhower Administration (1955).

AUDIT FORT KNOX.

It would be a good idea for Congress to find out if the U. S. really owns as much gold as is reported. Congress should audit Fort Knox (60% of total reported gold), Denver (18%), and West Point (22%).

Since 2008, the United States Mint has been seriously backlogged with orders for U. S. Silver Eagle coins and U. S. Gold Eagle coins. This would lead one to suspect the U. S. substantially overstates the amount of gold and silver it owns.

ARE U. S. GOLD RESERVES IN PRIVATE HANDS?

The U. S. is listed as the largest holder of gold in the world. According to published figures, America owns 10,792.6 tons of gold. In 2005, the U. S. Treasury claimed to have 261.5 million oz. of gold. However, in 1981, a commission appointed by President Reagan concluded the U. S. Treasury owns no gold at all. After examining the U. S. Treasury's books, "The Gold Commission" said the Federal Reserve holds whatever gold is remaining at Fort Knox (etc.) as collateral against the debt the U. S. owes to the privately held central bank.

CONGRESS SHOULD FIND OUT.

What is the truth? Are U. S. gold reserves in private hands?
Mining sources report 8,000 tons of gold have left the country since 2007.

Click on this link to read a thorough account of patriots' attempts to audit Fort Knox, Denver, and West Point: <http://www.freebanking.org/2011/06/23/auditing-gold-reserves/>

Chapter 4. Global Shift to Physical Silver and Gold

WHAT ARE BULLION COINS?

In the 1970s, United States coin dealers began trading gold and silver bullion coins at market

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prices, rather than at government fixed prices. A bullion coin is a real coin from a sovereign nation that will not be traded as a numismatic coin. It is unlikely a bullion coin's date, mint-mark, or condition will ever affect its price because bullion coins are produced in such vast numbers. "Face value" on bullion coins is symbolic.

Today, governments mint bullion coins so people can easily buy and sell physical gold and silver.

In 1974, my brother, Craig Rhyne, began trading gold and silver bullion coins: British gold Sovereigns, Colombian gold Pesos, Austrian Coronas and Ducats, Hungarian 100 Koronas, Mexican gold Pesos, South African Krugerrands, 100 oz. silver bars (and smaller), and U. S. silver coins. The 24-karat gold Canadian Maple Leaf became available in 1979.

In 1985, Congress passed the *Bullion Coin Act*, authorizing the sale of gold and silver American Eagle coins (first available in 1986). Platinum Eagle coins became available in 1997. Gold coins from many countries are available in 1 oz, 1/2 oz, 1/4 oz, 1/10th oz, and even smaller sizes.

PAPER SILVER - PAPER GOLD

The terms "paper gold" and "paper silver" refer to investors' paper receipts that substitute for physical silver or gold. Examples would be futures market accounts on the COMEX and shares of NYSE-listed Exchange Traded Funds (ETFs such as "GLD" and "SLV").

If the market is orderly, the paper market is easier for investors than the physicals market - especially with silver. People can buy and sell on the exchanges without ever taking delivery of the precious metals. They don't have to pay for shipping or worry about storage.

ASIANS DO NOT WANT PAPER GOLD.

Owning physical metals has no counter-party risk. To escape risk, there has been a general, world-wide exodus from "paper" markets to physical silver and gold. Chinese and Indians—and most people in the Middle East and Far East—distrust paper silver and paper gold more than Westerners. They prefer the real thing rather than a promissory piece of paper. (On January 23, 2012, the World Gold Council reported demand for gold-backed ETFs had fallen more than 50% in 2011 - compared to ETF purchases in 2010.)

Click on this link: http://kingworldnews.com/kingworldnews/KWN_DailyWeb/Entries/2012/1/17_London_Trader_Staggering_Gold_Demand_Creating_Shortages.html

Available data from the World Gold Council reveal Asia's substantial movement away from PAPER.

CHINA

- There was a 40% increase in purchases of physical gold over paper gold in Quarter I in 2011 compared to the previous year.
- Chinese investment demand for physical gold grew 25% in Quarter 2, 2011 over Quarter 2, 2010.
- In Quarter 3, 2011, investment demand for gold grew 51%.

2010. China consumed 25% of all known global gold production. The total for the entire year of 2010 was about 300 metric tons of gold.

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2011. Gold bullion imports to Mainland China from Hong Kong exceeded 750 tons of gold. (up 250% year over year)

2012. Between January and March of this year, Chinese gold imports increased 600% over the same time period in 2011 (a total of 135.5 metric tons).

Statistics from the World Gold Council do not include gold bullion consumed by Russia and China from their own gold mines. Chinese mine production is estimated to reap an additional 300 metric tons of gold bullion per year. China displaced South Africa as the world's biggest gold producer in 2007.

CHINA AND INDIA

In addition to gold bullion purchases, Chinese and Indian purchases of 24 karat gold jewelry were up significantly in 2011. It was reported on November 17, 2011, China overtook India as the world's largest gold jewelry market, using 500 tons of gold bullion. During the same period, Indian demand grew 38%, despite higher gold prices. According to UBS AG, outflows of physical gold to India in Quarter 3, 2011, were "well above average."

Asian bullion buyers do not seem to consider price or profits. Coupled with their loss of confidence in the dollar, are their fears of supply interruptions if gold mines in South Africa or Venezuela are nationalized. *

*Update: Venezuela's Hugo Chavez carried out his threat to nationalize gold mines August 23, 2011. He then demanded the return of 210 metric tons of gold bullion stored in the Bank of England and other bullion banks. Chavez accused central banks of storing gold-plated titanium bars, and called their alleged ruse "virtual gold operations." Last summer, rumors were flying surrounding possible gold shortages at bank storage facilities.

2011 MYSTERY GOLD BUYERS

In Quarter 3 of 2011, central banks purchased almost 150 tons of gold. However, we still don't know which banks made a significant number of the purchases because of confidentiality restrictions.

**Were bullion banks "covering" Chavez' demand
for the return of Venezuela's
approximately \$11 billion worth of gold?**

Central banks purchased 148.4 metric tons of gold in Quarter 3, 2011, and their identities still remain a mystery. It is the highest quarterly level since 2009. Traders are speculating. In an interview with the *Wall Street Journal*, the World Gold Council said it is unusual for purchases of that magnitude not to be reported publicly. Buyers of tons of gold are usually not anonymous.

London's *Financial Times* reported gold bullion stored at the Bank of England had "occasionally traded at an unusual premium" following Chavez' August 2011 request.

The *Financial Times* said the Bank of England stored 99.2 tons of Venezuelan gold. According to the *Times*, Venezuela also has gold deposit accounts with Barclays, HSBC, and Standard Chartered. Each of these banks is expected to deliver gold to the Bank of England. Then, approximately forty shipments will travel to Caracas. The Venezuelan gold bullion held in Western bullion banks totals about **17,000** "good delivery bars." Each of the bars is **400 oz.** of pure gold.

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Although Chavez is a survivor of at least one, CIA-assisted, coup attempt, I have to think his days are numbered. In 2001, he announced his preference for the Euro; and, for more than a decade, he has encouraged OPEC members to switch out of the dollar. *The U. S. cannot afford Venezuela to trade its oil for anything but dollars.*

WHY IS SILVER SO LOW?

Prices for all commodities are high. Even with recent market corrections, the gold price remains at a level higher than its price of one year ago. Throughout history, silver has maintained a tight relationship with gold. Why then is the price of silver over 30% below its highs?

**The price of silver tells me two things.
Silver is cheap.
And, something is fishy**

The ratio of silver to gold is way out of the ordinary range. Silver is being held at a ratio of more than 50 to 1. (In June 2010, the ratio was 70 to 1.) At this time, silver is 1/55th the value of gold. Gold is 55 times more valuable than silver. It is historically normal for silver to be 1/16th the value of gold.

**The last time the relationship of gold
to silver was 1 to 16 was in 1980.**

SILVER IS IN SHORT SUPPLY.

If one considers the number of open contracts (short positions) for gold and silver on the COMEX (Commodities Exchange New York), physical precious metals are - *without a doubt*- in short supply. Under normal circumstances, great demand and short supply would lead to higher prices. However, each time metals prices begin to take off to the upside, the "shorts" go into high gear, increasing short positions in gold and silver until prices are brought down or the upside move is stopped.

SILVER MARKET MANIPULATION

Compared to the gold market, the silver market is tiny. For that reason, the price of silver is more volatile and more easily manipulated than the price of gold. Market watchdogs believe "naked shorting" has artificially repressed the silver market since the last major "silver short squeeze" in 1980.

**For every 100 oz. of silver sold on the exchanges, it is estimated
less than 1 ounce of silver is stored- greater than 100 to 1 leverage.
Does "fractional reserve metals trading" sound like a Ponzi scheme to you?**

Whistle blowers have accused certain financial institutions of manipulating the silver market by using a trading technique known as "naked silver shorting." They say the "naked silver shorts" drive down the price of silver by retaining massive and perpetual short positions with no intention of adequately covering their positions or delivering the silver.

REAL MARKET MANIPULATION

Compare the Hunt brothers' 1980 *long* position of 100 million ounces with recent short positions held by a number of banks. A November 2009 CFTC (Commodity Futures Trading Commission) report said just two banks held 68% of all commercial net short positions in silver, and 43% of all

commercial net short positions in gold. At the time of the report, seven commercial banks held a combined total of 65,000 open contracts, representing **325 million ounces** of silver (**short**).

The seven bank combined total is the largest concentration of short contracts in history.

In 2009, the CFTC reported J P Morgan Chase had a net *short position of 150 million* ounces of silver (30,000 open contracts, representing 31% of all open contracts in silver). Industry sources say J P Morgan was net short 122.5 million ounces of silver in April 2011.

WHISTLE BLOWER

Recently, a London commodities trader named Andrew Maguire testified before the CFTC (Commodities Futures Trading Commission) and GATA (Gold Anti-Trust Action Committee) to expose artificial price suppression of silver by J. P. Morgan in the COMEX. Others point to the London Bullion Market Association, the New York Federal Reserve, and HSBC bank (U. K.-based Hong Kong Shanghai Banking Corporation) with similar accusations.

Click on this link to hear the Andrew Maguire interview:

[http://kingworldnews.com/kingworldnews/Broadcast/Entries/2010/3/30 Andrew Maguire & Adrian Douglass_files/Andrew%20Maguire%203%3A30%3A2010.mp3](http://kingworldnews.com/kingworldnews/Broadcast/Entries/2010/3/30_Andrew_Maguire_&_Adrian_Douglass_files/Andrew%20Maguire%203%3A30%3A2010.mp3)

THE NEXT SILVER SQUEEZE WILL BE DIFFERENT.

The last major silver short squeeze was thirty years ago. The "shorts" prevailed and made fabulous profits. And, thousands of investors and Moms and Pops lost their savings. We are currently facing a similar scenario. The magnitude of silver short positions held by J P Morgan and other banks is an unprecedented number.

Billions of dollars worth of silver contracts are outstanding. The silver price would explode to the upside if the open contracts were "covered."

EVERYTHING IS BIGGER.

For the last year, experts have been predicting a silver short squeeze of monumental proportions. This time, the stakes are even higher. America's economic picture has significantly changed since the last major silver showdown. Debt is bigger. Leverage is bigger. The number of buyers "taking delivery" of gold and silver is bigger. And, the affluence of Asian buyers is a new market factor.

Also, public participation in gold and silver trading has broadened. There is tremendous upward price pressure on gold and silver because of increasing public awareness (via the Internet) of the true state of the dollar.

**Lately, there have been several "close calls" for the "shorts."
In 2011, there were back-to-back drastic increases in margin requirements
to prevent break-away moves up in precious metals.**

AN EXTREMELY BULLISH SIGNAL

Every time margin requirements were raised in 2011, the big players used the subsequent silver corrections to cover their short positions. This is an extremely bullish signal. Perhaps the shorts are not as confident they can control prices should the steam in the silver pressure-cooker blow the lid off the market.

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PHYSICALS MARKET WILL DETERMINE SPOT

Gold and silver dealers usually set their coin and bar prices according to the moment by moment "spot prices" at the New York Commodities Exchange (or by the spot prices on the exchanges in London, Chicago, etc.). However, the price for physical silver disconnected from New York when silver trading on the exchanges was interrupted several times in 1980.

The spot price quoted by the exchanges will disconnect *again* from the prices buyers will have to pay to acquire actual silver.

When the public loses trust in the paper market, the physicals market will determine delivery prices. As supplies dry up, premiums for coins and bars will rise above the spot prices. This is already occurring; there is a noticeable increase in coin premiums charged by wholesalers. Spot price for a paper trade on the exchanges becomes merely a benchmark when the marketplace is chaotic, or when supplies of physical gold and silver are inadequate.

WHY TAKE THE RISK?

Why would you want to play the game when they keep changing the rules? Right now, physical silver is perhaps the greatest investment opportunity you will ever see. Physical silver is a bargain at today's price levels. Silver is necessary, and it is scarce - *truly scarce*.

Buy physical silver. Naked silver short sellers have provided an opportunity for you to buy silver at an artificially repressed price. While the market is orderly, buy as much as you can. If it drops a few dollars, buy more. However, be sure to buy the real thing. Don't gamble with commodity futures or ETFs. Sell your SLV and GLD. Pay the penalty if it's in an IRA, and get rid of it.

SILVER IS SURVIVAL CURRENCY.

- Buy "bags" of U. S. 90% silver coins (junk silver) in various sizes quarters, dimes, and half dollars.
- Buy old U. S. silver dollars.
- Buy 1 oz. silver rounds or bars.
- Though more expensive, it could be argued the U. S. 1 oz. Silver Eagle coin and the Canadian 1 oz. Silver Maple Leaf are best.
- Diversify.

WHAT IS NAKED SHORTING?

A commodity short sale is "naked" if the seller doesn't have the goods to fill a commodities contract. The seller cannot fill the order because the commodity is not available. Naked silver shorting is selling without insuring the silver *can* be borrowed or secured. For example, the silver might be still under the ground!

Naked short selling artificially drives down prices to levels that do not reflect the true supply and the true demand.

THE NAKED SILVER SHORT SQUEEZE

Naked selling allows an unlimited number of contracts to be sold short. There are no COMEX limits on speculative positions except in the current spot delivery month. A "naked silver short" is

"squeezed" when a large number of silver buyers do not want paper profits, but instead wish to "take delivery" of their commodity futures contracts.

GOING LONG - GOING SHORT

Some investors want the leverage that comes with buying hundreds of ounces of gold or thousands of ounces of silver on margin (margin requirements vary). That is called going long.

Commodity investors and traders can also take negative positions by selling contracts short.

Farmers, airlines, and manufacturers lock in their costs by using the COMEX to hedge their costs (rather than to speculate).

**The "shorts" sell what they do not own.
Eventually, they have to "cover" their short positions.**

The "shorts" sell when they think the price is high. Eventually, they will have to buy back what they sold to cover their short positions. Transactions are incomplete until the corresponding transaction is completed. They make a profit if they can buy the commodity back when the market drops. If they misjudge, and the market goes up, they either cover their shorts, and take huge losses; or they pay margin calls and hold on with their teeth gritted. They are leveraged - with a certain percentage down, controlling 5,000 ounces of silver per contract.

TAKING DELIVERY OF COMMODITIES CONTRACTS

It is possible to "take delivery" of a contract. There is a delivery month when a contract expires, and the buyer pays for the contract in full. Since America's creditors have come to doubt the U. S. will ever curb its spending, they have been using the COMEX to gradually unload dollars. Instead of taking their profits in dollars, big buyers have been paying off gold and silver contracts and actually taking delivery.

MONOPOLY GAME TUG-OF-WAR IS CAUSING VOLATILITY

The on-going tug-of-war between the 'shorts' and the 'big players' who are unloading fiat dollars for physical delivery of gold and silver is causing tremendous volatility in the COMEX. The rules of this giant 'monopoly game' are changing as the global monetary crisis deepens. For example, exchanges raised margin requirements aggressively in 2011.

GAME RULES FOR SILVER TRADING CAN BE CHANGED.

Last year, huge, back-to-back increases in margin requirements

- Chased away small investors - retail and commercial
- Drove down metals prices
- Halted break-away markets

IS A SILVER SHORT SQUEEZE UNAVOIDABLE?

Currently, there is an unprecedented number of short positions in silver (number of incomplete transactions). Credible industry experts believe more silver is owed than exists above ground. Billions of dollars worth of silver must be purchased or delivered to complete the outstanding transactions.

Some say today's silver market is poised for a financial cataclysm, and that a silver short squeeze is unavoidable. They believe we are just one crisis away from a run on the silver markets. Either the "shorts" or the natural laws of supply and demand will win the day.

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CENTRAL BANKS LEASE SILVER & GOLD TO THE SHORTS.

Central banks own tons of precious metal. The Federal Reserve Bank of New York stores gold for a number of central banks. Bullion banks are investment banks that function as clearing banks - wholesale suppliers of gold and silver bullion. They conduct the financial transactions and ownership transfers of precious metals.

Bullion banks are members of the LONDON BULLION MARKET ASSOCIATION:

- **J P Morgan Chase Bank**
- **HSBC Bank**
- **Barclays Bank PLC**
- **ScotiaMocatta**
- **Deutsche Bank AG**
- **UBS AG** -Union Bank of Switzerland, Swiss Bank Corporation, & Paine Webber merger (S. G. Warburg)

Note: AG (Aktiengesellschaft) means it is a publicly held corporation. PLC is the equivalent term in the United Kingdom.

When gold and silver markets break out of control to the upside, central banks lease or sell 1,000 oz. bars of silver and 400 oz. bars of gold to the bullion banks so they can "cover" their delivery orders. Precious metals leasing involves a central bank transferring gold or silver to a bullion bank that pays a nominal fee (often 1% interest). Then the bullion bank sells the precious metal on the open market.

- J P Morgan Chase Bank is the custodian for SLV.
- HSBC (Hong Kong and Shanghai Banking Corporation) is the custodian for GLD.
- GLD and SLV records indicate ownership of a big percentage of the available gold and silver in the world.
- Many experts believe ETF shares may be used to "cover" COMEX physical deliveries.

Banks such as J P Morgan and HSBC perennially hold massive short positions in gold and silver. They have been squeezed during rising markets when "covers" were impossible to find to close out their short positions. It is called a "failure to deliver" when bullion houses are unable to secure the silver or gold to fill huge delivery orders.

CASH SETTLEMENTS

The default mechanism for "failure to deliver" on commodities is cash settlement. The COMEX can limit delivery of silver to 1.5 million ounces to any individual. However, when demand overwhelms supply, the exchange has a clause that allows for a cash settlement or payment for gold or silver.

- **J P Morgan has unlimited access to cash.**
- **J P Morgan is one of the stock holders of the Federal Reserve banking cartel.**

In 2011, delivery contracts have been settled in dollars rather than in precious metals. Industry watchdogs say cash settlements are getting larger and more frequent. There are rumors buyers who were legally contracted to take physical silver delivery were, instead, paid dollar premiums as high as 20-30% as an incentive to settle.

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There will come a time buyers will not accept dollar cash settlements. All it would take to trigger a *default event* is one large investor who refuses the cash settlement and demands the actual silver (or gold). When that happens, the "silent default" will become a public default. The run on physical silver will be a major "naked short squeeze."

Click on this video to see why you should move out of paper silver and paper gold:
www.youtube.com/watch?v=B-6-R9SPTLg

NAKED SHORT-SELLING CAN THREATEN A NATION'S GENERAL WELFARE.

Currencies and entire national economies can be -and have been- brought down by "naked shorting." Although, the practice is used to target certain companies or segments of an economy, it also threatens the broader markets.

On November 11, 2011 Italy banned the naked short selling of certain financial instruments. France, Greece, South Korea, Spain, Belgium, and others have put similar bans in place since 2008. Abusive naked short selling has been illegal in the U. S. since 2008.

The SEC doesn't believe the problem of naked short-selling is pervasive. It appears the CFTC (Commodity Futures Trading Commission) is not concerned with the number of short positions in gold and silver relative to silver and gold inventories.

The problem of naked short selling is pervasive. Click on this video:
<http://vimeo.com/8597899>

J P MORGAN, BEAR STEARNS, AND M F GLOBAL

There is much more to be uncovered about the role silver played in the collapses of Bear Stearns and the commodities giant M F Global. (M F Global was a Federal Reserve primary dealer.) After each company collapsed, J P Morgan assumed their massive silver short positions.

Bear Stearns' large silver short position was just about due to be "covered." If the company had not gone down, the price of silver would have gone through the roof. J P Morgan was able to use taxpayer bailout money to take over Bear Stearns' assets and its large number of open silver contracts.

We need to know what happened. An estimated 1.4 million ounces of M F Global customer-owned silver are missing. Maybe we should ask former White House Chief of Staff William Daley, member of the executive board of J P Morgan Chase and former J P Morgan Midwest managing director.

**Click on this link concerning rehypothecation and
MFGlobal:** [http://newsandinsight.thomsonreuters.com/Securities/Insight/2011/12 -
December/MF Global and the great Wall St re-hypothecation scandal/](http://newsandinsight.thomsonreuters.com/Securities/Insight/2011/12 - December/MF Global and the great Wall St re-hypothecation scandal/)

It has been alleged massive insider trading brought down Bear Stearns. Read about the "very unnatural trades" (massive volumes of "puts" controlling millions of shares) the week before the collapse.

THE 1980 SILVER SHORT SQUEEZE

The last major silver short squeeze was in 1980. During the squeeze, the New York and Chicago

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exchanges halted silver trading several times. Whenever markets were disrupted, the silver price quoted in New York didn't quite match the price buyers had to pay for the *actual* metal. Premiums above the spot price for silver got very high - as much as \$10 per oz. However, people were happy to pay the high premiums, and glad to get silver in almost any form. Customers were not concerned about brands, shapes, or sizes of silver bars, or denominations of U. S. 90% silver coins. They just wanted silver.

STAGFLATION

America was almost in a depression during the 1970s. Economists called it "stagflation." We had high unemployment and sky-high fuel costs. And, inflation was terrible.

**Although the U. S. economy was not then
in the shambles it is in now, it was pretty bad.**

After the U. S. abandoned a gold standard in 1971, people began buying gold and silver coins to protect themselves from the dollar's loss of purchasing power. Most coin and bullion buyers weren't looking for paper dollar profits. They wanted tangible assets to hedge against a crumbling dollar.

THE LAST MAJOR SILVER SHORT SQUEEZE

Silver was \$1.95 per ounce in the early 1970s, when Nelson Bunker Hunt, William Herbert Hunt, and other wealthy investors began accumulating physical silver. They informed the public they would be systematically building physical positions in silver. Dealers understood they were buying the actual metal - "taking delivery" of silver contracts - rather than speculating in the futures market with "paper silver." Over a period of years, silver moved from \$5 to about \$11 per ounce mid-1979. Silver was over \$30 per ounce at the end of 1979.

The Hunt brothers' **long position** was **100 million ounces** of silver. On each delivery month, the Hunts and other investors paid off their contracts and were taking delivery of the silver (5,000 ounces of silver per contract). Until then, there never had been so much demand for so much physical silver on the exchanges. *

As silver began moving sharply up in 1979, the bullion banks were facing a "failure to deliver" on their open contracts. It was rumored nine directors of the COMEX held massive short positions in silver. The situation was called a "silver short squeeze." At the end of the squeeze, the market was near collapse and the "shorts" were almost broken. The short squeeze threatened the very viability of the exchange. The rules for trading silver on the COMEX (Commodities Exchange New York) and CBOT (Chicago Board of Trade) were changed many times until the squeeze came to an end.

* In 1997, Warren Buffet (Berkshire Hathaway) had a **long position** in silver of approximately **130 million ounces** - initially at about \$4.50 per ounce. Although Buffet was long 130 million ounces (scheduled to take delivery of March silver contracts), he had also sold July future contracts of silver short. His silver buying strategy seems to have been more of a paper trade... However, there is speculation he was *compelled* to sell his silver delivery contracts.

WHEN THE EXCHANGES HALTED SILVER TRADING

The exchanges stopped trading silver several times during the silver short squeeze (and during its aftermath). There were "limit up" days, "limit down" days, and "liquidation only" days. There was uncertainty in the exchanges, tremendous price volatility, and extraordinarily wide "spreads" (big

percentages between bid and ask). Locking in prices over the phone became risky for customers, wholesalers, and dealers.

In those frantic days, people stood in lines half-way around city blocks at coin shops throughout the country, hoping dealers wouldn't run out of silver. People even traded with each other while standing in lines. Supplies of silver bars and silver coins became strained.

COMEX SILVER: LIQUIDATION ONLY

Time after time, exchanges such as the COMEX and the CBOT raised margin requirements in an attempt to drive the price of silver down and to make it too expensive for investors to stay "long" in the silver market.

Then, they limited the number of contracts investors could buy. In New York, customers were limited to 10 million ounces of silver; the CBOT put on a limit of 3 million ounces. In March 1980, the CFTC (U. S. Commodity Futures Trading Commission) finally broke the back of the silver short squeeze.

The final "game rule" was changed to stop the advance of silver, which was on its way to \$50/oz. The CFTC **banned** all purchases of silver contracts, allowing liquidation only. Silver tumbled 50% in four days. With the price of silver in the \$20s, the Hunts were unsuccessful in their efforts to raise capital to pay margin calls. The total decline was 78% in two months. After the silver market plummeted, it remained in the tank for more than twenty years.

The "shorts" made fabulous profits. And, those on the other side of the trade lost their shirts. The Hunts declared private bankruptcy in 1980. In the end, Hunt liabilities were \$2.5 billion and their assets had been reduced to \$1.5 billion.

The Hunt brothers weren't big enough to fight the financial insiders bankrolled by the Fed, or counter the actions of the Commodity Futures Trading Commission. In August 1988, the Hunts were convicted and heavily fined for "conspiring to manipulate the market." The Hunt brothers were not the conspirators. They were the victims of the same short sellers who use futures and options to manipulate the prices of precious metals to this day.

HAS THIRTY YEARS OF SHORT SELLING BEEN NAKED?

Short selling has prevailed since the 1980 squeeze. Industry watchdogs believe "naked" short selling (with the help of a few central banks) collapsed the silver market in 1980. They also believe "naked" short selling has effectively "managed" gold and silver prices for the last thirty years.

However, it appears gold and silver haven't been as effectively "managed" since the real estate bubble began to burst in 2007.

Chapter 5. Weights and Measures and Balancing Scales

**Gold is like no other commodity. It is easy to trade;
it is a rare; it is portable; it does not corrode; and
it is not consumed. Gold is natural money.**

MONEY
English

MONETA
Latin

MNA'
Greek

MANEH
Hebrew

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Histories of all great civilizations record the use of gold and silver to facilitate trade. However, ancient money was not in coin form. According to archaeology, there were no coins or denominations of *monetary* value for thousands of years. Early on, specific monetary values were not assigned to silver and gold. Instead, monetary units were measurements of weight. The weight of the gold or silver was what mattered in commerce.

Money was the metal itself - kept in jewelry, ingots, rings, and bars. An ancient trader usually did not count the money in a business transaction. The only reason to add up money was to make a rough estimate of the weight.

Honest business required honest weights.

In antiquity, nations and tribes measured the value of un-coined silver and gold by placing the metal on one side of a balance and offsetting it with standardized weights. Everyone measured the value of gold and silver in that way.

The weight system for measuring the value of money was standardized, internationally integrated, and unbelievably precise.

The oldest civilizations and nations carried on seamless trade by using equivalent units of mass to measure gold and silver money.

The Sumerians calculated the value of precious metals by using the same weights as the Hebrews and Greeks used. (Different weights were used for weighing non-gold and non-silver things.)

Convertible systems of weights were used in Babylon, Persia, Nineveh, and throughout the ancient world - with astonishing consistency. Originally, the *gerah*, *maneh*, *shekel*, and *talent* were weights - rather than stamped pieces of money. The *shekel* was an international unit of weight long before it became a Hebrew coin.

Weights were standardized and interchangeable:

(until civilizations declined)

1 talent was equal to 3,000 shekels

1 Egyptian talent, 1 Babylonian talent,
1 Phoenician talent, or 1 Greek talent
=
3,000 Phoenician shekels, 3,000 Persian staters,
3,000 Hebrew shekels, or 3,000 Assyrian shekels

Between 1,792 to 1,750 B. C., the King of Babylon measured money by the *shekel* (*Code of Hammurabi*). Phoenicia used the same *shekel* 1,000 years later. King Sennacherib used the *shekel* to weigh money in Assyria around 700 B. C.

60 maneh (minae) were equal to 1 talent

Herodotus' table of monetary weights (dated between 484 to 425 B. C.) divided 1 Greek talent into 60 Greek *minae*. More than 1,000 years *earlier*, the Sumerians and Babylonians also divided 1 talent into 60 *maneh*.

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OLD CARAT SYSTEM OF WEIGHTS

Seeds and grains were once used as standardized weights for weighing money on precision scales. Ancient jewelers and traders used barley grains and the uniform seeds of the carob tree as units of weight to determine mass.

A "grain" or "gerah" was a weight equivalent to one grain taken from the middle of an ear of barley: **1 grain = 1 gerah**. A carob seed was used as a weight called a carat (via the Arabic "qirat"). The pod or seed of the carob tree has a consistent weight of four grains: **4 grains = 4 gerah = 1 carat**.

Carat (abbreviated **ct.**) is the spelling used in North America when referring to the **weight** of gemstones such as diamonds and rubies. Carat means "weight." With today's technology, the calculation is extremely precise: 1 carat = 0.2053 grams or 3.17 grains in Troy weight.

**The carat system not only determines mass,
it measures the purity of gold alloys.**

Karat (abbreviated **k** or **kt.**) is the spelling used in North America when referring to the **purity** of gold jewelry. Pure 100% gold is 24k; 18k is 75% pure or .750 (750/1,000).

To find the percentage of gold purity, divide the number stamped on your jewelry by 24. For example, 14k divided by 24 = 58½% or .585 (585/1000).

Different geographical regions have various karat standards for gold jewelry:

- India – 22k
- United States – was 10k, now 14k or 18k
- Far East – 24k, Canton – "Chuk Kam" – min. 99% pure
- Russia 9k
- United Kingdom 9k
- Mediterranean Europe – 18k

HALLMARK OF MILLESIMAL FINENESS

The system of millesimal fineness for precious metal is a high-tech version of the carat system of weights. The Latin word for thousand is "mille." Millesimal fineness denotes parts per thousand of pure metal in a metal alloy – the purity of the metal.

The stamp on a bar is its hallmark of purity. Former standards for purity varied from current standards by one decimal point. The current minimal acceptable fineness for a 400 ounce "London Good Delivery Bar" [LGD] is 995/1000 gold.

**Current world standards
for millesimal fineness of precious metals:**

- **Gold .995 to .9999**
- **Platinum .995 to .999**
- **Palladium .995 to .999**
- **Silver .999**

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BRITISH POUND

England's pound (£) was once a monetary unit of weight. Pound (abbreviated lb) is a Latin word that means "weight." A "pondus" was a weight used on a balance. A "libra" (also abbreviated lb) was a Latin balancing scale and a Roman coin. The British pound's symbol -**£**- is the first letter of the word "libra."

PENNYWEIGHT

Back in the day, when the British gold (£) pound was used as legal tender, silver and gold coins had standard relationships. The gold pound was equivalent to 20 shillings or 240 pence (the sterling silver penny).

The penny was Great Britain's primary unit of coinage—beginning with the Anglo-Saxon sceat in the (A. D.) 700s until 1946. The sterling silver penny's weight became a universal unit of weight—the pennyweight. The penny's symbol is -**d**- after the Roman penny, denarius. Pennyweight is abbreviated dwt.

POUND STERLING

The universal definition of "sterling silver" is silver that is 92.5% pure. In 1158, Henry II of England ordained the original "sterling" coin. The "sterling" was a sterling silver penny that weighed 1/240th of a Troy pound. In other words, 240 pennies weighed 1 Troy pound of sterling silver—the Pound Sterling. The Pound Sterling was the world's standard for legal money and the world's reserve currency until 1944.

TROY WEIGHT

Troy weight -first used in Troyes, France- is a system of weights for gold and silver based on a Troy pound containing **5,760 grains**.

Troy weight system:

12 Troy oz = 1 Troy pound = 240 pennyweight = 5,760 grains

1 Troy oz = 1/12 Troy pound = 20 pennyweight = 480 grains

1/20 Troy oz = 1/240 Troy pound = 1 pennyweight = 24 grains

1 Troy oz = 31.1035 grams

U. S. DOLLAR

Dollar is the name for monetary units all over the world. The definition of the word dollar is "weight." The term dollar is from the Greek word "taler" referring to the weight of gold or silver. The dollar came to America from Bohemia. The Bohemian "thaler" contained **451 Troy grains** of silver.

The United States 1792 Coinage Act defined a legal dollar:

\$1 = .7734 Troy ounces of silver

\$1 = .04375 Troy ounces of gold

America's first gold coin was the 1795 \$10 Eagle.

In 1944, the U. S. Dollar replaced the British Pound Sterling as the world's reserve currency.

BIBLE MONEY

Money is one of the main topics in the Bible. When Sarah died (about 1,860 B. C.) Abraham purchased a family sepulchre in Hebron for his wife's burial. There in the land of Canaan, the

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Hittites used the same shekel Abraham used as a standardized weight to measure the value of silver. (Abraham was originally from Mesopotamia.)

**"...and Abraham weighed to Ephron the silver...
400 shekels of silver, current money with the merchant." Genesis 23: 16**

Later, Abraham sent his oldest servant back to Mesopotamia to search for a bride for his son, Isaac. When the servant found Rebekah at the well, he gave the bride-to-be gifts from the bridegroom.

**"And...the man took a golden earring of half a shekel weight,
and two bracelets for her hands of ten shekels weight of gold" Genesis 24: 22**

BIBLE WEIGHTS

It was customary for the Jews to have scales attached to their girdles for weighing gold and silver. Jewish rabbis estimated the weight of gold and silver according to the number of grains of barley (gerah) to which the pieces of silver and gold were equivalent.

"And I bought the field, and weighed him the money in the balances." Jeremiah

KIKKAR or **TALENT** (circle, sum, a round number) was the largest weight, weighing about 125 lbs. The talent was a weight used to measure gold and silver in several Biblical accounts. Talent is from the Greek "taler" (weight) A talanton was a scale.

MANEH (number, part, portion) means to measure out, to weigh. The maneh was a weight that was translated in the English Bible as the word "**pound**."

SHEK EL (God's weight) was a common weight used for silver. In the Bible, a "piece" of silver was about a shekel's weight; the shekel weighed about 1/2 ounce. The shekel of the sanctuary was double the profane shekel.

BEKAH (to break, to divide) was a fractional weight.

GERAH (grain, kernel, bean) was the smallest weight.

"A false balance is not good." Solomon

BIBLICAL TABLE OF WEIGHTS FOR GOLD SILVER

The table for gold and silver was different than the table used for non-monetary commodities:

- 1 bekah = 1/2 shekel = 10 gerahs
- 20 gerahs = 1 shekel
- 50 shekels = 1 maneh = 100 bekahs = 1,000 gerahs
- 60 manehs = 1 kikkar (talent) = 3,000 shekels

"Ye shall have just balances." Ezekiel

COINS WITH SPECIFIED VALUES ARE RELATIVELY NEW.

The Greeks (and people influenced by the Greeks in Asia Minor) started using **coins** as early as the eighth century B. C.; Persia began using coinage about 500 B. C.; Tyre, Carthage, and Sidon started using coins sometime between 425 to 400 B. C.

According to Herodotus, Aegina was the site of the first European mint. He said the Lydians were the first to strike gold and silver coins. The Aeginan mint (near Athens) used Babylonian and Phoenician weights as standards.

**Gentiles put the likenesses of rulers and gods on their coins (Alexander the Great, etc.).
However, coins did not specify monetary values until much later.**

National coins with specific monetary values became the norm with the advent of the Roman Empire. The Jews were required to pay a Roman tax with Roman coins. However, they offered only Hebrew coins in the Temple.

The shekel became a coin denomination -rather than a weight- during the Second Temple period. The Maccabees and the Hasmonean Dynasty produced coins impressed with stamps that indicated weight and fineness of the metals beginning sometime between 141 to 110 B. C. (the coins rarely had dates).

"Just balances, just weights, shall you have." Moses

BIBLICAL GOLD TO SILVER RATIO

For thousands of years of Biblical history, one ounce of gold was equal to the value of fifteen ounces of silver. In the Hebrew Bible, the value of the silver shekel was 1/15th of the value of the gold shekel. Gold was no more than fifteen times more valuable than silver. (Some say the ratio was 12 to 1 when David was King, and 10 to 1 at the time of Hezekiah.)

**1 talent (kikkar) of gold = 3,000 shekels of silver
1 oz of gold = 15 oz of silver
15 oz of silver = 1 oz of gold**

Silver was the currency of the Jews. During Biblical times, "silver" and "money" were practically synonyms - in both Hebrew and Latin. If the Bible says the natural relationship of gold to silver is 15 to 1, I believe it. From time to time throughout history, the gold to silver relationship has been artificially manipulated. For example, Alexander the Great set the ratio at 10 to 1.

For decades, the price of silver has been unnaturally low. Today, the ratio of gold to silver is 1 to 56. It now takes 56 ounces of silver to equal the value of 1 ounce of gold.

**Silver is under-priced. The current gold to silver ratio indicates price manipulation. The last time the ratio of gold to silver was close to the 15 to 1 ratio was in 1980, when it was 16 to 1.
*Buy physical silver coins. The price of silver will rise explosively.***

ONE HUNDRED POUNDS HARD MONEY

Jacob Rein (b. 1726) was the pioneer of the Rhyne family in America. It is recorded he traveled on the English ship "Fox" from Germany to Pennsylvania (1738); and that he used sterling silver and gold to purchase a homestead in North Carolina (1768). At the end of his life, he left a substantial amount of gold and silver to his heirs and to others.

*"In the name of God. Amen. I Jacob Rine...
do make and ordain this to be my last will and testament...
I give and bequeath unto my wife, Elizabeth,*

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*one hundred pounds hard money, gold and silver...
this twenty-second day of May, 1793. Jacob Rein."*

(In the translation from German to English, three ways of spelling the name were given:
Rine, Rhine, Rein; we spell it Rhyne.)

100 £s -or- 100 lbs.

In 1793, the value of one hundred pounds of "hard money" could have been calculated a number of ways. The gold and silver could have been denominated in English (£) pounds. Or, it could have been a straightforward calculation of the actual weight of the precious metals. In those days, it was a normal practice to simply weigh gold and silver on balancing scales. The worth of the gold and silver in today's dollars is impossible to calculate because it depends on the percentage of the gold to the silver, and on whether "pounds" meant "lbs" or "£s." In any case, it is a good thing Jacob left his beloved Elizabeth gold and silver - rather than worthless "Continental."

Our dollar is losing value every single day. In a relatively short time, the paper dollars you own will "not be worth a Continental."

Click on this link to read about America's worthless Continentals:

<http://mises.org/daily/2340>

Chapter 6. The Dollar is not Real Money.

The Golden Age of any civilization corresponds directly to its use of gold and silver money. Real money produces economic freedom and an expansion of the merchant class. On the other hand, fiat currency grows government, funds endless wars, and shrinks the middle class.

Governments and members of the ruling class despise the discipline of gold.

Fiat money is paper currency backed by nothing. "Hard money" is paper money backed by gold or silver. A government cannot print gold and silver. If a nation uses hard money, the amount of paper currency is limited by the amount of physical gold and silver. Therefore, governments can spend only the money taken in by direct taxation. If politicians wish to engage in foreign wars or dole out money to their constituents, they must first raise additional taxes - which is never popular.

Hard money is a check on the growth of government. If the government can print paper money backed by nothing, politicians can spend without set limits.

Politicians would much rather print money than tax the public directly. Governments gain revenue invisibly when the money supply is diluted. History traces the decline of great civilizations to the point when they debased their money. History repeats itself because politicians always want a blank check - to wage war after war and to buy elections. The ruling class prefers profligate spending to the monetary discipline of gold.

Massive money printing allows government to expand its power. Fiat money transfers wealth from the middle class to the government - and to a small, politically favored group at the top. Savers and wage earners are the big losers. They have to work harder and longer just to keep pace. The dollars

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they earn this year will be worth less the next year. The longer they save their dollars, the less they can buy.

When an empire debases its money, society devolves. As the government grows more intrusive, individual liberty is diminished. Throughout history, great civilizations have collapsed -in large part- because they chose to finance wars and government programs by printing worthless currency.

IT NEVER ENDS WELL FOR FIAT MONEY

The U. S. money supply is being radically diluted by the Federal Reserve - to pay for foreign wars, bailouts, and government programs. Alan Greenspan and Ben Bernanke have managed to create more currency in the last twenty years than existed in prior history - *in total*. The dollar is now keyboard currency. Trillions of dollars appear from the sky - as electronic entries in a ledger.

SUPPLY AND DEMAND

The laws of supply and demand apply to money.
Gold and the dollar are competing currencies.

The gold supply grows at about 2% per year.
Demand for gold increases as the dollar is debased.

The dollar supply is now growing about 17% per year.
Demand for the dollar is decreasing.
The increase in the price of gold is the evidence.

Gold up 441% in the last **11 years**.
Gold up 2,434% in the last **21 years**.
Gold up 4,600% in the last **41 years**.

The above statistics do not indicate a 41-year bull market in gold. The price of gold has gone up more than 4,700% because of the exponential growth in the dollar-supply. Since the dollar was decoupled from gold in 1971, the purchasing power of the dollar has been in a forty-one-year nosedive. The U. S. is paying most of its debt obligations by money printing.

Click on **MUST-SEE Graphic on U. S. Debt**: http://demonocracy.info/infographics/usa/us_debt/us_debt.html

Click on this summary of "on" and "off-budget" debt:
<http://www.garynorth.com/public/department79.cfm>

The only thing holding the U. S. economy together is **confidence** - confidence that our government can tax us enough to pay its debt obligations. In point of fact, the country's tax base is steadily eroding. Our debt is rising and our GDP is falling. The world's confidence will be shattered as U. S. GDP continues to decline. Then, the last remaining foreigners holding U. S. Treasury Bonds will run for the exits. The Federal Reserve is already the biggest buyer of U. S. Treasury Bonds.

* Brazil, Russia, India, China, South Africa, and others are making pacts and bi-lateral trade agreements to circumvent the dollar (See "Non-dollar deals," Chapter 1).

"Without the confidence factor, many believe a paper money system is liable to collapse eventually." Federal Reserve Bank of Philadelphia, *Gold*, p. 10.

THE EMPEROR HAS NO CLOTHES.

America has been living off her former reputation for fair dealing and honest money since the dollar was de-linked from gold. We have been able to exchange fiat currency for valuable things. Until recently, the world has been eager to send us their oil and manufactured products in exchange for dollars that represent absolutely nothing. That is changing dramatically.

Unprecedented Federal Reserve "money printing" has led many foreign dollar holders to conclude *the emperor has no clothes* (Andersen fairy tale). Quite a few nations are dissatisfied with the dollar as the world's reserve currency.

Webster's 1904 definition of legal money:

"Money: coins - gold, silver, or other metal. Paper money: bank notes representing value"

By Webster's definition, today's dollar is not real money. The dollar has no intrinsic value. It does not represent gold or silver or anything of value. Its only worth lies in people's willingness to accept it. While traveling, I was shocked to read the following sign in a Turkish store window: "Dollars not accepted." People outside the U. S. realize how rapidly the dollar is losing value. The Federal Reserve is wildly diluting the money supply to pay for out-of-control domestic spending and our disastrous foreign policy (Our dollars paid for the beautiful freeway leading out of Istanbul.)

PAPER MONEY FAILS IN TIMES OF EXTREME CRISIS.

Perhaps, you own very little gold. In general, the rest of the world appreciates gold's value more than most Americans do. Many outside the U. S. have learned to distrust paper money from experience. People from just about everywhere used to sit at my desk and tell me their survival stories. They all understood the value of gold:

- An old German woman fed her family during wartime by selling her gold bracelet—one link at a time.
- A young man paid his University of Washington tuition by selling the gold Pahlavis he had smuggled out of Iran.
- A Vietnamese man bought freedom for his family by bribing officials with gold Taels from Phnom Penh—20 oz. per child.

During times of extreme crisis, paper money fails. Buy gold and silver.

Only real money has value when markets are disrupted.

Gold and silver coins can *always* be traded for goods and services.

You may have never considered the possibility the dollar could collapse. History is replete with examples of paper currency failures. At a recent meeting of the respected Committee for Monetary Research and Education in New York, noted analyst Victor Sperandeo spoke on the "*Inevitability of Hyperinflation*." Only one person at that meeting disagreed.

When a country resorts to paying its debts by destroying its currency, it never ends well. Paper money backed by nothing is not an indication of a sophisticated society; rather, it indicates the abandonment of honest weights and measures, economic ignorance, and societal degeneration.

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Click on this interview; John Williams outlines America's debt picture and how soon we will transition to hyperinflation: <http://www.youtube.com/watch?v=Udh-bPzHqqk>
<http://mcalvanyweeklycommentary.com/01-25-12/>

"All paper money eventually returns to its intrinsic value. Zero." Voltaire

Chapter 7. The Federal Reserve is a Banking Cartel.

Wikipedia defines the Federal Reserve as "a quasi-government entity." Quasi means "in a certain sense." The fact is, the Federal Reserve and its twelve regional agent banks are not government entities. The Fed is a banking cartel with a governmental arrangement. It is a hybrid organization. The Federal Reserve *appears* to be a government agency because it has the force of law behind it.

"The Federal Reserve Board, and the Federal Reserve Banks are private Corporations."

June 10, 1932, *Congressional Record*, p. 12595.

"Some people think the Federal Reserve Banks are United States government institutions, they are not government institutions, they are private credit monopolies."

May 11, 1972, *Congressional Record*.

"The 12 regional reserve banks aren't government institutions, but corporations nominally 'owned' by member commercial banks."

Federal Reserve Bank of Chicago, *Modern Money Mechanics*, p. 27.

FED HISTORY: THE "MONEY TRUST"

Three years before Congress passed the Federal Reserve Act, representatives of the biggest banks in New York and Europe convened to form a cartel. Up until then, Warburg ("Daddy WARbucks") J. P. Morgan, Rockefeller, Rothschild, and Kuhn-Loeb and Company had been competing for banking dominance. In 1910, competitors joined forces and became partners.

Although the bankers' meeting was secret, it is now a matter of public record. After the seven men created the structure for the banking monopoly, the cartel went into partnership with Congress. Our government passed laws that enforced its power. One of the seven who attended the meeting was Benjamin Strong, the head of Morgan's *Bankers Trust*. Strong became the first head of the Federal Reserve. Patriotic opponents of the Federal Reserve Act called the group of bankers "the money trust."

"This Act establishes the most gigantic trust on earth. When the President signs this bill, the invisible government by the Monetary Power will be legalized... The worst legislative crime of the age is perpetrated by this banking and currency bill." Charles Lindberg

Click on this link to hear about the formation of the Fed, its methods, and its goals:
[G. Edward Griffin's "The Creature from Jekyll Island."](#)

Back in 1913, Congress and the Federal Reserve made a bargain. The Fed became the U. S.'s banker and financier of foreign wars, and Congress received a credit card with no limits. One of the reasons Congress allowed the creation of the Fed was to make it possible for them to spend and buy votes without having to raise taxes directly. Congress gave the Fed (and commercial banks) the

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power to create money out of nothing. Money comes into existence the instant it is borrowed. Poof. It's alchemy. Debt electronically becomes money.

"The process by which banks create money is so simple that the mind is repelled."

John Kenneth Galbraith

MONEY AS DEBT

The Federal Reserve transformed our constitutionally mandated system of real money to a debt system of money. Before the creation of the Fed, U. S. dollars (rather than Federal Reserve notes) were issued by the U. S. Treasury. Today, the mint produces far less than 5% of the currency. The rest of our money comes into existence in banks - when debt is created. There would be almost no money if there were no debt. It is essential to understand the Fed's debt system of money, and how currency is created.

UNITED STATES DEBT

The United States is the biggest debtor nation in the history of the world. Our government borrows 42 cents for every dollar it spends. The U. S. debt to GDP (gross domestic product) ratio is over 103% - not including off-budget items such as FANNIE MAE, FREDDIE MAC, etc. America has a higher debt to GDP ratio than has been "achieved" by the United Kingdom, Russia, Austria, Germany, the Netherlands, Portugal, Spain, Ireland, France, or by countries in Central Europe or Latin America.

Instead of paying down our debt with existing tax revenues, the U. S. is daily piling on more debt – every year, increasing our debt by 10%. Fantastic amounts of Treasury Bonds and Bills must be sold to finance deficit spending and the debt. Every month, billions of dollars of Treasury Bonds reach maturity and must be redeemed—with interest. Billions of dollars of new bonds must be sold to pay for the old debt. In addition, Treasury must find bond buyers to finance the newly created debt.

There is always a shortfall. New debt must be created just to service the old debt. The Federal Reserve picks up the shortfall not taken care of by the private sector. Currently, the Fed is (openly) buying about 61% of U. S. Treasuries, monetizing the debt. Interest on the debt is a large portion of the budget.

Many economic experts and politicians are calling for drastic budget cuts, warning that our burgeoning national debt will become a burden to future generations of Americans. Those who disagree argue that austerity measures at this critical time would be disastrous for the country, crippling the economic 'recovery' in its early stages. Advocates for large deficits are not worried because they say "we owe the money to ourselves."

"Deficit spending is simply a scheme for the 'hidden' confiscation of wealth." Alan Greenspan

THE "FEDERAL" RESERVE IS OUR LANDLORD.

In reality, we do not owe this debt to ourselves or to our grandchildren. We owe it *right now* with interest—to debt-holders such as China and Japan. The U. S. pays the Fed to issue debt in our name and for its Federal Reserve notes. The more debt the U. S. racks up, the more debt service payments are owed.

"The borrower is servant to the lender." Solomon

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One of the sinister things about the Federal Reserve's debt system is that it precludes the possibility for the U. S. to ever be debt-free. There is never enough money created to pay the interest on the debt. America will be in "debt slavery" as long as the Federal Reserve System exists.

Click on "[The American Dream](#)" by Tad Lumpkin, a cartoon explanation of the Fed.

CENTRAL ECONOMIC PLANNING BY A PRIVATE CARTEL

Money is one half of every transaction. As a private banking entity, the Fed has sole power to control the money supply and interest rates. The Fed's control over our money can be accurately called central economic planning by a private cartel.

The Federal Reserve, the Red Cross, and the Boy Scouts of America have Congressional charters. However, none of them is really accountable to Congress.

Click on this link to hear about Fed secrecy: <http://www.youtube.com/watch?v=0-bqaTvzIk&feature=related>

WEALTH REDISTRIBUTION

The Federal Reserve acts independent of Congressional oversight when it passes out trillions of dollars to foreign countries. The Fed didn't ask Congress before it sent roughly 15 trillion (\$15,000,000,000,000) newly created dollars to China, Greece, foreign banks, domestic financial institutions, and to multi-national corporations, beginning in 2007. (FOX and CNBC reported only \$1.2 trillion.)

After tireless efforts to lift the veil of secrecy surrounding the Fed, Senator Bernie Sanders, Congressman Alan Grayson, and Congressman Ron Paul finally forced the release of Federal Reserve documents for 21,000 transactions. Did you know it is estimated Americans paid \$600 to every man, woman, and child in Portugal? That is wealth redistribution. Italy, Belgium, maybe Spain, Pakistan, and Hungary are next in line.

- Will the Fed also act unilaterally to bail out bankrupt states? Yes.
- Will the Fed continue to fund departments of government without Congressional authorization? Yes.
- Will American taxpayers end up bailing out Europe? Yes.

Click on this graphic: http://demonocracy.info/infographics/usa/derivatives/bank_exposure.html

"Cartel: An association between financial interests for establishing a national or international monopoly by the fixing of prices, a trust." Webster's New Twentieth Century Dictionary, unabridged, George W. Ogilvie, USA, 1904.

Chapter 8. Gold Measures the Inflation Tax.

George Washington compared government to fire. A fire's need for fuel can never be satisfied. In the same way, it is the very *nature* of government to constantly grow and to require ever more tax revenue. Taxes are needed increasingly to feed its insatiable appetite for growth.

Government does not produce anything, so new taxation is the only way it can get more money. Not only does government require more and more revenue, it requires it immediately. All government spending -including deficit spending- must be paid immediately by taxation.

How is this possible?

INDIRECT TAXATION

U. S. federal deficits are paid by *indirect* taxation. Taxes make up only a small percentage of the money Congress spends. A big percentage of U. S. government spending -including 'off-budget' items- is paid by indirect taxation, rather than by direct taxation. Inflation is an *indirect* tax--a hidden tax that pays most of the bills not covered by direct taxation.

America's constantly expanding warfare/welfare state depends on the Federal Reserve's printing press. Voters would never approve all of Congress' pet projects, wars, and foreign "philanthropy" if it meant directly raising their own taxes. On the other hand, the Fed never says "No" to Congress. The Fed creates all the credit necessary to pay for the expenditures the United States cannot afford. When our government spends more than it has, the Fed immediately creates new credit to cover the deficit.

Creating credit (debt) is essentially the same as printing money. The Fed digitally creates money out of nothing, expanding the money supply. That is what inflation is.

A growing government requires an expanding money supply (now growing at an estimated 17% per year). Deficits are paid instantly by dilution of the money supply. Federal Reserve credit creation is the simple, yet mind-boggling mechanism for imposing an indirect inflation tax on everyone who holds a dollar.

Click on this video to understand the Fed's money creation mechanism:

<http://www.youtube.com/watch?v=DbagOYoQatU&feature=related>

- **The more debt there is, the more credit is created by the Fed.**
- **The more credit created, the more new dollars come into existence.**
- **The more diluted the money supply becomes, the less your money buys over time.**

GOLD IS SUPER - SENSITIVE TO MONEY SUPPLY DILUTION.

Most Americans don't even know they are being taxed when deficits are paid by Federal Reserve credit creation. However, each one of us is paying an annual inflation tax. The difference between what the dollar could buy last year and what it can buy this year is the tax you paid on every one of your dollars.

Many businesses pay much higher inflation taxes than you do, choosing to 'eat' their higher commodity costs, rather than passing them on to the consumer. But, eventually, they will have to raise their prices, too. Prices slowly start rising after the money supply is diluted.

Gold is super-sensitive to the subtle process of dollar value erosion. Over time, gold is an almost perfect gauge for measuring the dilution of the money supply. Prices for goods and services do not rise uniformly. Therefore, prices for most other things are not as predictable as the price of gold. One thing is perfectly predictable; the longer you hold a dollar, the less it will buy.

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Thomas Jefferson explained the inflation tax:

"Everyone, through whose hands a bill is passed, lost on that bill what it lost in value during the time it was in his hands. This was the real tax on him."

Inflation is tantamount to a flat tax on everything from a loaf of bread to a gallon of gas; but it is worse. Inflation eventually overturns society. Easy money distorts the market, making it less rational to save, and more rational to borrow. The investor who loans money to a business receives back dollars that are worth less than the dollars he loaned. The poor and those on fixed incomes suffer greatly. Those with middle incomes eventually join the ranks of the poor.

"Of all the contrivances devised for cheating the laboring classes of mankind, none has been more effective than that which deludes him with paper money." Daniel Webster

Artificially low interest rates transfer real wealth from savers to banks and politically well-connected corporations. Monetary inflation always transfers a nation's wealth from the middle class to a small class at the top. If you are a saver, that is happening to you.

In his book, *The Economic Consequences of the Peace*, John Maynard Keynes agreed with Lenin that not one person in a million understands inflation or the role the government plays in the wealth-transfer:

"By a continuing process of inflation, government can confiscate secretly and unobserved an important part of the wealth of its citizens."

"There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency." John Maynard Keynes

I R E P E A T

Gold measures the dollar's decline. Over time, it is an almost perfect gauge for measuring the dilution of the money supply. It takes more than **4,600%** more dollars today to buy an ounce of gold than it did when Nixon disconnected the dollar from gold. The dollar's loss of purchasing power in relation to gold has averaged more than 10% (compounded) per year since then. That means all Americans—rich and poor—have been paying a 'tithe' to the government—every year for the last forty years (in addition to their other taxes).

"The decrease in purchasing power incurred by holders of money due to inflation imparts gains to the issuers of money" St. Louis Federal Reserve Bank, *Review*, Nov. 1975, p. 22.

Unless your income or revenues have been going up at least 10% a year, you have been losing ground, and your standard of living has been inching down. What is even worse, the rate of credit creation is accelerating because our debt is growing faster and faster.

INFLATION MAKES UNENDING WAR POSSIBLE.

Inflation is an indispensable policy to perpetuate the war machine. If U. S. military activities had been paid for by direct taxation, the public would not have allowed the following: twenty (20) years of war in Iraq; ten (10) years of war in Afghanistan; 700+ military bases in 140 countries; more than ten (10) years in Viet Nam and Southeast Asia; a Libyan invasion; covert operations in Yemen, Iran, Pakistan, S. A.; and major wars one out of every four years in the last century.

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Click on Costs of War graphic:

http://demonocracy.info/infographics/usa/cost_of_war/cost_of_war.html

INFLATION: TOO MUCH MONEY CHASING TOO FEW GOODS

Dollar-holders around the world were outraged when the Federal Reserve announced its plan to “stimulate” the economy - beginning in late 2008. Quantitative Easing (QE1 and QE2) is money supply inflation on a scale never before known.

Average people become “speculators” when they believe their money will be no good. As quickly as they can, they buy commodities to avoid holding a currency that is being debased.

Our dollar is crumbling. But, instead of admitting we are paying for out-of-control-spending by printing money, our leaders are blaming speculators for the high price for fuel and other commodities. No matter what the Fed’s media apologists report about increased third-world demand, the earthquake in Japan, and cold weather, the main reason for high prices in food and commodities—across the board—is monetary inflation.

KISSINGER PREDICTED REVOLUTION IN MIDDLE EAST.

For years before the riots in the Middle East, IMF (International Monetary Fund) money poured into Egypt. Favored groups got money to implement economic "reforms."

As urban wealth increased, the plight of the poor increased. They had to compete with the affluent for limited commodities. By the time the money (tied to the dollar) trickled down to the general economy, it had lost so much purchasing power the poor could barely afford fuel or food.

As if describing a laboratory experiment, Kissinger wrote about future consequences of monetary inflation in the Middle East. He predicted regime changes would follow rioting over food and fuel.

The privileged in China and India are gaining wealth faster than raw food is being produced.

Massive inflation dramatically affects poor families in the East who must spend four fifths of their money on food. Populations in the East are suffering from inflation’s effect on food prices and from the decisions their governments made (especially China) to limit agricultural development of the land in favor of industrial development.

There will be rice shortages in particular, and worldwide food shortages well into the future. Central planning always produces shortages, especially in food. Because of central planning in America, we are suffering from sky-high food prices -in part- because of sky-high corn prices.

Remember

- **The longer you hold a dollar, the less it will buy.**

Chapter 9. The Fed’s Easy Money Causes Bubbles.

Monetary inflation always causes bubbles and mal-investment. For years before the Crash of 1929, the Federal Reserve expanded the money supply to unprecedented levels, creating a stock market bubble.

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According to the late Murray Rothbard, the Fed bloated the supply of money and credit by more than 60% from mid-1921 to mid-1929.

With all that newly created money, the stock market soared. And, investors were eager to participate. They took out loans from their brokers so they could buy securities on margin. Average people were as highly leveraged then as home buyers were during the recent housing bubble.

Brokers used "call loans" to finance investors' margin loans. A call loan is a loan repayable to the bank on demand. Call loans work well as long as the market is rising. However, stockbrokers and customers had to dump their stocks when banks suddenly -and in concert- called in their 24-hour call loans. A sudden shortage of call money in the New York money market forced a selling panic. John D. Rockefeller, J. P. Morgan, Bernard Baruch, etc. had "miraculously" withdrawn their money from the stock market before the credit withdrawal.

SUDDEN CREDIT WITHDRAWAL TRIGGERED CRASH

A sudden credit withdrawal precipitated the crash of 1929. The Federal Reserve started tightening money in August 1929; and the money supply was decreased another 33% between 1929 and 1933. Bankers' withdrawal of credit caused the Crash; and their continued money squeeze and tight money policies prolonged the Depression.

A RECIPE FOR A VERY LONG DEPRESSION

To make matters worse, President Hoover raised top income taxes from 24% to 63% (the 1932 Revenue Act) and for the next ten years, taxes went up every year: higher corporate taxes, higher estate taxes, higher gasoline taxes, higher automobile taxes, and lower exemptions. Although the Smoot-Hawley Act of 1930 was ill conceived, it did not cause the Great Depression. We already had high tariffs.

President Roosevelt raised the top tax bracket first to 79%, then to 90%. In 1941, Roosevelt proposed a 99.5% rate on all incomes over \$100,000. He even issued an executive order to tax all income over \$25,000 at 100% (Congress later rescinded).

From 1930 to 1931, Hoover increased government spending from 16.4 % to 21.5% of Gross Domestic Product. Between 1933 and 1936, government spending rose 83%; federal debt rose 73%, and the cost of doing business went up by 40%. Compare this approach to what happened in post WWII Germany, often referred to as the "*German Miracle*." (See Chapter 30.)

When interest rates are manipulated, the Federal Reserve causes dangerous distortions in market prices. The last thirty years of artificially low rates and easy money misled customers and encouraged speculation.

High real estate prices here and around the globe followed a sharp increase in the amount of easy credit. Foreign real estate prices rose right alongside America's rising prices because foreign central banks matched the monetary policies of the Fed. The bubble and subsequent crash of world real estate markets can be traced directly to the Federal Reserve's easy money policy and artificially low interest rates. It was an amazing phenomenon - a simultaneous global real estate bubble and worldwide real estate crash in 2008.

- **WORLD REAL ESTATE BUBBLE**
- **SUDDEN CREDIT WITHDRAWAL**

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- **WORLDWIDE CRASH OF 2008**

Click on: [“The Great American Bubble Machine” by Matt Taibbi, Rolling Stone 1082-1083](#)

CREDIT WAS PARALYZED WORLDWIDE

The Crash of 1929 and the Great Depression were triggered and sustained in much the same way as the crash of 2008 and our present depression. We are now in the midst of the greatest credit meltdown since the Great Depression. In 2008, the banks' sudden withdrawal of easy credit triggered this financial catastrophe.

MORAL HAZARD

The IMF (International Monetary Fund) and World Bank create what is called “moral hazard.” The United Nations central banks lure countries into massive debt with easy money. Then, the countries must pay the price for their risky behavior. They are saddled with debt and with soaring costs. But, worst of all, they incrementally lose national sovereignty.

Click on Greek Debt graphic:

http://demonocracy.info/infographics/eu/debt_greek/debt_greek.html

The average citizen doesn't realize his country will be subordinated when his country joins the IMF and the World Bank. Thereafter, the IMF can and does take an active part in the activities of each country. The 184 member countries of the IMF and World Bank pay ‘quotas’ for their memberships. Poor, indebted countries borrow to pay their quotas- over and over again. When countries get into serious debt, they are given lines of credit or “credit tranches.” These loans keep their economies functioning, but their full recovery is never the goal.

The debts owed to the IMF cannot possibly ever be repaid.

Take 3 minutes to understand the EU debt crisis:

<http://www.youtube.com/watch?v=NOzR3UAYXao&feature=related>

IMF "CONDITIONALITY"

The IMF's short-term bailout loans have stringent conditions called “conditionalities.” Conditionalities are the conditions attached to IMF or World Bank bailout loans.

IMF conditionalities are often non-financial, requiring countries to privatize or deregulate key public services.

This can be seen right now in Greece. The country is handing over its national sovereignty. Central and South America lost control of the distribution and management of water. Individual European countries lost control of energy allocation. Countries are being forced to give up control over money, environmental policy, immigration policy, energy policy, and defense policy to unelected bureaucrats at the monolithic European Union.

Citizens have no voice when they disagree with mandates coming from the Hague such as fuel rationing. Indebted countries such as Ireland have been forced to surrender much of their sovereignty in order to receive bailouts from the IMF.

Click here to see what is happening as Ireland loses its sovereignty:

[Stop IMF Takeover of Ireland.](#)

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IMF ROLE IS EXPANDING.

The United States pays approximately 17.9% of International Monetary Fund funding. In addition, Congress has recently learned the Fed has supplied more than \$15 trillion (15,000,000,000,000) in global bailouts. So, how is it possible the IMF is talking about bailing out the U. S.? America may very well be the next IMF client.

**International media are discussing a future IMF bailout for the U. S.
The bailout would have to be paid back in SDRs *not* dollars.**

It is rumored the IMF is looking at the entire financial system of the U. S. under the Financial Sector Assessment Program (FSAP). Will the IMF eventually swallow up the Federal Reserve System? Is the IMF takeover of the Fed actually the implementation of the Basel III framework? (It is rumored the U.S. endorsed this in November, 2010.)

Click on Jim Rickards, the collapse of dollar and its replacement with SDRs:
http://jimrickards.blogspot.com/2012_05_01_archive.html

Click on this link to gain a thorough understanding of the role of the IMF in a world monetary system:
<http://dailyeconomicupdate.wordpress.com/2011/04/21/u-s-corp-and-the-impending-imf-merger-by-robert-denner/> "U. S. Corp and the Impending IMF merger"

Chapter 10. Three Phases of a Monetary Collapse

"Bankrupt: Unable to pay debts, defrauding creditors, not enough assets to meet liabilities."
Webster's New Twentieth Century Dictionary, unabridged, Ogilvie, USA, 1904.

FIRST PHASE OF MONETARY COLLAPSE - MONETIZING DEBT

Although technically bankrupt, America is still considered solvent because we are able to finance our debt by selling bonds—either to other countries or to the Federal Reserve. Until recently, countries such as China were *eager* to buy our Treasury Bills and Treasury Bonds.

Even before the 2008 financial meltdown, however, foreign U. S. debt-holders were gradually divesting themselves of mortgage-backed securities and long bonds. When others say "no thank you" to our bond auctions, the Fed is openly buying the very bonds it issues, monetizing U. S. debt. During 2009, CNBC reported the Fed bought 80% of the U. S. Treasury Bonds auctioned.

Currently, the Federal Reserve is openly buying about 70% of U. S. debt instruments. In September 2011, the Fed took over \$400 billion worth of 30-year bonds via "Operation Twist" because there were no takers for U. S. long-term bonds at 3% interest. China was a net seller of U. S. Treasuries from August through December 2011. In 2012, China resumed buying Treasuries, but at a much slower rate.

- Chinese and Japanese interest in U. S. long-term or short-term debt instruments is slowing.
- Japan and China are phasing out of dollars in their bilateral trades.
- Russia and China do not use dollars in their bilateral trades.
- China has non-dollar deals with Iran, Sudan, Nigeria, Libya, Syria, and Angola.
- Brazil, Russia, India, China, and South Africa use their own currencies rather than dollars, when issuing credit to each other.

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- The Middle East began moving out of dollars before the invasion of Iraq.

Click on "The Fall of the Dollar - The Death of Fiat Currency"

<http://www.youtube.com/watch?NR=1&feature=endscreen&v=XAZ81lqppn8>

STOCK MARKET IS NOT THE REAL ECONOMY.

After the 2008 meltdown, about \$4 billion per day -every day- was pumped into the Stock Market to "stimulate" the economy with its plan called "Quantitative Easing" (QE). The theory was the American consumer would gain confidence from the "wealth effect" of a rising stock market.

Fed Chairman Bernanke was correct when he credited Quantitative Easing for most of the subsequent gains realized in the equities market. With very little retail participation, the market rose significantly after the 2008 crash. Those who got the money first made fabulous profits - until August 2011.

After the 2008 financial crisis, the rise in the stock market was artificial.

The stock market dropped like a rock when QE money injections ended summer 2011.

STOCK MARKET NOSE-DIVED WITHOUT FED MONEY.

The August 2011 market crash was predictable. After 2008, the rise in the stock market was not based on a manufacturing recovery of the U. S. economy. "Free trade" treaties such as NAFTA, CAFTA, etc. have destroyed the U. S. manufacturing base. America has the highest unemployment and "under-employment" in eighty years. The *real* unemployment rate is estimated to be about 18%. And, those manufacturing jobs are never coming back. A full 85% of the U. S. labor force is now involved in the service sector, rather than in manufacturing.

The loss of manufacturing jobs is structural.

The housing bubble is less than half-way unwound.

The U. S. economy is artificially propped up by the Fed's printing press. The inflation of the dollar supply has pushed up commodity prices dramatically. And, higher commodity costs are profoundly affecting corporate bottom lines.

America's third largest airline, American Airlines cited higher jet fuel prices as a major contributing factor for its November 29, 2011 bankruptcy filing. Fuel prices have risen 56.4% (from \$1.92 to \$3.00 per gallon) in the last 5 years, and 400% in the last 10 years.

SUMMER 2011 STOCK MARKET CRASH

In his June 22, 2011 speech, Federal Reserve Chairman Bernanke hinted that more Quantitative Easing would be coming. Legendary commodity trader Jim Rogers maintains QEIII has *already* begun. He points to the huge jump in the M2 money supply since August, 2011. Rogers says the Fed is "buying something." Some experts have called it "under the table liquidity."

Question: If the Stock Market goes up 30% (again)

And the dollar goes down (another) 30%

How much money shall you have made?

GOVERNMENT COULD FREEZE OR SEIZE YOUR 401K.

Silver is cheap right now. Pay the penalty, sell your 401K, and convert it to physical silver. At current prices, physical silver is perhaps the best investment opportunity you will ever see. While

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buying “paper gold” and “paper silver” is convenient, the exchanges have halted trading in the past when markets became “too volatile.” They can close their doors and the government can shut them down.

I sold my GLD and SLV after I read the fine print. Industry experts believe ETF shares may be used to “cover” COMEX physical deliveries. Remember the 1930s. Caveat Emptor.

If you decide to keep your 401K, do so with money you can afford to lose, as an “investment.” Options include buying agriculture indexes (ETFs and ETNs). Exchange Traded Funds are less risky and more liquid than Exchange Traded Notes. ETNs provide more leverage, and that means more risk. In the near-term, look forward to wildly swinging markets caused by massive injections of new money. Be prepared to exit quickly.

SECOND PHASE OF MONETARY COLLAPSE - RISING BOND RATES
The second phase of an economic crisis is when there is widespread concern among creditors that bond issuers are less credit-worthy. The U. S. must finance its debt with foreign money and with money from a banking cartel named the Federal Reserve. The U. S. will eventually have to pay higher interest rates to borrow. Creditors will demand higher interest rates to compensate for risk and the dollar's loss of purchasing power.

The inexorable growth of public debt in the United States is reaching critical mass. The U. S. debt to GDP ratio is more than 103%. Standard & Poors downgraded the U. S. to "negative" April 2011. In August 2011, the agency again downgraded the U. S. - to "AA+." In April 2012, credit rating agency Egan Jones downgraded the U. S. to "AA." This is huge.

We are getting close to another downgrade, which is partly why they are pushing to increase taxes — to improve the ratio of the costs of interest on the debt to federal tax revenue.

Washington wants to impose a 5% national sales tax. In August 2011, Alan Krueger became the Chairman of the Council of Economic Advisors. In 2009, Krueger wrote in favor of a 5% national sales tax-in addition to the income tax. A 5% national sales tax would add almost \$100 to the price of one ounce of gold.

LOOK AT EUROPE. INTEREST RATES CAN RISE SUDDENLY.
The Fed will not be able to control interest rates when something triggers the next economic catastrophe. There will come a time when the marketplace will override the Fed. The global bond market itself sets the interest rates on Treasury-Bonds. Rising interest on U. S. debt will consume increasingly more of the budget. If you own bonds for “safety,” high returns, or their tax-exempt status, sell them before interest rates are forced up. Take a look at what is happening to bonds in Europe. That is the future for bond rates in the U. S. Pay off your adjustable rate debt.

The historic high for U. S. Treasury Bonds was 15.84% September 1981, the record low was 2.05% December 2008. Bonds and bond-holding mutual funds are terrible when interest rates are rising. You could lose your entire principle in mutual funds. Real returns went deeply negative in the 1970s. The prime lending rate hit 22% in 1980.

**DON'T ASSUME MARKET LIQUIDITY.
CAPITAL CONTROLS ARE COMING (See Chapter 32)**

It can get very difficult to find buyers when everybody decides to sell at once. Remember the mysterious Black Monday crash of 1987 when the Dow lost over 22 ½ % in one afternoon; or when

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the Dow lost 1000 points in 1/2 hour in May 2010? When panic selling hits the market again *-and it will-* the issue will become liquidity.

In an economic environment of *capital controls*, the liquidity of paper investments could be restricted - whether it's government paper or ETF paper (Exchange Traded Funds). Make sure you have *real liquidity*, and **not** just a *stack of paper*. Buy only physical gold and silver coins.

COLLAPSE OF PRIVATE SECTOR DEBT BUBBLE

Our entire monetary system is based on debt; our economy is driven by debt. When America switched from being a manufacturing economy to a consumption economy, credit expansion became a requirement for our economic system to “work.” Debt has to grow faster than GDP. Remember when President Bush wanted us all to get back to the shopping malls? The private debt bubble collapsed in 2008. Everyone was “maxed-out” on credit.

Three years ago, the only way to start the economy growing again was for debt to start growing again. But, that was impossible because people had already reached their limits; they already were carrying the maximum amount of debt they could carry for their income levels. They had been counting on selling their houses for profit to augment their incomes. Since 2008, the Federal Reserve has picked up the slack, buying up the debt people can no longer carry.

Click on this link for a simple explanation of why a global economic collapse is inevitable:

<http://www.youtube.com/watch?v=XhKjIPYBoP4>

GOVERNMENT EMPLOYEES OUTNUMBER MANUFACTURING EMPLOYEES 2 - 1.

The Department of Commerce estimates government will provide most of the income for over two-thirds of all Americans by about the year 2020. The Department says 58% of the population is already government-dependent. Government employees now outnumber manufacturing employees by 2:1. And, there is one government employee for every 4.8 workers. The average worker earns about half the income a public employee earns. Any one can see this is unsustainable. It is impossible to sustain twice as many people working in government as in the manufacturing sector. There is no feasible combination of taxes and growth that can solve America's economic crisis.

WE ARE IN A DEPRESSION.

The government is inflating the public debt bubble to an unprecedented magnitude. Until we reach the climax of unsustainable debt, we can look ahead to a long period of sub-par growth and economic stagnation. The United States will be in this Depression as long as the Fed can keep expanding the debt bubble. However, history is consistent; all bubbles pop.

WORSE THAN THE GREAT DEPRESSION

During the Depression, America had trade surpluses every year.
Now, the U. S. has staggering trade deficits every year.

During the Depression, America was completely self-sufficient. In addition, the U. S. supplied 42% of all manufactured goods for the entire world.

America is now dependent on foreigners for most manufactured goods. Every year, America has huge deficits in manufactured products. We no longer have an adequate manufacturing base to dig our way out of our debt hole.

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During the Depression, Americans had almost no personal debt.

Now, most Americans are personally in debt.

The Depression dollar was gold-backed.

Today's dollar can't buy very much because it's not backed with anything.

We had no welfare state when the Great Depression hit.

Now, the majority of Americans are government-dependent in some way.

In rural America, poor people were still able to eat.

Today's population is mostly urban and can no longer live off the land.

Overall unemployment got to 25% in the 1930s.

Today's unemployment rate is lower. However, it is estimated the *real* rate of unemployment is 18%. A large percentage of Americans are "under-employed."

During the 1930s, the U. S. was not involved in war; we had no foreign military bases.

Today, we are involved in two wars, with more than 700 U. S. military bases abroad.

DOLLAR-SYSTEM IS BEING COLLAPSED.

Any thinking business owner or householder knows what to do when he faces debt problems. He must drastically cut his budget; stop spending; stop his credit cards; blow out inventory as fast as he can. It is always painful, but it has to be done quickly. Nothing has been done to fix the root cause of America's depression. Root cause #1: Too much government spending. The U. S. borrows 42 cents for every dollar it spends. The size of our government has outgrown our economy. The size of government is incompatible with growth.

The Federal Reserve's solution to too much debt and a devalued dollar is to further weaken the dollar and heap on more debt. How can the solution for debt and consumption be more debt and more consumption? It cannot.

It is impossible to conceive of the financial chaos in store when this public debt bubble bursts—here and abroad. We are being set up for a fall, and the next wave will attack the very core of the economy.

"This present window of opportunity, during which a truly peaceful and interdependent world order might be built will not be open for too long. We are on the verge of global transformation. All we need is the right major crisis, and the nations will accept the New World Order." David Rockefeller, Council on Foreign Relations, United Nations speech September 1994.

THIRD PHASE OF MONETARY COLLAPSE: ACCELERATED INFLATION

The Federal Government is broke. The States are broke. Municipalities are broke. And, half of the public is broke. It took forty-one years for America to reach the first phases of an economic collapse. The final stages will happen more quickly. Inflation is going to get so much worse. The Fed is going to print tons more money; and credit expansion will accelerate. That is the third stage of an economic collapse.

"Hyperinflation: The value of the monetary unit drops at a far faster rate than the quantity of money can be increased."

Webster's New Twentieth Century Dictionary, unabridged, George W. Ogilvie, USA, 1904.

When a nation resorts to the inflation scheme to pay off its debts, it always ends in hyperinflation. Inflation was in the millions of percents in Germany in 1923. A loaf of bread cost 200 billion marks at the end of the collapse of the mark. For those who paid in silver or gold—rather than hyper-inflated currency—prices for commodities remained steady.

The price of bread was about the same in Weimar, Germany as it was in America for those who used real money - gold and silver.

After inflation wiped out the middle class in the German Weimar Republic between 1920-1924, the door was opened to Hitler and his *National Socialist Workers Party* ("Nazi" Nationalsozialistische Deutsche Arbeiteri parti). Read about the German Weimar Republic.

PRICE INFLATION

What will your retirement dollars buy? My stepfather planned his retirement very carefully (United Airlines management for 30 years, Navy Lt. Commander, retired). With the passage of time, he was horrified to watch as his once generous pensions became paltry. Not very long ago, an average, middle class family of four needed \$22,100 per year to make ends meet; now, it takes about \$44,000. However, the inflation of the last twenty years is really nothing compared to what is ahead.

Your retirement is unsafe. Click on James Turk's interview with Dr Lawrence Parks: http://www.youtube.com/watch?v=5o_TFY3LF44&feature=relmfu

Trillions of dollars are about to come due for retiring baby-boomers whose pension funds were either raided, never funded, or were wiped out by Wall Street in the biggest scam ever perpetrated. Those debts will be monetized. The Federal Reserve will buy the Treasury bonds foreigners are no longer willing to buy.

"Government is the only institution that can take a valuable commodity like paper, and make it worthless by applying ink." Professor Ludwig von Mises

TAKE ADVANTAGE OF QE "LAG TIME."

Gold, silver, platinum and palladium are not overpriced. They are still at bargain prices relative to the monumental inflation of the money supply that is underway. There is always a lag time before prices reflect the destruction of a currency. What we're seeing now in exploding commodity prices is resulting from relatively old monetary inflation and the expectation of much more inflation.

A dollar tsunami is on its way. The effects of Quantitative Easing (QE) are not yet manifest in costs for essential commodities. The banks are still sitting on all that money rather than lending it out, so the dollars have not yet flooded the markets. It will take time for the actual effects of Quantitative Easing to be felt. And now, the Fed is planning QEIII.

SCARCITIES WILL DEVELOP.

Real things go up and become scarce when monetary inflation gets out of control. Three quarters of money managers have never even owned metals, nor have their customers. When traditional investors figure out the true state of the dollar, tremendous competition for physical metals will

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create scarcities. There is not enough actual metal available to fill commodity contracts should buyers opt to take delivery. It's not even close.

CURRENCY AND EXCHANGE CONTROLS WILL COME SUDDENLY.

When gold moved up dramatically in late 1979, reaching \$850 per ounce on January 21, 1980, the Federal Reserve (led by Paul Volcker) raised interest rates in an attempt to stifle price inflation.

The prime rate reached 21.5% in June 1982. The current low, low rates indicate the government's desperation to stimulate economic activity.

There will be currency and exchange controls, without notice. Open a foreign bank account before exchange controls; perhaps, a Canadian Dollar account in Canada, or a Swiss Franc account in Austria. An Athenian friend told me everyone lost a big percentage on savings when the Greek currency was converted from drachmae to Euro without warning. On the pretext of an emergency, the Fed could suddenly announce a conversion from dollars to a regional currency.

Chapter 11. America's Fundamental Transformation

"Economy: the judicious government of the pecuniary concerns of a household—thrifty, saving, incurring no waste." Webster's Dictionary, unabridged, George W. Ogilvie, USA, 1904.

The words "thrifty" and "saving" best described previous generations of Americans. Businesses created, saved, and then invested their own capital to expand their enterprises. Now, the bank and the accompanying debt is the third party in almost every transaction. For many years, Americans have been consuming and living off past wealth, rather than saving capital. Our economy and wages have been stagnant for forty years.

Our recent "prosperity" has been built on borrowing. Americans have enjoyed the illusion of wealth and a long period of perceived growth because of our ability to borrow. However, the growth in debt during the long boom didn't add to our country's productive capacity. In fact, our manufacturing base has all but disappeared.

The structural increase in unemployment was not evident until the real estate bubble collapsed in 2008. The harmful effects of replacing 150 years of economic nationalism with the post-WWII policy of "free" trade are now obvious.

American job loss is structural, rather than cyclical. "Free trade" treaties such as NAFTA have *permanently* destroyed millions of manufacturing jobs.

COUNTRIES ARE MADE GREAT BY MANUFACTURING.

It has been said bonds are the U. S.'s only remaining world export. Of course, that's not true. Besides bonds, we export our raw materials—meat, coal, wheat, tobacco, fertilizers, etc.—just as we did three hundred years ago. That huge increase in exports they've been bragging about lately is the increase in raw materials we are exporting, just like a third-world country.

Fifty years ago, United State's wealth came from manufacturing. The United States had trade surpluses every year from 1900-1970. Now, 70% of Gross Domestic Product comes from consumption. A "consumer economy" is a dying economy; a service economy doesn't create

wealth; it just moves money around. The root cause for the U. S. trade deficit is that we no longer make goods the rest of the world wants to buy.

FUNDAMENTAL TRANSFORMATION

There have been fundamental changes in America since I was young. Fifty years ago our country's future was bright; the dollar was sound, and all foreigners welcomed American tourists as if they were visiting-royalty. However, the United States' preeminent position among the nations of the world is slipping. The average citizen's standard of living is falling. In recent polls, most Americans believe conditions for the economy are going to get even worse.

Something has gone terribly wrong. In less than forty short years, America has gone from being the greatest creditor nation to the greatest debtor nation in the history of the world; from the greatest manufacturing economy of all time to a consumption economy; from first in academics to last in academics in the industrialized world; from economic independence to economic dependence.

THINGS DON'T JUST HAPPEN.

America's fundamental transformation didn't just happen. Even a cursory knowledge of history reveals things don't just happen. It is unfortunate Americans don't study more history, and listen less to the media's carefully woven narratives. The brilliant men who gave us this country wrote volumes about preventing the very destruction that is happening to our land.

The Founding Fathers warned us what would happen if we strayed from the Constitution. It is not an accident America has become dependent and impoverished. Men who want a global system of governance instituted policies that have brought us to this precarious financial position.

“Single acts of tyranny may be ascribed to the accidental opinion of a day, but a series of oppressions...unalterable through every change of ministers too plainly prove a deliberate, systematical plan of reducing us to slavery.” President Thomas Jefferson

"FREE TRADE" - ECONOMIC NATIONALISM

Washington, Jefferson, Roosevelt, Hamilton, and Lincoln—all the men on Mount Rushmore plus Hamilton—believed a nation's prosperity depends on its ability to stand as an independent nation. They understood the key to independence and prosperity was manufacturing. Economic geniuses gave us economic nationalism. Economic nationalism gave us the highest standard of living in the world.

Under Alexander Hamilton's 11 Point Plan, America was transformed from a raw-material-exporting country to a country that exported manufactured merchandise and could operate independently. The first Congress passed the Tariff Act in 1789, establishing tariffs on foreign goods. Consumers paid less and our exports went to the sky. For the next 150 years, customs duties produced 50-90% of all federal revenues—no income tax until Wilson. Were they isolationists? Hardly. They discouraged entangling alliances, but they promoted commerce with all.

“The great rule of conduct for us in regard to foreign nations is in extending our commercial relations... Harmony, liberal intercourse with all nations...our commercial policy should hold an equal and impartial hand...” George Washington's *Farewell Address*

Chapter 12. My Blue Collar Town – Made in USA

HARD WORK, THRIFT, AND SAVINGS

In my blue-collar town, before I moved to the big city, I cannot remember ever seeing a man who didn't work—doing some kind of job (statistics report 1% U. S. unemployment). Big families only needed one income to pay the bills when my brothers and I were growing up. Dad worked long hours, expanding his business every year, while Mom was home teaching us children how to work.

Besides keeping up with our chores, we earned and saved doing all kinds of odd jobs around town (fifty cents per hour). Mom was frugal; if she could sew it, mend it, can it, compost it, or save it, she would. We didn't use credit cards. Dad carried medical insurance for catastrophes, but we even paid cash at the doctor's office (about \$3 for a check-up and a shot).

SCHOLARSHIPS WERE FOR SCHOLARSHIP.

We were all so proud of our country. The United States was first in the world in just about every category—especially math and science. Memorize, memorize, memorize; one of us was always memorizing something—chemical abbreviations, math formulae, Latin and Greek word roots, *Julius Caesar*, state capitals, 4H presentations, debate speeches, *Gettysburg Address*, etc.

School was really competitive. Anyone who could come in first, second, or third in class could win a college scholarship sponsored by one of our local businesses (U of W tuition was \$250 per year). In those days, a college degree was an instant ticket to a promising career. It was automatic. The only thing I had to worry about was the coming ice age Walter Cronkite and prominent scientists kept predicting.

MADE IN USA - 150 YEARS OF ECONOMIC NATIONALISM

Our house' appliances, furniture, plumbing, copper wiring, lamps, windows, curtains, sheets, dishes, pots, and pans were all made in America. Dad's shop buildings (made of steel, concrete, and aluminum) our cars, tires, bicycles, trucks, heavy equipment, lawnmowers, games, musical instruments, record players, televisions, radios, sports equipment, and tools were made in America. All my school clothes, Sunday school dresses, Dad's work clothes, my brothers' suits, Mom's fur coat, the horse' saddle, and everybody's hats and shoes were—you guessed it—made in America.

The merchandise in our local drugstore, variety store, hardware store, and grocery store was MADE IN USA, GROWN IN USA...and, the quality was good. Americans had either invented the stuff, or had developed new techniques for producing it.

**Everything was grown, produced, mined, and manufactured in America.
Not only that, 42% of all manufactured products
used by the entire world were manufactured right here.**

THERE HAS ALWAYS BEEN A GLOBAL ECONOMY.

There has always been a global economy. England ruled the world by controlling trade routes. Columbus was seeking a trade route to the Far East in 1492. There was no trade isolationism in America before "economic integration." Before globalization, we sold to practically everybody. Moreover, America was independent and self-sufficient before "interdependence" and "free trade."

A NEW ECONOMIC THEORY

Our nation has been the most successful engine for progress the world has ever known. We once

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had a reputation for thrift, savings, and sound money. That was until our country embraced a new economic model from England called Keynesianism. John Maynard Keynes' ideas infected academia worldwide in the mid-1930s. Governments were eager to adopt his theories. His system allowed them to gradually cut the previous ties between money and credit - to a certain number of ounces of gold or silver.

The new economists called gold a 'barbaric relic of the past.' Politicians were delighted with the prospect of artificially stimulating business and consumer spending by creating money out of thin air. The idea was that the peaks and valleys (booms and busts) would be leveled out by a central bank controlling the money supply—by raising or lowering the interest rate they charged the banks. "A little bit of inflation" would solve everything, as long as it was controlled by the central planners -the Federal Reserve.

Click on this link for an examination of Keynesian Economics: <http://www.zerohedge.com/news/failure-inflation-targeting-hubris-central-planning-lost-pilot-effect-and-economist-idiocy>

Chapter 13. The U. S. Decline - From Independence to Interdependence

"The United States is declining as a nation and as a world power with mostly sighs and shrugs to mark this seismic event. Astonishingly, some people do not appear to realize that the situation is all that serious."

Les Gelb, President Emeritus of the Council on Foreign Relations, *Foreign Affairs*.

Are you one of those people who do not realize that "the situation is all that serious?" The Council on Foreign Relations says America's decline is a seismic event. They say we have *already* lost our status as leader of the world.

You may not agree with their assessment, but the biggest industrialized nations of the world have reached the same shattering conclusion. They are about to reject the dollar as the world's reserve currency, and are unloading their U. S. Treasury Bonds because of the United States' untenable position as the greatest debtor nation of all time.

WILL THE SDR BE THE NEW RESERVE CURRENCY?

The twelve OPEC nations (Organization of Petroleum-Exporting Countries), the G20 nations (Group of Twenty), and the IMF (International Monetary Fund) believe the U. S. dollar is no longer satisfactory as the world's reserve currency. They have been discussing replacing the dollar with a basket-currency called Special Drawing Rights (SDRs).

The SDR is not really a currency, but a potential claim on other currencies. The SDR is the unit of accounting for the IMF and other international organizations. The SDR currency basket is a combination of the Renmenbi (Yuan), Euro, Yen, Pound, and Dollar. The IMF considers each currency's share in world exports of goods, services and international reserves.

**The Bank of International Settlements (BIS) is the central bank for the central banks.
In 2003, the BIS adopted the SDR as its official reserve asset.**

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Recently, the IMF reduced the weighting of the dollar and yen and increased the weighting of the Euro. China and the other BRICS nations (Brazil, Russia, India, China, and South Africa) have been among the most outspoken advocates for a basket-currency.

In April 2009, our own U. S. Treasury Secretary Tim Geithner stated he is “quite open to the concept proposed by China.” Central banks consider SDRs as an interim step that will precede either a transition to regional currencies similar to the Euro or to a world currency.

"A global economy requires a global currency." Paul Volcker, Advisor to President Obama

Geithner and the Federal Reserve seem to be in favor of eventually replacing the dollar. However, they do not believe the tipping point has yet been reached for a new monetary arrangement. Since the 1970s, Central Banks have been discussing regional monetary integration, and regrouping the world into three regional currency zones with three or possibly four regional monetary units.

The regional model is envisioned as a stepping-stone to the world currency originally proposed by John Maynard Keynes and President Roosevelt's Treasury Secretary Morgenthau at the 1944 United Nations Monetary & Financial Conference held in Bretton Woods, New Hampshire. Treasury official Harry Dexter White and his old friend, John Maynard Keynes, are called the “Founding Fathers” of Bretton Woods.

THE END OF ECONOMIC NATIONALISM

The Bretton Woods agreement marked the beginning of the decline of U. S. economic independence. In his farewell remarks, Treasury Secretary Morgenthau declared economic nationalism had ended with the establishment of the World Bank and the IMF. Harry Dexter White headed the IMF (based in Washington, D. C.) until 1947. Later, the FBI identified White as the highest-ranking Russian intelligence agent in the U. S.

After WWII, America rejected the advice of our most brilliant statesmen when we entered into permanent alliances with foreign governments. America rejected George Washington's warnings.

"The great rule of conduct for us in regard to foreign nations is...to have with them as little *political* connection as possible. It is true policy to steer clear of permanent alliances with any portion of the foreign world." Washington's *Farewell Address*

GLOBAL ECONOMIC INTEGRATION & INTERDEPENDENCE

It was agreed at Bretton Woods 1944 to allow the dollar to replace the British Pound as the basis of world trade. The dollar was moved into a dominant position as the world's primary reserve currency. The other nations pegged their currencies to the dollar, rather than to gold. The establishment of the International Monetary Fund meant foreign nations were required to hold dollars in their exchange reserves; and, no matter how much debt the U. S. accumulated, it would not be allowed to collapse. The U. S. could inflate with impunity, and export its inflation.

The General Agreement on Tariffs and Trade (GATT) was established to provide a system of international management necessary to implement global economic integration and global economic interdependence. It was a system for Mutually Assured Economic Destruction—if one fell, we all would fall. GATT was an interim, progressive step towards a worldwide monetary system. The Agreement's 22,000 pages were not written for “free trade,” but for managed trade.

GATT was replaced with an even more sweeping international management system called the World Trade Organization (WTO) in 1995.

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Chapter 14. What is the New World Order?

HEGEMONY: "Authority, usually applied to the political dominance of one government in a league or confederation." Webster's Dictionary, unabridged, George W. Ogilvie, USA, 1904.

"Hegemony is as old as Mankind." Zbigniew Brzezinski

None of us is happy with the direction our country is heading. Every four years, we want to *throw the bums out of Washington* so America's downward spiral can be reversed. Democrats blame the nation's problems on Republicans, and Republicans put the blame on the Democrats. No one wants to elect corrupt politicians, and everybody wants change. But, no matter how pronounced party differences are before elections; no matter how carefully we scrutinize the candidates; what *really* changes?

With each new Administration:

- **The Treasury Department remains in the hands of former heads of Goldman Sachs, J P Morgan, and the Federal Reserve.**
- **The same, recycled cast of characters runs the State Department.**
- **We end up invading another country...or two.**

Whether it's a Republican or Democratic Administration, we get more unconstitutional war, more unconstitutional, job-destroying "free" trade treaties, and more debt. Sometimes to a greater degree, sometimes to a lesser degree, but the direction is always the same.

"When a new President comes on board, there is a great turnover in personnel, but no change in policy." Barry Goldwater, *With No Apologies*.

In your lifetime, the country has moved steadily towards economic dependence and away from national sovereignty. That is because the Council on Foreign Relations (CFR) has shaped American foreign policy for at least the last fifty years. That is a problem because most CFR members cherish the age-old dream of world peace through world law.

"All countries are basically social arrangements...nationhood as we know it will be obsolete; all states will recognize a single, global authority."

Rhodes Scholar Strobe Talbot, Deputy Secretary of State, Brookings Institution, Skull and Bones.

Most of them—not all—but most Council members believe national independence, national borders, and nationhood are deterrents to peace and progress. They regard our Constitution as an antiquated document to be ignored or circumvented. Our *Bill of Rights* is an obstacle to their utopian goal of global governance by the intellectual elite.

"The illegal we do immediately. The unconstitutional takes a little longer."

Henry Kissinger, *N. Y. Times Magazine*

I was a teenager when I first started reading what internationalists believe in the Council on Foreign Relations' publication *Foreign Affairs*. Forty years ago, the organization flew well below the radar as its members frankly discussed their vision for America's future as one state among many states in a New World Order. The magazine's contributors quietly outlined their goals.

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- **World court**
- **World taxation (international carbon tax, VAT)**
- **Global central bank (IMF, World Bank)**
- **Global currency (SDR, Bancor)**
- **Energy rationing**
- **U. S. disarmament (transfer to U. N.)**
- **International military force (NATO)**
- **European Union, African Union, Pacific Union, North American Union, etc.**

Global governance is far more than just changing the world's economy over to a single currency. A new world order necessitates a new world military. In 1960, Rhodes scholar and U. S. State Department official Walt Rostow called for "effective international control of military power." *Foreign Affairs* contributors favor the transfer of our military power over to the United Nations. An "empowered United Nations" is a euphemism for worldwide force. Internationalists anticipate the disarmament of all member nations...including the United States.

More than half of America's soldiers *already* serve under the banner of the United Nations or foreign command.

WAR WITH IRAN IS THE CFR'S NEXT OBJECTIVE.
BEWARE OF PRESIDENTIAL CANDIDATES IN FAVOR OF BOMBING IRAN.

The Council on Foreign Relations recommends war with Iran - now. Click on this link.
<http://www.pakalertpress.com/2011/12/28/wwiii-countdown-cfr-declares-time-to-attack-iran/>

Click on this Chris Hedges video about censorship from the Homeland Security Department:
<http://www.youtube.com/watch?v=ulk9omojT9g&feature=related>

IT'S A VERY SMALL POND.

To glimpse into the interconnectedness between Republican and Democratic Administrations, consider current Treasury Secretary Tim Geithner. According to his biography, he worked for Henry Kissinger, David Rockefeller, the Council on Foreign Relations, the IMF, and the Federal Reserve of New York. His maternal grandfather Charles Moore, worked for the Ford Foundation, and was an Advisor to President Eisenhower. His father Peter Geithner sat with Kissinger on the board of the National Committee on U. S. China Relations, and oversaw Obama's mother Ann Soetoro in Indonesia for the Ford Foundation.

It's a very small pond. Since 1921, most U. S. Treasury Secretaries and a high percentage of the Secretaries of State have been CFR members.

THROW THE BUMS OUT.

In the early 1970s, I was exposed to an intriguing book, *Tragedy and Hope*, written by President Clinton's friend from Georgetown, Dr. Carroll Quigley. The professor had been given the unique privilege of chronicling the history of the Council on Foreign Relations. Quigley applauded the CFR's ideology and extraordinary power, but lamented the fact the Council's influence on both political parties had to be kept secret.

Quigley perfectly understood, however, the public's need to retain the illusion they could "throw the bums out of office" every four years. Although the book's revelations about CFR clandestine

influence caused a flurry among a small number of readers, it never made the six o'clock news. Key CFR media leaders made sure that never happened.

"We are grateful to *The Washington Post*, *The New York Times*, *Time Magazine*, and other great publications whose directors have attended our meetings and respected their promise of discretion for almost forty years.

"It would have been impossible for us to develop our plan for the world if we had been subject to the bright lights of publicity during those years. But the world is now more sophisticated and prepared to march towards a world government. The super-national sovereignty of an intellectual elite and world bankers is surely preferable to the national auto-determination practiced in past centuries." David Rockefeller

YOUR CHOICE: CFR CANDIDATE "A" OR CFR CANDIDATE "B"
The small membership of the Council on Foreign Relations has been a virtual hiring pool for each new Administration—especially since WWII. It is not a partisan organization. CFR politicians are often outspokenly Democratic or strongly Republican—especially on polarizing social issues. In most Presidential elections, we are choosing between CFR candidate "A" and CFR candidate 'B.' (I can think of one election when we were selecting between CFR candidates who were also both Skull and Bones.)

You may really like a politician's positions on social issues, but when it comes to key policy issues such as bailouts, "free" trade, military actions, and laws that erode the Bill of Rights, CFR members vote as internationalists. With the exception of Ron Paul, not one Republican 2008 or 2012 presidential candidate criticizes our wars in the Middle East. FOX news blocked Dr. Paul from their debates in 2008 because the network did not want to air his criticisms of the "War on Terror."

The CFR always has two or three horses in any race. Mitt Romney's father, George Romney, was a member of the CFR. When he lost his own bid for the nomination, he supported Nelson Rockefeller for President.

REGIONAL GOVERNANCE

From what I can understand, the world will be divided into nine or ten regional governmental units similar to the European Union. The U. S. will be absorbed into the region called the North American Union. Essential for global governance will be global economic interdependence and economic integration of the entire international community. United States economic independence is seen as stumbling block to these ideologies.

A carbon tax is regarded as the most efficient way to redistribute the wealth from the industrialized countries.

ECONOMIC INTEGRATION

You can read about the transformation of Mexico in Council on Foreign Relations reports. Industrial output of many "emerging" nations has already been raised significantly. For example, in the ten years after the 1994 NAFTA Treaty was signed, Mexican manufacturing rose 250%. Mexico's manufactured exports have climbed, and it is expected the income gap will narrow between the U. S. and Mexico. (As U. S. manufacturing continues to leave our country, I assume that means American incomes will go down to the level of Mexican incomes.)

In addition, the U. S. has pledged a further increase in Mexico's petroleum industry, continued improvement of Mexican infrastructure, continued provision for clean water, a student and teacher exchange for training and language, and other pledges.

Since WWII, various international "free trade" treaties have moved U. S. policy of economic integration steadily forward. CFR websites display the economic integration that has taken place in Mexico since NAFTA; and, the work underway to implement the NAU—North American Union. The framework for regional governance is coming into place by treaty—incrementally, just as regional government was put in place in Europe.

THE COUNCIL ON FOREIGN RELATIONS COMES OUT

Until very recently, the Council on Foreign Relations was almost invisible. With a few notable exceptions, past Presidents have referred to the New World Order, but only in discrete venues. The Council's detractors were the ones who publicly called attention to the organization. Through the years, a few of them claimed the organization was part of a conspiracy to de-industrialize America; to collapse the dollar; to microchip the population; etc.

However, the media convinced the public of the absurdity of their preposterous conspiracy theories. It was absurd to imagine a bunch of philanthropists like the Rockefellers working against the best interests of America.

"For more than a century ideological extremists at either end of the political spectrum have attack(ed) the Rockefeller family for the inordinate influence they claim we wield over American political and economic institutions.

"Some even believe we are part of a secret cabal working against the best interests of the United States, characterizing my family and me as 'internationalists' and of conspiring with others around the world to build a more integrated global political structure - one world, if you will. **If that's the charge, I stand guilty, and I am proud of it.**"

David Rockefeller, *Memoirs*, Random House, 2002.

My jaw dropped when the Council on Foreign Relations came out of the shadows during the G. W. Bush Administration. Almost overnight, it was a ubiquitous think tank with slick websites and television commentators listing their CFR credentials. Either Americans have become more comfortable with the idea of world government, or the internationalists are confident the "ship has already sailed," as Soros declared.

"Current problems are essentially global and cannot be solved through individual countries' initiatives." Maurice Strong, Advisor Rockefeller Foundation, United Nations

Chapter 15. The High Cost of "Free" Trade

**Americans slept while internationalists signed thousands of pages of Agreements, Acts, Accords, and Unconstitutional Treaties—
thousands of tiny threads that legally tie our country to regional government.**

Our Presidents have signed multiple "free trade" agreements that have put an end to 150 years of economic nationalism and ruined our manufacturing base. Not only have the treaties brought

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about a reduction of U. S. manufacturing, our own tax dollars are being used to build manufacturing infrastructure in third world countries.

“Free trade” treaties are stealing America’s independence and sovereignty, and are increasingly affecting every aspect of American life. In some instances, world-governing bodies such as the World Trade Organization and the World Court have already ruled over and above our own Constitution.

Click on this link about the treaties that are ensnaring our republic:
<http://www.youtube.com/watch?v=qAo58B7S-Xk&feature=related>

“Nothing can destroy a government more quickly than its failure to observe its own laws, or worse, its disregard of the charter of its own existence.”
Associate Justice Tom Clark, U. S. Supreme Court, Mapp v. Ohio.

CONSTITUTIONAL FACTS

NO TREATY CAN LEGALLY BE ABOVE OUR CONSTITUTION. Our unalienable rights are an integral part of the Constitution. No treaty can legally be above The Bill of Rights. However, our lawmakers now act as if treaties override our Constitution. When the President signs a treaty that contradicts our Constitution and its Amendments, the treaty prevails, illegally overruling our own Constitution.

WORLD COURT HAS NO CONSTITUTIONAL AUTHORITY OVER THE COURTS OF OUR SOVEREIGN NATION. The World Court now trumps U. S. court decisions. Under NAFTA, claims are taken to special tribunals under the auspices of UNCITRAL (United Nations Commission for International Trade and Law) or to OCSOD (International Center for Settlements of Disputes) at the World Bank. Tribunals now supersede the authority of our national and state courts, with no private citizen participation.

CONSTITUTION DOES NOT PERMIT INTERNATIONAL TRADE AGREEMENTS. The Founders gave the House of Representatives alone the power to regulate trade, separating it from treaty-making power given to the President and the Senate. The Constitutional separation of powers gives Congress power to "regulate commerce with foreign nations."

TREATIES REQUIRE 2/3rds SENATE VOTE.

Treaties have been illegally "fast-tracked." The Treaty Provision requires 2/3rds Senate vote (Article II, Section 2). By ignoring this Constitutional requirement, treaties have been illegally “fast-tracked,” and negotiated under “trade promotion authority” (TPA), under which a president is permitted to negotiate and craft the legislation needed to “harmonize” U. S. law to conform with the agreement. TPA violates the Constitutional separation of powers.

ONLY CONGRESS HAS THE POWER TO DECLARE WAR.

All military actions since WWII have been unconstitutional “police actions.” Presidents do not have the power to “make war” or to unilaterally decide to invade other countries.

LEGAL MONEY MUST BE ISSUED BY U. S. TREASURY.

Our Constitution requires legal money from our own Treasury, not from the Federal Reserve.

"No State shall enter into any treaty, alliance, or confederation; grant letters of masque and reprisal; coin money; emit letters of credit; make any thing but gold and silver coin a tender in payment of debts; pass any bill of attainder, ex post facto law, or law impairing the obligation of contracts, or grant any title of nobility." Article I, Section 10

Click on this link which explains why our current fiat money system is unconstitutional:
<http://www.youtube.com/watch?v=WK76Dl18uAU&feature=related>

THE "GIANT SUCKING SOUND"

Remember when Perot warned there would be a "giant sucking sound" of manufacturing jobs going down the drain if NAFTA were passed? The decade 2000-2010 was the first time government employed more workers than did manufacturing.

After NAFTA was signed, industrial production declined for the first time since the 1930s. America lost 5.8 million industrial jobs and added 2 million government workers. Almost 50,000 manufacturing businesses with an average of 500 employees each have closed. Three quarters of the jobs displaced by China were in manufacturing. High-tech manufacturing jobs disappeared in Bush' first term. Now, we run trade deficits in high-tech products, too.

"FREE TRADE" IS MANAGED TRADE.

"Free" trade is managed trade that is contrary to America's interests. Countries such as China certainly don't believe in free trade; they have retained their tariffs. Free trade has favored transnational corporations that closed down U. S. production and moved their factories to locations where adults and children work for pennies with few environmental restraints. These agreements allow transnational corporations to hide trillions of profits offshore. For example, some have said General Electric makes billions of dollars, and yet pays \$0 in taxes.

REDISTRIBUTING THE WEALTH

In 2010, while freezing all U. S. oil drilling, the U. S. Administration supported a 2 billion dollar loan through the Export-Import Bank to Brazil for their new oil company Petrobras. The company's price soared. Petrobras has deep-sea and ultra deep-sea drilling operations in the Gulf of Mexico and off Cuba. Obama's advisor George Soros had invested almost a billion dollars with Petrobras a short time before our government announced the loan. Some in Congress are calling for an investigation of all those American transnational corporations who invested 50 billion dollars within six months of the announcement of the U. S. action.

Click on this link (parts 1-4): [Ron Paul: The Petro Dollar](#)

PETROBRAS ULTRA-DEEP DRILLING OK U. S. SHALLOW DRILLING STOPPED

Our country sent billions to Petrobras (Brazil) for ultra deep drilling in the Gulf while all U. S. drilling—an entire industry—was frozen for six months. During which time, seven giant oil rigs permanently left American operations in the Gulf for Brazil, Egypt, Nigeria, and the Congo. (It costs them \$500,000 per day to sit idle.) December 2010, our government put a seven-year drilling ban in the Gulf and along the East Coast.

Time passed; more jobs were lost; more investment left our country. Then, it was announced drilling could begin again. However, the permitting process has been so slow, there has been a de facto moratorium on deep water drilling (down 83%) and shallow water drilling (down 44%).

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President Obama personally travelled to Brazil “to increase energy trade between the two countries.” This will aid the internationalists by shutting out Iran from oil trade with Brazil. But, it will harm Americans who will be buying oil from yet another foreign nation. The U. S. is now 70% dependent on foreign oil.

U. S. TAX MONEY DEVELOPS MEXICO'S OIL INDUSTRY.

Our government has directed money and jobs away from the U. S. Twenty thousand jobs were lost directly, and tens of thousands of additional jobs will be lost, too. We sent billions so a Brazilian company could do ultra-deep water drilling in the Gulf and off Cuba. Our tax money has already been used to develop Mexico's oil industry for the last ten years.

Halliburton has received billions of dollars from Fox and Calderon Administrations (U. S. bailout money) to work with PEMEX, drilling oil in Chiapas and Tabasco; and it has taken over pipeline maintenance. And now, the U. S. has pledged even more money and support to increase Mexico's petroleum industry, infrastructure, and jobs. Imagine how this is going to affect the prices for everything.

"I believe there are more instances of the abridgment of the freedom of the people by gradual and silent encroachments of those in power than by violent and sudden usurpations."

President James Madison, “Father of the Constitution”

Chapter 16. Bush's North American Community

"Treason: Betrayal of one's country; the crime of violating the allegiance owed to one's sovereign or state." Webster's New Twentieth Century Dictionary, unabridged, Ogilvie, USA, 1904.

SECURITY PROSPERITY PARTNERSHIP OF NORTH AMERICA

Without Congressional participation or public debate, the 2005 Security and Prosperity Partnership of North America (SPP) was signed by the United States (President Bush), Canada (Prime Minister Martin), and Mexico (President Fox). The SPP is not just a goodwill agreement to facilitate trade; it goes far beyond trade issues.

This un-American agreement was the brainchild of Robert Pastor, Clinton's former National Security Advisor. Called “NAFTA Plus” and “NAFTA on Steroids,” it expands NAFTA with “deep integration.” SPP was exempt from legislative review because attorneys said its regulations were part of a “*Presidential Decree*.”

The treasonous SPP decree is designed to incrementally lead the United States into a North American Union (NAU), integrating the three nations into a single political and economic security bloc. The SPP created an official tri-national working group call the North American Competitiveness Council (NACC). It is composed of thirty representatives from giant companies such as GE, Ford, GM, Wal-Mart, Lockheed Martin, Merck, Chevron, etc.

SPP IS PRECURSOR TO REGIONAL GOVERNMENT

In the name of fighting terrorism and global climate change, the U. S. has signed on for the following as part of SPP policy goals:

- Regional law enforcement with an outer security perimeter.

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- A tri-national Homeland Security Force (per Michael Chertoff, Condoleezza Rice, Carlos Gutierrez).
- Training programs for Mexican army. Joint training for law enforcement officials.
- An expansion of NORAD with tri-national ballistics development.
- Biometric identification.
- Biometric watch list systems to identify “dangerous people.”
- Increased information and intelligence sharing at local and national levels.
- Law enforcement and military organization through exchange liaison teams.
- New sophisticated systems for tracking and storing intelligence.
- Inter-operability between law enforcement and militaries of the three countries.
- Increased labor mobility. Unlimited access to each other’s territory.
- A fully integrated North American Economic Space in which people flow freely.
- The KYOTA-like “Clean Development Mechanism.”
- A customs union five years from now.
- A massive, continental superhighway system from Central America to Alaska.
- A permanent tribunal for dispute-resolution similar to the WTO’s World Court.

The NAU will destroy Americans' unalienable rights. Click on this link to read the CFR’s [“Building a North American Community” Task Force Report on the Future of North America.](#)

North American Community means:

- **A borderless North America**
- **Dissolution of national sovereignty for the United States, Mexico, and Canada**
- **Energy rationing. Trans-national corporations in control of regional government**
- **Creation of fortress North America, with a militarized continent**

Click on this link to hear what regional government will mean for freedom: <http://vimeo.com/8602534>

Chapter 17. The Real Face of the European Union

European Union Civil Law: The EU's civil law system is based Roman law.
Laws are created - with no prior case law. A jury decides.

British Common Law: England's Common Law system is based on the Ten Commandments.
Laws have precedents. A jury decides.

GOODBYE, BRITISH COMMON LAW. HELLO, EU CIVIL LAW.
England’s legal traditions are being replaced with the civil law system of the European Union. Although there has been “a truly drastic withdrawal of popular support” for the EU, it is *too late* for England to reject regional government now that Parliament is an 80% figurehead government. Un-elected EU bureaucrats are tossing Common Law, and imposing civil laws newly created in The Hague.

Citizens are beginning to realize what the loss of their system of Common Law will mean. Rights formerly guaranteed by Common Law traditions are disappearing. The British are gradually losing their constitutionally protected rights including trial by jury, habeas corpus, innocent until proven guilty, double jeopardy, etc. by a series of increasingly totalitarian treaties.

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REGIONAL GOVERNMENT IS MORE THAN ECONOMIC ENTERPRISE
England didn't lose national sovereignty all at once. It happened over many decades. It was an incremental transfer of nationhood, beginning in the 1950s. *The Royal Institute for International Affairs* (RIIA) was instrumental in establishing the European Union. The RIIA is the British counterpart to America's CFR (Council on Foreign Relations). At first, treaties were signed to "facilitate" trade among the nations of Europe. (similar to NAFTA, SPP, CAFTA, etc.)

People have become disenchanted with the economic policies of the EU. England has been economically devastated by EU mandates that are redistributing Britain's wealth to less productive EU members. However, the United Kingdom is discovering regional government is more than an economic enterprise. They now realize they have given away their sovereignty, their time-honored legal traditions, and the freedom to regulate all aspects of their lives.

European Union treaties are imposing an "integration" of cultural policies regarding health, social security, the environment, social and worker policy, caps on residential electricity (beginning last year with rationing), rules for radio, regulations of telecommunications, and television, regulations on home affairs, social and worker policy, etc. Recent treaties even address local government regulations.

Of all the websites I suggest, this is perhaps the most important. The U. S. is following the same blueprint for regional government. I urge you to click on *The Real Face of the European Union* <http://www.youtube.com/watch?v=JanzfoSQCEFA&feature=related>

CIVIL LAW IS MAN-MADE LAW. WHAT'S WRONG WITH THAT?
The European Union and most governments in the world have civil law systems based on ancient Roman law. England, India, New Zealand, Australia, Canada (not Quebec), Wales, Hong Kong, and a few other English-speaking countries have had legal systems based on English Common Law. Although there is an overlap in the way each legal system has developed, the two have profoundly different approaches to law.

Under the civil law system, a magistrate is judge and jury. With the British Common Law system, two sides present their cases to a neutral judge, and a jury decides the case. The Common Law is based on precedent and the Ten Commandments. Civil laws are not based on precedent; new laws are created as needed. There is no higher standard than government with civil law.

The government decides right from wrong when God's laws are removed from a legal system.

George Washington said there is no security for life or for property if the sense of religious obligation deserts the courts. This is illustrated in the Hollywood movie *Judgment at Nuremberg*. German judges were on trial for blindly enforcing Hitler's unjust laws and for condemning innocent people. The accused judges said their actions were justified because they had sworn allegiance to the Fuehrer, and were simply obeying their superiors' orders. The court rejected their defense

For twelve years, German judges had kept their oaths to the Hitler regime. They had broken no German law, and yet were found guilty. The judgment at Nuremberg highlights the need for ultimate standards. Life, liberty, and property are more secure when oaths are sworn to God according to the Ten Commandments—rather than to government.

"Where is the security for property...for life, if the sense of religious obligation desert the oaths in the courts of justice?" President George Washington

CIVIL RIGHTS ARE "ALIENABLE" RIGHTS.

Under civil law, citizens are granted rights by the government. Civil rights are alienable rights. Legally, that means those rights can be “conveyed or transferred to another.” The government decides which rights it will allow and which rights it will not allow. The European Union (EU), the United Nations, Russia, China, etc. have variations on the civil law system. They have treaties and constitutions with “human rights” provisions, but God is not part of the equation.

"In the exercise of his rights and freedoms, everyone shall be subject to such limitations as are determined by law." United Nations *Universal Declaration of Human Rights*

The U. N.'s *Universal Declaration of Human Rights* says an individual's freedom is subject to the limitations the law determines. People have no guarantees under the U. N. declaration or in the European Union. Liberty is fleeting when God is removed from the courts of justice, and governments arbitrarily dole out human rights.

Chapter 18. Common Law, Natural Law, and Classical Liberalism

THE DOOM BOOK OF ALFRED THE GREAT

England's legal traditions can be traced back to 510 B. C. and the ancient Laws of Moelmud (Cambria). In A. D. 893, Aelfred (Alfred the Great) organized a legal code called his “Doom Book” (Dom bok means judgment book). King Alfred incorporated The Ten Commandments into the laws of his book. He combined Scripture with the legal precedents and common customs of the realm, including laws from the Celts, the Danes, and previous Christian Saxon kingdoms. (The Wessex Gospels were the West Saxon Dialect translation of the Bible.)

King Alfred not only wanted a fair and uniform legal system for his subjects, he wanted them to be better educated, so he encouraged literacy by translating Latin books. The Doom Book emphasized the freedom of the individual, the principle of mercy, the importance of keeping contracts, private property, legal impartiality for the rich or for the poor, and the Golden Rule. All laws instituted—including secular laws—codified Christian ethics and were consistent with Scripture, often referencing Bible verses.

ENGLISH COMMON LAW BASED ON THE TEN COMMANDMENTS

About the year 1230—just after the Magna Charta—Henry Lord Bracton thoroughly organized Britain's Common Law system into four Latin volumes called *On the Laws and Customs of England*. Henry de Bracton—called the “Father of Common Law,”—was an ecclesiastic who had been a rector, an Archdeacon, and a Chancellor of Exeter Cathedral. That was typical for the legal profession in England.

In those days, all lawyers were *clerics*, departments of government were called *ministries*, the King of England was designated the “*Vicar of Jesus Christ*,” and government officials were *ministers*. Lord Bracton believed all laws must end in and lead to the will of God.

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Using the Bible, he organized the penal code and the laws for real property. The entire system was based on the Mosaic code. Early Americans used the Common Law system and the Bible during the 167 years leading up to American Independence.

"Human law must rest its authority ultimately upon the authority of that law which is divine...Far from being rivals or enemies, religion and law are twin sisters, friends, and mutual assistants."

Original Supreme Court Justice, James Wilson, Framers of U. S. Constitution (spoke 168 times during the Convention) Framers of the Pennsylvania State Constitution, first law professor of the University of Pennsylvania, Founder of University of Pennsylvania School of Law.

BLACKSTONE, MONTESQUIEU, LOCKE, AND NATURAL LAW PHILOSOPHY

Lord Bracton's monumental work was *the English*, legal reference work until 1765. That was when England's pre-eminent legal authority, Sir William Blackstone, thoroughly organized, analyzed, and explained the entire body of English Common Law. His *Commentaries on the Laws of England* became the premier sourcebook for the best legal minds in England and in the American colonies.

The Founding Fathers gained their understanding of natural law from Blackstone, John Locke, and Baron de Montesquieu (*De l'Esprit des Lois*, 1748, *The Spirit of Laws*).

CLASSICAL LIBERALISM

Years before the American Revolution, many of the Founders had learned Locke's 'radical' ideas from a London newspaper publication called *Cato's Letters*. Locke had the radical view that the government exists to serve the people. Locke believed moral laws should apply to everyone - including the king- and believed private property is essential for liberty. He argued for a separation of powers; and warned against debasing money, artificial interest rates, and taxation without representation.

Blackstone, Montesquieu, and Locke had the most influence on the lawmakers and judges who shaped America's new legal system. Montesquieu believed natural law supersedes positivist, civil law. He believed the precepts of natural law are universal—ethical, scientific, and objective—crossing cultural boundaries, and part of human nature.

Montesquieu said, **"There are laws of nature" rooted in "the constitution of our being."**

The following is the essence of the natural law philosophy:

- The Creator is the Supreme Lawgiver and Judge of the World.
- His will is the natural law.
- No human law is valid unless it conforms to God's law.

In 1690, Locke had written in his *Two Treatises of Government*:

"Thus the Law of Nature (the will of God) stands as an eternal rule to all men."

"Laws Human must be made according to the general Laws of Nature; and without contradiction to any positive Law of Scripture, otherwise they are ill made."

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In 1765, Blackstone wrote in his *Commentaries on the Laws of England*:

"...man must necessarily be subject to the laws of his Creator...This will of his Maker is called the law of nature. This law of nature is of course superior to any other."

"Upon these two foundations, the law of nature and the law of revelation, depend all human laws."

"THE LAWS OF NATURE AND OF NATURE'S GOD"

The Framers of the Constitution referred to Blackstone more than any other English authority. His influence on Thomas Jefferson's writing of the *Declaration of Independence* is seen in the words "the laws of nature and of nature's God." That phrase represents the Founders' philosophy of government. The natural law philosophy says our rights are granted by God and manifest in nature.

Jefferson called God the "Supreme Judge of the world." He said it is a self-evident truth that the Creator endows us with unalienable, natural rights. Regarding the right to the enjoyment of private property, Jefferson borrowed from Blackstone ("man shall pursue his own true and substantial happiness.") and from Locke ("no one should harm a man's "life, health, liberty, or possessions.").

Instead of using the mundane word *property*, Jefferson finally settled on the phraseology "life, liberty, and the pursuit of happiness." Jefferson also incorporated Locke's belief that free people have the right and the duty to revolt against despotism.

"The great and chief end therefore, of Men uniting in Commonwealths, and putting themselves under Government, is the Preservation of their Property." Locke

"The right of property is founded in the law of nature and it is antecedent to all civil regulations." Blackstone

THE DECLARATION OF INDEPENDENCE July 4, 1776

"WE, therefore, the Representatives of the UNITED STATES OF AMERICA, in GENERAL CONGRESS, Assembled, appealing to the **Supreme Judge of the World** for the Rectitude of our Intentions...with a firm Reliance on the Protection of divine Providence, we mutually pledge to each other our Lives, our Fortunes, and our sacred Honor.

"WHEN in the Course of human Events, it becomes necessary for one People to dissolve the Political Bands which have connected them with another, and to assume among the Powers of the Earth, the separate and equal Station to which **the Laws of Nature and of Nature's God** entitle them, a decent Respect to the Opinions of Mankind requires that they should declare the causes which impel them to the Separation.

"WE hold these Truths to be self-evident, that all Men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the Pursuit of Happiness—That to secure these Rights, Governments are instituted among Men, deriving their just Powers from the Consent of the Governed, that whenever any Form of Government becomes destructive of these Ends, it is the Right of the People to alter or abolish it, and to institute new Government, laying its Foundation on such Principles...."

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GOVERNMENT LAID ON FOUNDATION OF NATURAL LAW PRINCIPLES

The foundation of the American Republic was laid on the principles embodied in the *Declaration of Independence*. When the Founders referred to “the laws of nature and of nature’s God,” they were saying all future laws had to conform to the principle of God-given rights and natural law. American government and the Constitution are based on the principle of unalienable rights. That’s why the Constitution is such a small document; thousands of pages weren’t needed to enumerate our rights. *Not one of our rights comes from government.*

"The law of nature which being coeval with mankind and dictated by God Himself, is, of course, superior to any other. It is binding over all the globe, in all countries, and at all times. No human laws are of any validity, if contrary to this."

Alexander Hamilton, first Secretary of the Treasury, main author of *The Federalist*.

Click on these links:

[Blackstone's Commentaries on the Laws of England](#)

[Natural Law: The Ultimate Source of Constitutional Law](#)

Blackstone’s *Commentaries on the Laws of England* was the guide for the Framers of the Constitution and the basis for all of America’s seminal Supreme Court decisions. Chief Justice John Marshall laid the foundation for Constitutional law absolutely according to the *Commentaries* for over thirty years (1801 –1835).

First Supreme Court Chief Justice John Jay successfully used Blackstone’s *Commentaries on the Laws of England* to win the emancipation of the slaves in his state when he was governor of New York in 1799.

Click on this link: <http://www.youtube.com/watch?v=MeV4PW2lNtc&feature=endscreen&NR=1>

Blackstone’s monumental work sold more copies in America than in England. The *Commentaries* has been cited nearly 10,000 times in Supreme Court decisions; and is still cited 10-12 times a year. It was the basic textbook for U. S. lawyers until the Founders’ Natural Law philosophy of government was rejected after WWI. If you care about the Founders’ *original intent*, read Blackstone; find out what we have lost.

"The moral, or natural law, was given by the Sovereign of the Universe to all mankind." John Jay, First Chief Justice of the United States, an author of *The Federalist*.

Chapter 19. Moses ‘Owns’ the Supreme Court.

America's Founders used the following terms synonymously and interchangeably with The Ten Commandments: *the moral law*, *the Decalogue* (deca=ten in Greek), and *the natural law*.

"Man has been subjected by his Creator to the moral law, of which his feelings, or conscience as it is sometimes called, are the evidence with which his Creator has furnished him." President Thomas Jefferson

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American Law is based on The Ten Commandments. Not only is there abundant evidence of this truth in the Framers' writings, there is overwhelming evidence carved in stone around the nation's capital. The following is some evidence The Ten Commandments is the basis for the Constitution of the United States:

Supreme Court: A marble frieze of Moses holding a copy of The Ten Commandments is above the head of the Chief Justice in the Chamber at the Supreme Court. In the courtroom of the Supreme Court, there are two allegorical figures standing beside ten Roman numerals. There is a statue of Moses and Ten Commandments in the Gable apex. A giant, seated Moses is shown holding the two tablets of the Law as the central figure on the rear façade of the Supreme Court. Surrounding Supreme Court bar seating and in the bronze latticework, Moses and The Ten Commandments are depicted. The Ten Commandments are carved into the bottom panel of the giant oak door separating the courtroom from the hallway. An image of the two tablets of The Ten Commandments is engraved on the frame of the bronze gates separating the courtroom of the Supreme Court from the aisle. (It looks as if they recently covered the marble frieze above the judges with red drapes. Are they going to take the doors off the hinges next?)

Courthouses in all 50 States: There are probably a thousand similar displays of Moses and The Ten Commandments in all State courtrooms and in government buildings throughout the fifty states. (At least, there used to be.)

U. S. House Chamber: Moses is honored with a full-face view in the center of the top of the wall in the United States House Chamber; only profiles of other great lawgivers are shown around the Chamber walls. Moses looks directly at the Speaker of the House, symbolically overseeing the lawmakers' proceedings.

Attorney General's Office: A full-scale model of *The Interpretation of Law* showing Moses holding the Tablets of The Ten Commandments is on the same floor as the Attorney General's office.

National Archives: A bronze representation of The Ten Commandments is embedded in the floor of the entryway of the National Archives.

Library of Congress: In the Library of Congress, a statue of Moses holding The Ten Commandments is prominent in the rotunda; the "Giant Bible of Mainz" and the Gutenberg Bible are in a prominent, permanent display; four Bible verses are etched on the walls; and there is a bronze statue of Moses in the main Reading Room.

"The law given from Sinai was a civil and municipal as well as moral and religious code, it contained many statutes...of universal application—laws essential to the existence of men in society, and most of which have been enacted by every nation which ever professed any code of laws... Vain, indeed, would be the search among the writings of profane antiquity...to find so broad, so complete and so solid a basis for morality as this Decalogue lays down."

President John Quincy Adams (served under four Presidents, and was nominated (but declined) a position on the U. S. Supreme Court under Madison).

"The duties of men are summarily comprised in The Ten Commandments, consisting of two tables, one comprehending the duties which we owe immediately to God - the other, the duties we owe to our fellow men." Dr. Noah Webster (responsible for Article 1, Section 8 of the Constitution)

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During the Founding Era, the Bible was, by far, the most frequently quoted source (based on a 10-year University of Houston study of 15,000 documents). It is no wonder, since 29 of the 56 Signers had Divinity or Doctor of Divinity degrees. America's first Congressional act was to ask for prayer and to lead Congress in reading four chapters (not verses) of the Bible.

Click on this link: <http://www.davidbarton.org/2010/04/30/americas-godly-heritage-by-david-barton-7/>

In 1782, Congress instituted a plan for printing Bibles in the English language "for the use of schools." The endorsement in the Bible read: "The United States in Congress assembled recommend this edition of the Bible to the inhabitants of the United States."

Click on this link to go to: [The True Foundation of American Law, by Kerry Morgan.](#)

Chapter 20. The Bill of Rights Protects Us from Our Own Government

BILL OF RIGHTS ADDED TO THE CONSTITUTION TO PREVENT ABUSE OF GOVERNMENTAL POWERS Congress of the United States 1789

"THE Conventions of a number of the States, having at the time of their adopting the Constitution, expressed a desire, in order to prevent misconstruction or abuse of its powers, that further declaratory and restrictive clauses should be added...to be valid to all intents and purposes, as part of the said Constitution.

Amendment I: Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press, or the right of the people peaceably to assemble, and to a redress of grievances.

Amendment II: A well-regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed.

Click on this link to read the entire Bill of Rights: [United States Bill of Rights](#)

"The fundamental basis of this Nation's law was given to Moses on The Mount. The fundamental basis of our Bill of Rights comes from the teachings which we get from Exodus and St. Matthew, from Isaiah and St. Paul." President Harry S. Truman

Click here. The NDAA negates our Constitution and Bill of Rights:
http://www.youtube.com/watch?v=j5ljZ_YNVCo

Click on this video to learn about Chris Hedges' lawsuit to repeal the NDAA, the unconstitutional U. S. Detention Act for American citizens:
<http://www.youtube.com/watch?v=NtK5AeZQJk4>

Chapter 21. Who Gives You Your Rights? Government or God

Who gives you your rights?

**There are only two options: government or God.
You either have civil rights granted by government;
or, you were born with rights that are a gift from God.**

CIVIL LAW VS NATURAL LAW

If you believe government grants you your rights—by law— you are in the majority. All governmental systems in the world –except America’s—grant their citizens civil rights by civil law. None but the U. S. Constitution protects an individual’s unalienable, natural rights. The American Revolution was fought because King George violated the natural rights of the colonists. (See the entire *Declaration of Independence*.)

According to *The Declaration* and the *Bill of Rights* (part of the Constitution), the foundation of American government was laid on the principles of natural law. Thomas Jefferson called the principles of natural law "the laws of nature and of nature's God."

WE ARE "ENDOWED BY OUR CREATOR WITH UNALIENABLE RIGHTS."

(Declaration of Independence)

Americans have the freedom that only comes when rights are "natural rights," rather than "civil rights." Our rights are not granted to us by civil law. Instead, the founding documents of the United States declare we individuals are *born* with rights granted to us by our Creator.

Not only do we have rights from birth, America's original lawmakers said our rights are *unalienable*. It is illegal for our government to put a *lien* on our natural rights.

LIEN: "In law, a claim on the property of another."

UNALIENABLE: "Not able to be conveyed, sold, or transferred to another."

Webster's Dictionary, unabridged, Ogilvie, USA, 1904.

**Those who wish to destroy American sovereignty must first remove
the principle of unalienable rights from public memory.
In order to accomplish this, they must destroy the very *idea* of natural rights;
and, convince us that our rights come from government.**

Most schools have not taught the concept of unalienable rights for generations because of the phony "separation of church and state" excuse (not in the *Constitution*). Public school students are no longer taught their rights to life, liberty, and private property were granted to them by their Creator. The *source* of liberty may not be mentioned in our schools (as in Mainland China or in the former Soviet Union).

Thomas Jefferson said, "***God who gave us life - gave us liberty.***" Jefferson Memorial, Washington, D. C. If your rights do not come from God, you will soon lose your liberty.

**"The rights of man come not from the generosity
of the state but from the hand of God."**

President John F. Kennedy, 1961 *Inaugural Address*

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U. S. CONSTITUTION DOES NOT GRANT RIGHTS. IT SECURES RIGHTS.

America's government was instituted to secure and protect the natural rights of its citizens. The Constitution was not written to restrict Americans; it was written to restrict governmental power.

Americans can worship, speak, and assemble freely because our Constitution protects our *natural* right to do so. The Constitution prevents our own government from stealing those liberties. The *Bill of Rights* was added to the *Constitution* to prevent our government's "*abuse of its powers.*" It says, "*Congress shall make **no** law*" concerning our natural rights.

Government is force. The Founders understood the only way to prevent tyranny is to limit the power of government. The *Bill of Rights* specifically mentions "certain unalienable rights" - such as religion, speech, and bearing arms, etc. We have enjoyed unprecedented freedom because the leaders of the American Revolution of 1776 laid the foundation of our government on the principle of unalienable rights.

"...the leaders of the Revolution...accomplished a revolution which has no parallel in the annals of human society (no model on the face of the globe)." James Madison, *The Federalist* #14

FREEDOM IS RARE

All history is a record of pharaohs-caesars-kaisers-czars-emperors-and-kings who usurped "divine rights." In many instances, the sovereigns actually called themselves gods and were worshiped. Usually, their unfortunate *subjects* were *subjugated*. In the annals of time, individual freedom and private property rights have been extremely rare - and then, subject to removal - at the whim of a despotic ruler.

America is the "great experiment". *For only the second time in human history*, a nation's laws acknowledge rights are from God - not from some king or pharaoh. The only other time when an absolute authority did not grant rights to its citizens was over 3,000 years ago during the time of the Hebrew Commonwealth. Life, liberty, and private property were natural rights under Moses and the Judges. *The consent of the governed* was the source of governmental authority. When establishing the American Republic, the Founders instituted the same principles.

The consent of the governed is the U. S. government's only legal source of authority.

In a message to Congress, Harvard President Dr. Samuel Langdon compared the ancient Hebrew Commonwealth to the American Republic, "The Jewish government, if considered merely in a civil view, was a perfect republic." (Later, Israel chose a king to rule over them; and their republic was lost.)

In 1908, Dr. Oscar Straus, U. S. Secretary of Commerce and Labor, spoke of the Framers of the Constitution:

"They were not content even to administer justice by the civil or the common law, but regulated the punishment of crimes by the Pentateuch* and in framing their criminal code every section cited the Biblical chapter and verse. In devising the plan of our government, the Founders not only drew their inspiration from first sources, but reverted to first principles, the unalienable rights of man."

*Pentateuch: The first five books of the Bible, five (penta) scrolls penned by Moses.

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Click on this link to go to the: [Youtube of Capital Tour with David Barton.](#)

Chapter 22. Democratic Republicans

As a nation of immigrants, our society is world famous for being socially democratic. The United States has offered the greatest opportunity and encouragement for social democracy the world has ever known.

SOCIAL DEMOCRACY IS A UNIVERSAL AMERICAN VALUE. Social democracy and equal opportunity are nationally held values. The average American has a refined sense of fair play, and embraces democratic ideals. However, social democracy wasn't always a universal value.

The nation fought a bloody civil war to abolish slavery. And, while newcomers to our shores have found economic mobility, many have suffered on their way to success. It has been a slow process to rid the country of prejudice. Nevertheless, America has achieved equal opportunity for its citizens faster than any other society in history.

**We Americans are democratic;
but, is "Democracy" our form of government?**

A REPUBLIC -OR- A DEMOCRACY

Nowadays, America's schools, the media, and our political leaders all refer to the United States as a "Democracy." That is new. Our country's first lawmakers always referred to the "American Republic." They never referred to "Democracy" as the form of government of the United States.

The word "*democracy*" cannot be found in America's founding documents, in the Federal Constitution, or in State Constitutions. In fact, Article 4, Section 4 of the Constitution states, "The United States shall guarantee to every State in this Union a Republican Form of Government..."

Immediately after the Constitutional Convention, a lady in the crowd asked Dr. Franklin what type of government had been established. Benjamin Franklin answered,

"A Republic, if you can keep it."
(From the diary of signer Dr. James McHenry)

MADISON & JEFFERSON CALLED DEMOCRATIC REPUBLICANS. Thomas Jefferson and James Madison were two of the social democrats instrumental in creating "the Republic of the United States of America." Madison is called "the Father of the United States Constitution." When Founders such as Jefferson and Madison discussed "*our republican form of government*," they were not referring to a political party. They had established a Constitutional Republic; so, the *form* of the newly created government was republican.

Madison and Jefferson formed a political party - in the interest of placing a greater emphasis on the *Bill of Rights* and state sovereignty. The original name for the Democratic Party given by Jefferson and Madison was "Democratic Republicans." That was the party name for about the first

fifty years. It was shortened to "Democratic" for ease, not because of any confusion about our form of government.

UNANIMOUS REJECTION OF DEMOCRACY

"Democracy" and "republic" are not interchangeable words. The political geniuses who participated in the Constitutional Convention were well-acquainted with Latin (republic) and Greek (democracy). They had studied the ancient Democracies in great detail. For that reason, not one of our Founding Fathers admired Democracy as a form of government. The Framers of the Constitution unanimously rejected Democracy.

"Liberty has never lasted long in a democracy; nor has it ever ended in any thing better than despotism." Fisher Ames, original Massachusetts Congressman (who participated in the writing of the *1st Amendment* to the Constitution).

The democracies of antiquity did not lack enlightened leadership. Nevertheless, they always ended violently. Commenting on the Democracy of Ancient Greece, President James Madison said, "*Had every Athenian citizen been a Socrates, every Athenian assembly would still have been a mob.*" Democracy is a flawed form of government.

"It has been observed that a pure democracy if it were practicable would be the most perfect government. Experience had proved that no position is more false than this.

"The ancient democracies in which the people themselves deliberated never possessed one good feature of government. Their very character was tyranny..." Alexander Hamilton (appointed by George Washington), author of *The Federalist*.

INVIOABLE PRINCIPLES

Americans used to know the difference between republics and democracies - and, the *reason* we pledge allegiance "to the Republic." A Republic is the highest possible form of government. It is impossible to maintain a Republic unless citizens are well educated (rather than indoctrinated). We will lose our Republic and the liberties our Constitution secures if our nation forgets the principles that guided America's original lawmakers to reject Democracy as a form of government.

"Republic: a nation in which the supreme power rests in the electorate and is exercised by representatives responsible to them; 'the public thing,' commonwealth, having the nature of a republic, adherence to principles." Webster's Dictionary, unabridged, Ogilvie, USA, 1904.

Republic is defined as government having "*the nature of a republic*" and an "*adherence to principles*." Our Republic has laws based on principles that apply to all governments for all times. According to the *Declaration of Independence*, the "foundation" of American government was laid on "such principles" Jefferson called "the laws of nature and of nature's God."

The Framers established a Constitutional Republic based on the principles of natural law - principles which distinguish the American Republic from other republics.

Our representative form of government was once well understood. Our Republic is distinguished from a Democracy by the source of its authority. Jefferson said our government was laid on the "inviolable principles" contained in "the moral law." America's laws are supposed to conform to the higher authority of *The Ten Commandments*.

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For example, laws concerning murder are based on the principle of the Sixth Commandment. The Commandment defines murder. According to the Sixth Commandment, *premeditated murder* is always illegal. If America remains a Republic, murder will always be against the law.

Click on this link <http://www.youtube.com/watch?v=-G1neHgOYsU&feature=related>

DEMOCRACY NEVER LASTS LONG

Democracy means people rule. The will of the people is sovereign. In a Democracy, man is the authority and rights are granted by an elected government. Rule is based on the prevailing majority opinion. A democratic majority can grant *-or vote away-* citizens' rights. The minority is not safe in a Democracy because laws are based on man's reason, rather than on unchanging principles.

The Framers of the Constitution designed a system of checks and balances to prevent the American Republic from ever becoming a Democracy. They considered Democracy the most dangerous of all forms of government.

"Democracy becomes mob rule, chaos, and dictatorship...when people rule, they choose someone bold and unscrupulous who curries favor with the people by giving them other men's property." Cicero, as summarized by Will Durant

For decades, our Presidents have been telling us we are spreading Democracy in the Middle East; and I'm afraid they're right. America is fast becoming a Democracy - with the passage of the Patriot Act, the Homeland Security Department, illegal spying, airport scanners, the NDAA (National Defense Authorization Act - authorizing *unconstitutional* military arrest and detention of U. S. citizens), and other laws that infringe on our rights.

Click on this video to learn about Chris Hedges' lawsuit against the NDAA:
<http://www.youtube.com/watch?v=NtK5AeZQJk4>

"Citizenship," 1928 U. S. Army Training Manual:

"Democracy: A government of the masses. Authority derived through mass meeting or another form of direct expression. Results in mobocracy. Attitude toward property is communistic, negating property rights. Attitude toward law is that the will of the majority shall regulate, without restraint or regard to consequences. Results in demagoguism, license, agitation, discontent, anarchy."

Chapter 23. The Reign of Terror **Democracy as a Form of Government**

"...democracies have ever been spectacles of turbulence and contention; have ever been found incompatible with personal security or the rights of property; and have in general been as short in their lives as they have been violent in their deaths."

President James Madison, *The Federalist* #10

DEMOCRATIC GOVERNMENT BASED ON HUMAN REASON

In 1789, French Revolutionaries threw off France's absolute monarchy. The groundwork for the French Revolution had been laid much earlier by a group of philosophers (philosophes) who wished to create a society based on reason, social equality, and democratic government. They

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called themselves "humanists." The "enlightened" philosophers wanted to replace the authority of the Ten Commandments with the "supremacy of human reason."

Rousseau was one of the most popular of the philosophers. He admired the pure democracy of ancient Greece. His ideal government was direct democracy in an assembly of educated men, in which the majority would rule for the general good. Rousseau favored government by the collective will.

DEMOCRACIES END IN GOVERNMENT BY COMMITTEE.

France's new constitution was called "*The Declaration of the Rights of Man and of the Citizen*" (*Le Declaration des Droits de l'Homme et du Citoyen*). What began as a "glorious" and "enlightened" revolution, ended with groups of central planners vying for political dominance. There were years and years of "reforms" and various dictatorships, as each group battled for supremacy. All attempts to reinstate the republic were suspended. In a short time, revolutionary France was run by a small group of "directors." The dream of democratic government was replaced by the nightmare of government by committee.

Following the *Committee of General Defense, the Committee of Public Safety* was the de facto government of revolutionary France.

DEMOCRACIES END IN CENTRAL ECONOMIC CONTROL.

The revolutionary government began to control and regulate all aspects of French life, fixing wages and imposing price controls on all essentials including bread. Property was confiscated, and farmers were forced to surrender grain. The people suffered terrible deprivation because of government-created shortages and hyperinflation.

Click on these videos for an explanation of France' paper money crisis:

<http://www.youtube.com/watch?v=7zvNV-vkEzc&feature=related>

<http://www.youtube.com/watch?v=U4aRuiO1OuQ&feature=relmfu>

After instituting a military draft, the *Committee of Public Safety* (Comite' de Salut Public) sent the army into the countryside to steal grain from the farmers. Private property became public property. Workers and peasants were executed for infractions ranging from hoarding food to evading the draft.

"The moment the idea is admitted into society that property is not as sacred as the laws of God, and that there is not a force of law and public justice to protect it, anarchy and tyranny commence.

"If 'Thou shalt not covet' and 'Thou shalt not steal' were not Commandments of Heaven, they must be made inviolable precepts in every society before it can be civilized or made free." Second President John Adams

CALENDAR WAS DECIMALISED

Many of the French revolutionaries rejected Christianity. To free society from its Biblical roots, they produced a new calendar (calendrier' revolutionnaire) with "1792" as the new "Year One." Names of the months and the days of the week were changed.

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"Samedi" (Saturday) is a version of the Hebrew Sabbath; "Dimanche" (Sunday) is from the Latin "dies Dominica" ("day of the Lord").

To remove all traces of Biblical influence, they decimalised the calendar by replacing the seven-day week with a ten-day week. The seven-day week has no astrological basis. It is based on the Bible's six days of creation and day of rest.

Until 1806, their ten-day week was called a "decade;" a month had three decades; and the tenth day of the week was called the "decadi." When the decadi replaced Sunday, the "day of rest" became a "day of festivity."

I wonder. Did the revolutionaries quit saying "goodbye?" "Goodbye" is the Old English contraction for "God be with ye." The French word for goodbye is "*adieu*," which means "to God" or "until God."

DE-CHRISTIANIZING FRANCE

Eventually, the State used violent repression to utterly de-Christianize French society. Public and private Christian worship were outlawed. Christian education was banned. An atheistic cult of "virtue" (Culte de la Raison) became the State instituted civil religion. The "Goddess of Reason" was set up over Notre Dame and other cathedrals. Three thousand churches were transformed into "Temples of Reason."

Clergy were required to abjure their vows, swear an oath to the government, and become employees of the State.

Thousands of nuns and an estimated 20,000 priests abandoned their ministries. Church lands were seized and nationalized; religious monuments were destroyed; statuary in the churches depicting Christian martyrs were replaced with martyrs of the revolution; royal tombs were devastated; religious paintings were defaced; religious names of streets and villages were removed and renamed.

FROM HUMAN REASON TO REIGN OF TERROR (la Terreur)

As with all democracies, the laws of the government became increasingly totalitarian, until all liberties disappeared. There were political purges and mass executions of anyone deemed an enemy of the revolution. Dissent was a capital crime.

The Committee of Public Safety presided over France's Reign of Terror. Citizens were encouraged to report on their neighbors' activities (Block watches; "If you see something, say something"). Anyone who opposed the government was charged with vaguely defined "crimes against liberty." In Paris alone, 500,000 were imprisoned, 80% of whom had been charged with treason.

"Remember, democracy never lasts long. It soon wastes, exhausts and murders itself! There never was a democracy that did not commit suicide."

Second President John Adams

DEMOCRACIES ALWAYS DESTROY LIFE, LIBERTY, & PRIVATE PROPERTY.

The system of democracy itself produced the bloodbath of the French Revolution. In Paris, the government and its agents executed 25,000 and guillotined another 17,000 peasants, nobles, priests, nuns, and innocents including pioneering chemist LaVoisier. At least another 2,500 were

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guillotined outside of Paris, and thousands more were imprisoned as “enemies of the people.” In addition, more than 100,000 were killed at gunpoint.

The rule of “human reason” ended in a Reign of Terror—*la Terreur*. It was truly a reign of terror, so horrifying, citizens believed the end of the world (the Apocalypse) had come. Mobs pillaged private property and beat people to death in the streets. A mob even guillotined Robespierre, one of the revolution leaders. (Source: *The French Revolution*, Thomas Carlyle’s three-volume history, revised edition, A. L. Burt Company, New York, 1857.)

I read a completely different account of the French Revolution in my daughter's social studies book. According to her text, the French Revolution inspired freedom in America and throughout the world - with *liberte, egalite, and fraternite*. Not only did the book fail to outline the stark differences between the American Revolution and the French Revolution, it failed to mention the Reign of Terror.

Parents: *Social Studies textbooks teach a revised version of history. If possible, read unedited books from the 1800s - 1917, rather than getting lessons and information from revisionist social studies texts, Wikipedia, or from the “History Channel.”*

France: “The Declaration of the Rights of Man”

United Nations: “Universal Declaration of Human Rights”

The philosophy of “humanism” guided the French Revolution two hundred years ago. A similar philosophy guides the United Nations today. The U. N. has rejected the authority of the Ten Commandments, and declares rights are granted by government, rather than by God:

“In the exercise of his rights and freedoms, everyone shall be subject to such limitations as are determined by law.” United Nations' *“Universal Declaration of Human Rights”*

FRENCH & RUSSIAN REVOLUTIONS LED TO DICTATORSHIPS

There are striking parallels between the French Revolution and other famous revolutions. The Russian Revolution of 1917 parallels the practices and ideas of the French Revolution.

- Both revolutions led to repressive dictatorships.
- Both governments encouraged and rewarded citizens for reporting on their neighbors' suspicious activities.
- Both revolutions negated the rights to private property.
- Both revolutionary governments began as democracies and ended as totalitarian governments ruled by committees.
- Both revolutions attempted to eradicate Christianity. Russian revolutionaries immediately and brutally de-Christianized Russia and the Soviet Union.

For eleven years, the Soviets sought to erase God by adopting a revolutionary calendar. First, the Soviet month had six, five-day weeks; and later, a six-day week (1931). It returned to a seven-day week in 1940. *Subbota* (Saturday, Sabbath) and *Voskresenye* (Sunday, Resurrection of Christ) were changed. Sunday became a regular work day.

TOTALITARIANS PROMOTE DEMOCRACY AS MEANS TO AN END

Those who prefer central economic control favor the destabilizing effect democracy has on society. Internationalists, fascists, anarchists, and Fabian socialists all advocate *for* democracy.

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"The experience of all former ages had shown that of all human governments, democracy was the most unstable, fluctuating and short-lived."

John Quincy Adams, Sixth President

- Marx said, "Democracy is the road to socialism."
- Hitler described his regime as a "modern democracy."
- Lenin, who regarded democracy as a means to an end, said, "Democracy is indispensable to socialism."
- Students for a Democratic Society (SDS) was the offspring of the League for Industrial Democracy (LID) and the Student League for Industrial Democracy (SLID). All are Marxist groups.

"Either the world will be ruled according to the ideas of our modern democracy, or the world will be dominated according to the natural law of force." Hitler, *Mein Kampf*

As we saw recently in Egypt, the Muslim Brotherhood claimed to be working for democracy. After they seized significant power, they immediately nullified the country's constitution. A very bad situation for some groups in Egypt and around the Middle East will become even more terrible now that the *Muslim Brotherhood* is in charge (they changed their name to the *Freedom and Justice Party*). Egypt's fourteen million Coptic Christians now fear genocide similar to the "Armenian Holocaust."

U. S. GOVERNMENT BY COMMITTEE

As America degenerates from a republic to a democracy, government by committee is becoming commonplace. In 2011, we had a "Super Committee" to decide the budget, instead of the entire House of Representatives.

SOVIET [Russian, literally, a council]: "government by council, or site council; a pyramidal governmental structure with local, intermediate, and supreme councils." Webster's New Twentieth Century Dictionary, unabridged, George W. Ogilvie, USA, 1904.

Revolutionary France's "Committee of Public Safety" sounds similar to the "public safety" committees springing up all over America. Massachusetts has a "***Joint Committee on Public Safety and Homeland Security.***" Check out your own state's committees that have been set up "for your protection" and for "*Homeland Security.*"

[Click here to read the "Patriot Act"](#)

CALENDARS ARE NEVER NEUTRAL.

Each of us has a religious worldview. Even atheists and agnostics have belief systems. Not one of us is neutral about God. Therefore, there never was a religiously neutral calendar. A calendar always reflects the religious assumptions and worldview of its historian.

The modern Western calendar is Christocentric, dating all time from Christ's birth. A. D. (Anno Domini-year of our Lord) was proposed by a sixth Century monk named Dionysius Exiguus, and was popularized by the English historian the Venerable Bede. Later, "B. C." (Before Christ) and "A. C." (Ante Christum [Before Christ]) were used.

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Until the last few hundred years, the Jews counted the beginning of time from the Garden of Eden. According to ancient Jewish calendars, the first year of the world- Anno Mundi (A. M.) began with Adam.

"CHRISTMAS HOLYDAY" CHANGED TO "WINTER BREAK"

In the 1980s, America's *National Education Association* removed "Christmas" and "Easter" from their calendars. Easter and Christmas became "spring break" and "winter break." America's public schools reconfigured school holidays (holy days). Time periods for traditional family vacations were changed. And, private schools aligned with public schools.

In January 2011, the new EU (European Union) calendars were passed out to all school children in Europe. While retaining a host of references to religions from around the world, the EU has scrubbed all Christian holidays.

"BEFORE CHRIST" -CHANGED TO- "BEFORE COMMON ERA"

About forty years ago, textbook writers and others began using the term *Common Era*, rewriting dates with "C. E." (Common Era) and "B. Cf. E." (Before Common Era).

**In new publications, B. C. has been changed to B. C. E.
"Before Common Era" has replaced "Before Christ."**

Wiki media have given the "common era" a 300-year history—linking it to the so-called "era vulgaris." The "common era" (era vulgaris) is new. I cannot find it as "*an era*" or as "*a dating method*" in any books published before WWII.

Chapter 24. From History to "Social Studies"

**"God who gave us life gave us liberty. Can the liberties
of a nation be secure when we have removed a conviction
that these liberties are the gift of God?"**

President Thomas Jefferson

When the study of American history was transformed to "social studies," our American heritage gradually slipped away. Today, the lessons of our Founding Fathers have all-but disappeared. It is unusual for students to study the Founders' writings in any great detail because of the strong religious content in almost everything they wrote. When included in the curriculum, their essays and books have been edited to remove most Biblical references.

QUESTIONS NO LONGER ASKED

The following important questions are no longer asked in America's schools and universities. Although they are superb questions, young Americans will not be pondering their answers. Instead, students are being trained to think of themselves as citizens of the world (UN Agenda 21).

- **Why is America unique among the nations of the world?**

In every other country in the world, citizens are granted rights by their governments. That is not so in America. Our government secures our rights, but it does not grant us our rights.

In the *Declaration of Independence*, Thomas Jefferson said the foundation of American

government was laid on the principles of "the laws of nature and of nature's God." Natural Law acknowledges that we are born with our rights. *The Bill of Rights* further codifies our natural, God-given rights.

- **What caused American exceptionalism?**

Alexis de Tocqueville coined the phrase "American exceptionalism" in his book, *The Republic of the United States of America*, A. S. Barnes, N.Y., 1851. DeTocqueville believed America was exceptional because its citizens were exceptionally virtuous and religious. The book title was changed to *Democracy in America*.

Click on this link: <http://www.youtube.com/watch?v=HaBW9oLZAok>

- **Why has our Constitution lasted so long?**

The U. S. Constitution is the oldest constitution in use. To get an idea of how brilliant it is, consider France. Since 1789, France has had sixteen different constitutions and eleven different forms of government. Why has our government lasted so long? The Framers of the Constitution considered its writing to have been a miracle blessed by God.

During the Constitutional Convention in 1787, Benjamin Franklin said, "**The longer I live, the more convincing proofs I see of the truth that God governs in the affairs of men.**"

When the Constitution was finished, Franklin stated that its writing had been "**influenced, guided, and governed by that omnipotent, omnipresent, and beneficent Ruler, in whom all inferior spirits live, and move and have their being.**"

Not only did the Founders consider the writing of the Constitution to have been a miracle, they believed God rules over the universe, presides in the councils of nations, and governs the affairs of men. They credited "Providence" and "God's concurring aid" for the victory the small army of Patriots had won over England - the greatest military power in the world.

President George Washington summarized the Founders' gratitude to God in his *First Inaugural Address*:

"...it would be peculiarly improper to omit in this first official act my fervent supplications to that Almighty Being who rules over the universe, who presides in the councils of nations.

"No people can be bound to acknowledge and adore the Invisible Hand which conducts the affairs of men more than those of the United States."

FATHER OF OUR COUNTRY

Former generations of American students read Washington's *Farewell Address*. The advice and warnings contained in the *Address* were considered so important it was published as a separate textbook, required in America's schools. Younger school children were required to copy out Washington's 110 *Rules of Civility and Decent Behavior in Company and Conversation*.

Schools taught Washington's lessons to America's future leaders. After all, the best political minds America ever produced regarded Washington as our most brilliant statesman and the one, pivotal character in American history.

Our Founders unanimously selected Washington

- **to be the Commander-in Chief**
- **to preside over the writing of the Constitution**
- **and to be President of the United States - twice**

For almost twenty-five years, George Washington was the dominant military and political leader in America, successfully keeping our country out of war, promoting international trade, unifying the Colonial army and the nation, and setting the country on solid financial footing. Our nation's capital was named after George Washington because they had no greater leader to honor. *Of course*, students were taught his lessons and warnings.

That is no longer true. It seems his wisdom is no longer relevant. Even the commemoration of "Washington's Birthday" has been replaced with "President's Day." In a recent poll by the Oklahoma Council of Public Affairs, only 23% of high school students could name America's first President.

If today's students learn anything about America's greatest President, it is probable they will learn

- **He was a slave-holder.** In fact, he freed the slaves he inherited in 1799. Click on this link for his opinions on slavery: <http://www.wallbuilders.com/libissuesarticles.asp?id=99>
- **He was an isolationist.** In fact, he successfully developed international trade and maintained U. S. neutrality to avoid foreign wars.
- **He was a deist, not a Christian.** In fact, he was an ardent believer in his Savior Jesus Christ. Washington chose these words of Jesus to be carved on his Mount Vernon tomb: *"I am the resurrection, and the life; he that believeth in me, though he were dead, yet shall he live; And whosoever liveth and believeth in me shall never die."*

FOUNDATIONS CHANGED TEXTBOOKS.

Most Americans are unfamiliar with the attitudes and values of the Founding Fathers. Even if you are a U. S. history buff, it is unlikely you know our *complete* history, unless you have read history books written before 1917. That is because tax-free foundations funded the General Education Board and the American Historical Association to change America's schoolbooks.

With the money and compliments of the Carnegie Endowment for International Peace, the the Rockefeller Foundation, and the Guggenheim Foundation, our textbooks and dictionaries were gradually changed.

After WWI, history lessons were incrementally de-Christianized. Tales of individual heroism and patriotic self-sacrifice were replaced with an emphasis on the collective. I have traced the textbook changes in my own extensive library, which includes 19th Century originals, current texts, and schoolbooks reprinted from the 18th Century.

In order to earn college credit in high school, private school students also learn history edited by foundation-sponsored historians in "AP" classes. (Advance Placement)

Dictionaries were relatively faithful until they stopped providing the Latin, Greek, and foreign word roots, and dropped examples of the words' historical usage in sentences from literature and the Bible.

See for yourself. Compare definitions in your new dictionary with the 1904 definitions provided throughout this book. A good example of the revision is the new definition for the ancient word *fascism*:

FASCISM (1904) "The retention of private ownership of the means of production under centralized government control."

Webster's New Twentieth Century Dictionary, unabridged, George W. Ogilvie, USA.

FASCISM (2012) "An authoritarian and nationalistic right-wing system of government and social organization." "Extreme right-wing, authoritarian, or intolerant views or practice."

Wikipedia

THE FEDERALIST WAS WRITTEN FOR FARMERS.

For 150 years, *The Federalist* and Blackstone's *Commentaries on the Law* were studied by all serious students of American history and law. The *Commentaries* and *The Federalist* were the 'final word' when determining if new laws were in accord with the original intent of our first lawmakers. Now, they can rarely be found on bookshelves. It is even more rare to find them unedited and unabridged.

The Federalist was a collection of 85 essays written by Alexander Hamilton (main author), John Jay (first U. S. Supreme Court Justice), and James Madison (Father of the Constitution). They wrote the essays to explain to citizens why the new U. S. Constitution should be ratified, and to guide future generations. Scholars wrote *The Federalist*, but normal people were able to understand their arguments in 1787. The average American farmer was intellectually capable of understanding and discussing each essay.

Today's typical university students have not learned the body of knowledge necessary to comprehend

- Natural Law principles
- Separation of powers of three branches of government
- The differences between Republics and Democracies

GET TO WORK, GRANDMA AND GRANDPA.

We must return to our roots and regain the wisdom of our Founding Fathers. In the meantime, Grandma and Grandpa are going to have to get busy teaching their grandchildren. How can we maintain our Constitutional Republic if our citizens don't know what kind of government we are supposed to have? How can we stop unscrupulous men from passing unconstitutional laws if this generation is unable to comprehend the guides it has been given or understand the principles that made us great?

In a 2010 poll, 50% of the Representatives in the U. S. House of Representatives thought the "Electoral College" was a political training school. How did we get so stupid? Read *The Deliberate Dumbing Down of America*, by Charlotte Iserbyt.

Click on this link for free download of the E-book: <http://www.deliberatedumbingdown.com>

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[Click on this link to go to: Tax Exempt Foundations' influence on American education, G.E. Griffin interview with Norman Dodd.](#)

[David Barton is America's foremost historian. He can introduce you to the history you didn't learn in school. Click on http://www.wallbuilders.com/LIBdefault.asp](http://www.wallbuilders.com/LIBdefault.asp)

Chapter 25. The Advantage of Being Armed

**“Government is not reason; it is not eloquence; it is force!
Like fire, it is a dangerous servant and a fearful master.”**
President George Washington

THE OLD VIEW OF GOVERNMENT

There has been a gradual, fundamental transformation in Americans' perception of the proper role of government. People used to regard the law as a necessary, limited force—a powerful policeman to prevent others from infringing on their unalienable rights. The general attitude before the Depression was, “That government is best which governs least.” (Quoted by Nathaniel Hawthorne) People believed they could decide for themselves what was in their best interest. The League of Nations was rejected because the idea of world government was repugnant to most Americans. The nation took pride in its independence.

THE NEW VIEW OF GOVERNMENT

Today's prevailing view is that government is there to help people in all areas of life—here and abroad. Government is regarded as a positive force to make things all better. And, there is a general acceptance of world governing bodies such as the United Nations, the World Court, NATO, the World Trade Organization, the International Monetary Fund, etc.

PRINCIPLES NEVER CHANGE.

“Man cannot make, or invent, or contrive principles. He can only discover them; and he ought to look through the discovery to the author.”
Founding Father Thomas Paine, *The Study of God*, Paris, 1797.

The *Declaration of Independence*, the United States *Constitution*, and the *Bill of Rights* were not intended to be elastic, loosely interpreted documents. They were meant to chain down our government with Natural Law principles that never change.

**“In matters of Power, let no more be heard of confidence
in men, but bind him down from mischief
by the chains of the Constitution.”** Thomas Jefferson

The Founders gave us a decentralized government with three distinct power centers. They did not give us an efficient government. They set up tedious checks and balances to stop any one of the three branches of government from acting alone. They would never have approved any President's decision to invade another country by "executive order."

"If tyranny and oppression come to this land, it will be in the guise of fighting a foreign enemy." President James Madison, "Father of the Constitution"

IS IT CONSTITUTIONAL?

Before bailouts, corporatism, and pre-emptive invasions of sovereign nations, it was not considered virtuous for Congress to compromise on Constitutional principles in order to pass legislation. In former days, Congress was known as a deliberative body. Our representatives carefully deliberated on the Constitutionality of any new legislation.

"The Constitution is a written instrument. As such, its meaning does not alter. That which it meant when it was adopted, it means now."

1905 U. S. Supreme Court Decision, South Carolina vs. United States, 199 U. S. 437, 448.

Today, the question of Constitutionality is rarely the main issue of Congressional debates. This could well be because many of the nation's lawyers and Congressmen have never read our Founding documents. Perhaps the Constitutionality of proposed new laws is rarely debated because the nation's problems are *too urgent* to take the time.

Lack of time certainly seems to be a big problem.

Congress has passed thousands and thousands of pages of new laws they didn't even get a chance to read - much less discuss. There simply was no time.

CRISIS CRISIS CRISIS CRISIS CRISIS CRISIS CRISIS CRISIS CRISIS

For several years, the country has been in crisis mode. In fact, America has been in a state of crisis for quite some time - the *credit crisis*, the *global warming crisis*, the *terrorist crisis*, the *health care crisis*, the *jobs crisis*, the *9-1-1 crisis*, the *banking crisis*, the *crisis in the Middle East*, the *EU debt crisis*, the *crisis in education*, the *sub-prime mortgage crisis*, the *obesity crisis*, the *Palestinian crisis*, the *energy crisis*, the *Mexican financial crisis*, the *savings and loan crisis*, the *housing crisis*, the *Social Security/Medicare solvency crisis*, the *States' financial crisis*, the *homeless crisis*, *humanitarian crises (Darfur, Rwanda)*, the *monetary crisis*, the *nuclear waste crisis*, the *garbage crisis*, the *infrastructure crisis*, *floods (Katrina)*, *wildfires (California)*, *earthquakes (Haiti, Japan)*, *oil spills (BP)*, the *hunger crisis*, the *Columbine massacre crisis*, the *border crisis*, the *AIDS crisis*, *genocidal massacre crisis (Milosevic, Hussein, al-Qadhafi)*, the *municipal budget crisis*, the *debt-ceiling crisis*, and *Iran's nuclear weapons crisis*.

LEGISLATION IN RESPONSE TO CRISIS

Our senators and representatives have had to enact new laws very quickly to deal with one crisis after another. "Bi-partisan cooperation" has been the rallying cry to hurry new bills into law. Treaties have been "fast-tracked," and committees have bypassed Congress in order to speed things up. In the panic atmosphere of 2008, Congress was compelled to bypass normal legislative procedures. They were warned there would be "civil unrest and martial law" if they did not vote to bail out large companies and financial institutions.

Each new crisis has required sweeping new legislation and just oodles of money.

Since we've had so many crises to deal with, our government has grown substantially in size and scope to meet the new challenges. We added new "czars," expanded intelligence gathering, and really beefed up various Departments - especially Homeland Security.

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**Efficiency, secrecy, and centralized control are the hallmarks
of fascist governments and fascist police forces.**

FOUNDERS WERE EXPERTS ON THE SUBJECT OF TYRANNY

The Framers of our Constitution were students of history and of human nature. One could say they were experts on the subject of tyranny. The majority of them studied the histories of ancient civilizations in the original languages. They understood why the early Republics degenerated into Democracies.

"Crisis is the rallying cry of the tyrant."

President James Madison

America declared independence from England to get out from under the yoke of governmental tyranny. Thomas Jefferson said American government was based on inviolable principles. The government was instituted to secure our God-given rights. He said it is our right and our duty to "throw off such government" if it should ever violate the unalienable rights of the people.

"...whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles..."

...when a long train of abuses and usurpations...evinces a design to reduce them under absolute Despotism, it is their right, it is their duty, to throw off such Government..." *Declaration of Independence*

America's original lawmakers said they added *The Bill of Rights* to the Constitution to prevent the government from "abusing" its power. They listed our unalienable right to keep and bear arms as a necessary safeguard against tyranny.

James Madison called the Second Amendment an "advantage" Americans have over most people on earth. He said we don't wear "the yoke of tyranny" because of "...the advantage of being armed, which the Americans possess over the people of almost every other nation." President James Madison, Father of the Constitution, *Federalist 46*

THROWING ROCKS AT TANKS

We have all seen freedom fighters throwing rocks at the advancing tanks of oppressive governments in China, Hungary, Iran, Egypt. The first thing dictators do is to disarm the general population. Tyrannical governments always disarm their people. Then the 3% can rule the 97%.

Old bumper sticker:

**"Gun control works. Just ask
Mao, Lenin, Castro, Stalin, and Hitler."**

The right to keep and bear arms was listed second only to religion and free speech in case Americans ever needed to "alter or abolish" (*Declaration of Independence*) a government that usurped powers not granted by the Constitution.

“We the people are the rightful masters of both Congress and the courts—not to overthrow the Constitution, but to overthrow men who pervert the Constitution.”

President Abraham Lincoln, author of *The Gettysburg Address* and *The Emancipation Proclamation*, freeing 3 to 4 million slaves.

Americans have already sacrificed unalienable rights for “homeland security” and the War on Terror. If we can prevent further, back-door erosion of the Second Amendment, we will be able to stop our government from becoming our fearful master.

“...the Second Amendment will not be needed until they try to take it.” President Thomas Jefferson

Suggested reading: *The Law*, Frederic Bastiat; *The Mainspring of Human Progress*, H. G. Weaver

Click on Chris Hedge's video about the folly of war with Iran:

<http://www.youtube.com/watch?v=vxzzpLAsNiw&feature=related>

Chapter 26. Deliberately Dumbing Us Down

Traditional Education:

Unlimited learning - in a fixed amount of time

United Nations (UNESCO) Education:

Fixed amount of information - with unlimited (computer) time

EDUCATION VENEER

Billions are being spent so school children around the world can be on line. Bill Gates signed an agreement with UNESCO (United Nations) in 2004 for that purpose. Computers are key to implementing a United Nations global curriculum. That is a problem because the UNESCO curriculum used in the U. S. and worldwide is devoid of many essential components of a classical, liberal arts education.

Today's young people are computer literate, but have only a veneer of traditional education. Though our great grandparents did not use computers, they were better educated in the basics than most of our recent graduates.

What typical students do not know today is breathtaking. Most do not know reading, writing, and arithmetic - *much less*- spelling, the rules of English grammar, American history, geography, great literature, civics, debate, geometry, home economics, bookkeeping, chemistry, astronomy, music, philosophy, logic, physics, world history, biology, algebra, anatomy, Latin, or contemporary foreign languages. (About 60% of college students take remedial courses.)

END OF WESTERN CIVILIZATION

Today, even America's best universities turn out students who know no basic facts about our heritage or the history of our legal system – including the principles of Natural Law and Common Law. Instead, they are taught multiculturalism and environmentalism. Graduates of our most prestigious colleges are no longer required to learn core scientific information, and are often without an elemental knowledge of the history of Western civilization.

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SHORTENED ALPHABETS

This dearth of learned information is not just a phenomenon unique to the United States. Students around the world are internalizing less and less information. Countries still emphasize math and science for a selected few, but curricula are uniformly devoid of many of the subjects that used to make up a traditional education.

Not only are students mastering fewer subjects, language itself is being dumbed down. Modern languages have been greatly simplified in the last 100 years. Pictographs are increasingly replacing the written word so people almost illiterate can be useful in the workplace. To accommodate poorly educated workers, computer programs are moving to spoken rather than written commands.

Talk to older foreigners; they will tell you their education system is not nearly as rigorous as it used to be. Their *old* school books were much more difficult - written so students would learn to use extensive vocabularies and more complicated verb tenses.

Alphabets had more letters before the Soviet Union and China changed their texts.

Your grandparents learned the specific, root meanings of words. That is no longer true. Pupils now learn the *general* meanings of words. It is rare to find a new dictionary with Greek and Latin word roots. The meanings of words can be twisted if students are unfamiliar with their roots. If students do not learn the subtleties of language, they are more susceptible to propaganda; and, documents such as the Constitution will be beyond their understanding.

THE OLDER THE TEXTBOOK, THE MORE DIFFICULT THE TEXT

If my mother had not given my youngsters old schoolbooks such as *McGuffey Readers*, I might never have discovered that my own K-12 history education was a fraud. What a shock—my great grandparents learned more about American history and world history by sixth grade, than I had learned after years at the university. I learned America's true history right along with my children from 19th Century children's books.

It's sickening to compare the difficulty-level of today's books with the old ones. A fourth grade *McGuffey Reader* from 1850 is at least as difficult as today's college literature texts. I'm not exaggerating. Go get a hold of a sixth grade *McGuffey Reader*, and compare it to the material your college age children are reading.

SEE DICK. SEE JANE. SEE SPOT JUMP.

Changes in American education were introduced very slowly, starting with a new method of learning to read. Sight-reading came to America via *Dick, Jane, and Spot (Dick and Jane Readers)* "Look, Jane. See Dick. See Spot. Funny, funny Spot." At six or seven years old, I remember thinking, "This is the stupidest thing I've ever seen."

After the new reading method was tried all over the country, all of a sudden, about 30% of the student population were diagnosed with vague new learning disabilities and a completely new reading disorder called dyslexia. For some reason, girls' brains adapt more easily to the "look-say" (sight reading) method of learning to read. A much higher percentage of boys than girls are diagnosed to have dyslexia. Dyslexia wasn't even in the dictionary until the "whole word" (sight reading) method was used for teaching reading.

ENGLISH TAUGHT AS IF IT WERE CHINESE

Instead of learning phonics*, my own children were taught to recognize words by sight - as if they were learning characters in Chinese. Students were taught to take a stab at the whole word. They were taught “*strategies*” for guessing words; the text provided *pictures* for *word clues*. In first grade, my daughter had *Best Guess Reading*. Second grade offered *Guess and Go Reading*—a “cutting-edge” new curriculum from Stanford.

Parents tried to fight the assault on the 3Rs. Those who could afford it, put their children in private schools, only to find “new” teaching methods and “reformed” curricula were replacing traditional curricula there, too.

* Teach your child to read at home. The ‘look-say’/ sight-reading method is still used - with some phonics included.

THE STATE AS PARENT

New curricula written by behavior modification psychologists focus on students’ emotional health rather than on academics. Student health clinics, before and after school care, and meals have become part of the total school experience. School has been transformed as “hub of the community,” a family substitute—“in loco parentis.” Guidance counselors, grief counselors, drug counselors, law enforcement, the world of work professionals, other government agencies, and psychologists have been hired. Services now include child-care workers, social services, job training, employment, leisure activities, parenting classes.

There now is a push for year-round school. Already, the school year has been rearranged and extended into the summer so high school students are less able to work summer jobs. Perfectly fine school buildings have been bulldozed and replaced with new schools nestled within neighborhoods to provide life-long learning centers for young and old.

BRAIN NOW FOR PROCESSING RATHER THAN FOR STORING INFORMATION

Beginning in the 1980’s, competition and achievement in the acquisition of basic skills took a back seat to an emphasis on group learning, group grading, and changing the student’s attitudes and values about family, patriotism, and sexuality. Pre-determined bits of academic information are taught for less than half of the school day. Calculators and open-book tests are the new norm.

The brain is now to be used for *processing* rather than for storing information. A very limited amount of information is to be stored in the brain. Students no longer memorize math formulae, spelling rules, dates and capitals. The old “tools” learned by rote until students were ten or eleven (such as times tables) have been tossed, in favor of learning skills to “*access*” information.

Click on Dorothy Sayers' (Oxford)*The Lost Tools of Learning*: www.gbt.org/text/sayers.html

How will students be able to judge right from wrong without adequate stored information? I once asked a third grade teacher when she would be correcting the mistakes in my child’s journal and her other writing. The teacher told me, “*Never.*” Correcting the student’s work was considered harmful to her self-esteem. That’s when we decided to move the kids out of Seattle schools, hoping to find a traditional curriculum outside of Seattle. No such luck.

LAST IN MATH IN THE INDUSTRIALIZED WORLD

All fifty states are using a UNESCO-developed curriculum. I’ll never forget my conversation with a

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school principle in the North Shore School District. He told me he recommended students use “manipulatives” (blocks) rather than “pencil and paper math” until sixth grade.

Should we be surprised the U. S. is 32nd in the industrialized world in math? Now you understand why young people cannot make change without a cash register. Think of it... students all over America are studying arithmetic by using blocks.

Consider Copernicus. At the age of twelve, he was “thoroughly acquainted with Logic and the best Latin authors,” and had “a fair command of the Greek tongue;” or twelve-year-old Johannes Kepler who was reading Galileo, Copernicus, and Descartes. John Quincy Adams studied at the University of Leiden at age thirteen. At the age of fourteen, he was the private secretary to the U. S. envoy to Russia. Our first Presidents were home-schooled. They began college-level work at age ten and younger.

President John Quincy Adams was called the “Hell-hound of Abolition.” Click on this link for an American Heritage video: http://www.liveleak.com/view?i=aco_1289504330

GOALS 2000: ACADEMIC EXCELLENCE WAS NOT THE GOAL. In 1989, Goals 2000 unveiled sweeping, nonacademic goals. International curriculum reforms were implemented at the local, “site” level. I was elected to a new *site-based management council* in Seattle. The Laurelhurst/View Ridge neighborhoods had overwhelmingly voted in candidates who promised to bring back the three Rs.

Our first site council meeting was dedicated to choosing a “mission statement.” I suggested using the words “academic excellence.” Although the other parents agreed, the unelected council members rejected my suggestion. The words “academic excellence” were not acceptable in the mission statement. They said we had to consider intellectually challenged students.

Over the course of the year, it became clear academic excellence had little to do with the changes being implemented. My children were engaged in endless “enrichment activities,” and peer teaching, waiting for all students (including non-English speakers) to master the paucity of information. There was no perceptible increase in difficulty-level of the spelling words and math problems for our three children who were in 1st, 2nd, and 3rd grade.

BIG BROTHER KNOWS ALL ABOUT YOUR HOME LIFE.

The new reforms in Clinton’s Goals 2000 were “perfected” in Bush’s *“No Child Left Behind.”* Education restructuring is all about shaping and changing students’ attitudes and values. Children are encouraged to reveal intimate family details in their journals, diaries, and problem-solving groups. Students are now actually tested on their values.

Tests developed by the Rockefeller-backed RAND Corporation are called the NAEP (National Assessment of Educational Progress). Two out of three of the questions on the tests are non-academic. The non-cognitive questions, as they call them on their website, help to “sort children into three categories” (I’m not sure from the site what those categories are).

The sampling of students tested are asked questions to determine the types of communities and homes in which they are living, they are questioned about their social status and the money situation in the home (“socio-economic questions”), what type of media is in the home/how much/what do they watch, what do the parents read (magazines or books), there are various census

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questions, questions about siblings, ethnicity and racial mix of the home, zip codes, and general questions on the home environment.

They're messing with your children's heads with these mind-blowing tests. This data stays in the child's permanent records and will be merged with other information including census information. It is intended for the records to stay with the child even after he enters the workforce.

UNITED NATIONS

EDUCATIONAL SCIENTIFIC CULTURAL ORGANIZATION

The United Nations curriculum currently being implemented to brainwash America's children is called *AGENDA 21*. Education reforms have been coordinated and implemented by the United Nations' educational organization - UNESCO. U. N. reforms will produce compliant and complacent new world citizens with a limited knowledge base.

President Clinton signed the "Education for All" (EFA). This includes the *Dakar Update*, an international agreement specifying "*UNESCO shall continue to implement the EFA.*" This curriculum is based on global citizenship and is hostile to the United States of America.

The Department of Education's goal is to create: **"Human beings whose home is planet earth, who are citizens of a multicultural, democratic society in an increasingly interconnected world, and who learn, care, think, choose, and act to celebrate life on this planet to meet the global challenges confronting Humankind."**

Goals 2000, The Elementary Global Education Framework, 1989

As we shift to a "non-academic job market," students are being trained for "non-academic jobs" including "environmental jobs" and "careers in the non-profit world." The New World Order needs global workers whose minds are not cluttered with too much information—or patriotism, national pride, or loyalty to the values of their families.

"Every child in America who enters school at the age of five is mentally ill, because he comes to school with an allegiance toward our elected officials, toward our Founding Fathers, toward our institutions, toward the preservation of this form of government.

"All of this proves the children are sick, because the truly well individual is one who has rejected all of those things and is what I would call the true international child of the future."

Dr. William Pierce of Harvard University in his address to 1,000 teachers in Denver, Colorado. Free World Research Iowa Report, January 1993.

Blank slates make willing sheep that can be herded from one manufactured ecosystem crisis to the next. The only way to maintain control of a population is to control education. The United Nations' green agenda is being used to terrify and manipulate. Hitler said, "The size of the lie is a definite factor in causing it to be believed, for the vast masses...are more easily deceived...a more easy prey to a big lie than a small one..."

Click on the following links:

The Greenhouse Conspiracy

<http://www.youtube.com/watch?v=4Btd6L31ZYg&feature=related>

Great Global Warming Swindle

[Meteorologist John Coleman Debunks the Myth of Global Warming.](#)

INVOLUNTARY SERVITUDE

Community service and membership in youth organizations and holiday youth camps began as voluntary activities in the Soviet Union and in Germany. By 1941, 90% of youth ages ten years and older were required to serve Hitler Youth (*Hitler-Jugend* [HJ]). No one could enter college in the Soviet Union without community service and membership in the national youth group.

"GIVE BACK."

Compulsory national service as a requirement for graduation and mandatory community service for all school age children and all adults (including retirees) have been suggested by the current and previous four Administrations. Initial suggested requirements have ranged from 50 hours for junior high and high school, 100 hours for college students per year, to three months service for students seventeen and older. There are youth organizations and programs headed by the U. S. Department of Homeland Security under such names as "Civilian National Security Force," "Youth Brigades," "Citizen Corp," "Be Ready Camps," and "Youth Build."

See disturbing documents from the Department of Education by clicking on "Education" www.AmericanDeception.com/

Chapter 27. Economic Laws

"What is prudence in the conduct of every private family can scarce be folly in that of a great kingdom." Adam Smith

**Economy = oikonomia (Greek)
oikos: house nomos: law
Economy = the law of the house**

Classical economics is the science of monetary laws. The same principles that work for a home bring prosperity to a nation. Policies that are not in accord with economic laws always produce bad outcomes because of their longer and indirect consequences—whether in a private family or in a great country like America.

"Economy: the judicious government of the pecuniary concerns of a household—thrifty, saving, incurring no waste."

Webster's New Twentieth Century Dictionary, unabridged, George W. Ogilvie, USA, 1904.

IN THE LONG TERM, ECONOMIC LAWS PREVAIL.

It is possible for nations and individuals to ignore economic laws in the short term. A householder can spend more than he takes in for years and years. If his credit is good enough, he can go right on spending until he becomes accustomed to working most of the year just to pay the interest on

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his debt. However, he begins to sink when his debt reaches a critical point. Then he must pile on evermore debt, faster and faster—just to keep going and to maintain a public façade. He appears to be prosperous until the day his creditors raise his rates so high he is forced into bankruptcy.

America's debt to GDP (Gross Domestic Product) is more than 103%.
The U. S. has reached a tipping point.

ECONOMIC LAWS

Gleaned from *Economics in One Lesson* by long-time
New York Times economics editor Henry Hazlitt,
and from *The Road to Serfdom* by F. A. Hayek,
winner of the Nobel Prize for economics.

Economic Law: Inflation is the real cause of most depressions. The inflation cure for depression causes the next depression, creating the booms and busts of the business cycle. During recessions, the Federal Reserve opens the money spigots. Then, before too much easy money causes too much price inflation, it puts on the brakes and tries to bring the economy to a smooth landing. It is not possible to avert a subsequent recession with a gentle stop. Stops become increasingly more violent, more frequent, and more destructive.

Economic Law: The more an economy is artificially stimulated by monetary inflation, the longer the economy takes to recover. Empirical evidence demonstrates inflation actually prolongs depressions. The more government is allowed to take over and run an economy, the deeper the depression gets and the longer it lasts.

Economic Law: Artificially low interest rates create economic distortions. Rates below the natural market are made possible by inflating the money supply. Inflation causes mal-adjustments in the wage-cost-price structure. Cheap money policies discourage thrift and the accumulation of capital for investment; and they encourage highly speculative ventures that usually have no future. Eventually, the distortions slow down production and bring about violent oscillations in business.

Economic Law: Inflation is bad for business. For a short time, inflation brings all kinds of benefits to favored groups, leading to the overexpansion of some industries at the expense of others.

Economic Law: All government funds come from taxes. All government expenditures must eventually be paid out of the proceeds of taxation. If projects are paid for by deficit spending instead of direct taxation, the nation only seems to have gotten something for nothing. Deficits are paid by the inflation tax.

Economic Law: Anything taxed is discouraged and therefore decreases. We get less of whatever is taxed; the more you tax it, the less you get. Regulations on business discourage production in the same way; they are an indirect tax. Government can encourage business and hiring by lowering taxes and reducing regulations. The more businesses are burdened by regulations and taxes, the more production is discouraged. The larger the percentage of the national income taken by taxes, the greater the deterrent is to private production and employment.

Economic Law: Government can give no financial help to business that it does not first or finally take from business. Government loans or subsidies to business are a tax on successful private

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businesses in order to support unsuccessful private business. In the long run, government loans waste capital and reduce production.

Economic Law: Government loans are harmful. Government makes loans to people who would not get them from private lenders, encouraging people to buy what they cannot afford. This raises costs for everyone. Government loans mislead the recipient industry into a costly overexpansion, producing an oversupply as compared with other things. Taxpayers must defray losses.

Economic Law: Government cannot grow an economy. The only thing government can grow is more government. Government does not produce anything.

Economic Law: For every public job created, one private job is destroyed. For every dollar the government spends on public works, taxpayers have one less dollar to meet their own wants.

Economic Law: War reduces a nation's wealth. War requires immediate funding. Capital that would have been invested in future enterprises, is used to provide war materiel. Funds used for war are funds that could have remained in the productive economy to raise citizens' standard of living. Frederic Bastiat's famous broken window fallacy explains why war and natural disasters diminish a nation's wealth. On the other hand, war always enriches central bankers.

Economic Law: Government debt, high taxation, and inflation are largely the cause of most depressions.

"Paper money has had the effect in your state that it will ever have, to ruin commerce, oppress the honest, and open the door to every species of fraud and injustice." George Washington, letter to J. Bowen, Rhode Island, Jan. 9, 1787.

"In the absence of the gold standard, there is no way to protect savings from confiscation through inflation..." Alan Greenspan

"The first panacea for a mismanaged nation is inflation of the currency; second is war. Both bring a temporary (and false) prosperity; both bring a permanent ruin."
Ernest Hemingway

Chapter 28. Dr. Noah Webster

Dr. Noah Webster was known as the "Schoolmaster of the Republic" and the "Father of American Scholarship and Education." He was one of the first Founding Fathers to call for a Constitutional Convention, and worked tirelessly for its ratification. He served in the Connecticut militia, in both the Connecticut General Assembly and the Massachusetts legislature, and was a judge.

Along with founding the first daily newspaper in New York, and creating the country's first spelling bees, Webster taught the majority of American schoolchildren for over 100 years with his books *The Blue Backed Speller* and *The History of the United States*. The famous orator and senator Daniel Webster was Noah's cousin.

THE AMERICAN DICTIONARY OF THE ENGLISH LANGUAGE

Dr. Webster established a uniform system of rules to govern spelling and grammar for the United

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States. Before Webster's dictionary, there was no right or wrong way to spell a word. He published *The American Dictionary of the English Language* in 1828, after working on it for twenty-seven years. Noah Webster learned twenty-six (26) languages including Sanskrit, Arabic, and Anglo-Saxon. His dictionary contained 70,000 words, of which at least 12,000 had never before appeared in a dictionary.

Webster used Bible verses to clarify words about 25% of the time. A master of the Hebrew and Greek languages, he produced the most important English translation of the Bible in two hundred years. He considered education without the Bible to be useless. He helped found Amherst College, and in 1791, was a founder of the *Connecticut Society for the Abolition of Slavery*.

The following was included in Webster's
Original Dictionary Preface:

"Let it be impressed on your mind that God commands you to choose for rulers just men who will rule in the fear of God. (Exodus 18: 21) The preservation of government depends on the faithful discharge of this Duty.

"If the citizens neglect their Duty and place unprincipled men in office, the government will soon be corrupted, the rights of the citizen will be violated or disregarded. If our government fails to secure public prosperity and happiness, it must be because the citizens neglect the Divine Commands, and elect bad men to make and administer the Laws."

In his 1823 *Letters to a Young Gentleman*, Dr. Webster wrote: **"In selecting men for office, let principle be your guide. Regard not the particular sect or denomination of the candidate, look to his character."**

In 1798, Webster said, "[O]ur fathers...bequeathed to us a rich inheritance of liberty...we have indefeasible [inalienable] rights...Let us then rally round the...Constitution of our country, resolved to a man that we will never lose by folly, disunion, or cowardice what has been planned by wisdom and purchased with blood."

DR. NOAH WEBSTER: JUDGE, ASSEMBLYMAN, NEWSPAPERMAN, AUTHOR, LEGISLATOR, FAMILY MAN, FOUNDING FATHER, BIBLE TRANSLATOR, HISTORIAN, ABOLITIONIST, AMERICAN STATESMAN, GRAMMARIAN, CONTRIBUTOR TO THE U. S. CONSTITUTION, THEOLOGIAN, SOLDIER, LINGUIST, PROFESSOR, COLLEGE FOUNDER, ORATOR.

Chapter 29. Corporatism

BAILOUTS WEAKEN THE OVERALL ECONOMY.

Everyone loses when government bails out inefficient or indebted companies. It's not obvious at first, but bailouts always weaken the overall economy. When the recent crisis hit, the survivors should have taken over the weak businesses. In a free market, prudent management is rewarded. Strong companies pick up the weaker ones at bargain prices. Bailouts punish caution, save incompetent businesses, and make the strong companies weaker. No economy prospers if this happens.

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FIRST CHRYSLER BAILOUT

The first Chrysler bailout is a good example. The labor force, the company's creditors, and the domestic car market would have all been better off if Chrysler had gone bankrupt instead of receiving a government bailout in 1980. The harsh concessions required by the government left everyone worse off.

More workers lost their jobs (62,000+) than they probably would have if the company had been allowed to go bankrupt. Creditors were forced to accept only 30 cents on the dollar. In subsequent years, Ford lost market share to Chrysler. However, Chrysler made no inroads on the import market because management continued to make design mistakes for thirty more years.

What's the bottom line?

- **The first bailout left four weak domestic car-makers.**
- **Two or three healthy car-makers should have been left standing.**
- **The next bailout was inevitable.**

SECOND BAILOUT

In 2009, the U. S. bailed out General Motors (GM) with \$49.5 billion (\$6.7 billion was a direct loan); the Canadians gave GM another \$9.5 billion. Together, the governments owned 72.5% of the company. In addition, another \$9.5 billion went into an escrow account for working capital, and another \$10 billion from the Department of Energy for fuel economy improvements.

When GM said it paid back the government loan, it meant it used the escrow account money to pay off the \$6.7 billion direct loan. In other words, it used government money to pay off government money. Special interest groups were "made whole" when the stock IPO (initial public offering) was sold; however, taxpayers will never be paid off. It is certain GM will need many more billions.

Every time I see a GM commercial (during the Super Bowl, etc.) I am reminded that

- Tax money paid for the advertisement.
- Competition for add-space increases everybody's cost.
- Other companies struggling to survive must pay more because of government-aided competition.

Fascism: "The retention of private ownership of the means of production under centralized government control." Webster's New Twentieth Century Dictionary, unabridged, George W. Ogilvie, USA, 1904.

What was once called fascism is now called state capitalism or public/private partnerships. There are many brands of fascism. However, the recent government bailouts of businesses such as General Motors were fascist in an economic sense. Mussolini thought "corporatism" would be a more accurate term than fascism when describing public/private partnerships.

**Corporatism has replaced the free market
in many areas of American life.**

OVER 50% OF HEALTH CARE IS ALREADY PUBLIC/PRIVATE.

A prime example of corporatism is our current health care system—before the recent legislation.

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Over 50% of healthcare today already falls under the banner of a government-corporate partnership. The health care industry has become increasingly infected with corporatism.

When government got in bed with insurance companies and into the healthcare business in 1965, prices immediately jumped, and the “middle man” had a negative impact on the doctor-patient relationship. Prices shot up dramatically again when government healthcare was divvied up between the Department of Human and Health Services and the Department of Education. Prices are terrible because of corporatism and because our dollar has declined every year for forty years.

WHO SPENT MILLIONS LOBBYING FOR HEALTHCARE BILL?
Affordable health care (and affordable college tuition) is a casualty of corporatism and monetary inflation. Instead of reducing corporatism, the new health care bill will reduce competition and consolidate corporatism. Ask yourself who paid millions to lobby for the new health care bill.

Click on this Chris Hedges video:

<http://www.youtube.com/watch?v=QTTyPmc6WGc&feature=fvwp&NR=1>

It was big insurance companies and big drug companies. Small insurance companies are already being “swallowed up” by the big ones. The next things to go will be quality and availability of care—especially for the elderly and for those deemed to lack “quality of life.” The consumer loses when government inflates our currency and intervenes in the marketplace.

GSEs: GOOD EXAMPLE OF FASCISM/CORPORATISM AT WORK.
Government Sponsored Enterprises (GSEs) are financial services corporations created by Congress to reduce the cost of credit and to enhance the flow of credit to targeted sectors of the economy. Education, agriculture, and home finances have been the targeted sectors. The Federal Reserve made the housing bubble possible by pouring easy money into home finance.

The biggest banks got easy money from the Fed, and loaned it out with abandon because they really didn't have any risks if they made bad loans. GSEs act as financial intermediaries between lenders and borrowers. The GSEs created a secondary market through securitization (mortgage-backed securities) allowing the debt issuers to increase loan volume with less risk. Less risk because a government guarantee was implicit in this relationship. Privately held FREDDIE MAC and FANNIE MAE have been scandals, with big, big conflicts of interest concerning ratings agencies, etc.

CORPORATISM = PUBLIC/PRIVATE PARTNERSHIPS

Fannie Mae and Freddie Mac were bailed out in 2008. Bailout money went to favored groups like Goldman Sachs (dubbed government Sachs) and J. P. Morgan. Those who made billions when the bubble was created on the way up in the derivatives market got bailed out on the way down. Average Americans lost trillions three years ago.

**The bubble and collapse of housing was made possible by
the Federal Reserve and its chairmen Ben Bernanke and Alan Greenspan,
and by our own Treasury officials Larry Summers, Robert Rubin, and Tim Geithner.**

Click on this link to hear how we bailed out those who caused the housing collapse:

http://www.huffingtonpost.com/2009/12/03/matt-taibbi-obamas-big-se_n_378705.html

Click on this link to read about crony capitalism:

<http://newworldorderreport.com/News/tabid/266/ID/443/Obamas-Big-Sellout-The-president-has-packed-his-economic-team-with-Wall-Street-insiders-intent-on-turning-the-bailout-into-an-all-out-giveaway.aspx>

Quantitative Easing (QE) is trillions of dollars of newly created money used to purchase massive quantities of toxic assets (worthless assets), mortgage-backed securities, and other “troubled” assets from the biggest U. S. banks at well above market price. These big banks are part owners of the Federal Reserve. QE is a backdoor bailout. The biggest banks are now recapitalized, putting all their bad debts on to the taxpayers. And, to add insult to injury, the banks have opted to simply sit on the additional cash in order to increase their capital reserves in a climate of increasing defaults.

REFORM: MORE BAILOUTS & CONSOLIDATION OF POWER

Eventually, taxpayers will own 95% of the toxic, mortgage-backed securities. The Dodd (Dodd is a CFR member) regulatory bill recently passed by Congress, guarantees taxpayers will be on the hook for all future GSE bailout needs. It seems the bill helps them rob us more efficiently.

Also, when the next crisis hits, Dodd’s Financial Reform Bill guarantees future taxpayer bailouts for Goldman Sachs, Citibank, etc. The “Reform” Bill takes authority away from state regulators and the SEC (Securities and Exchange Commission) and gives much more authority to the Federal Reserve; it also works to eliminate smaller, regional bank competition.

Big banks benefit from inflation; bailouts contribute to further concentration of wealth. TARP (Troubled Asset Relief Program) money allowed the big banks to consolidate and buy up other banks. In 1949, America’s richest 1% controlled 21% of U. S. wealth. In 1997, it was 40%. I wonder what the percentage is in 2011 after the 2008 Stock Market crash and all the bailouts. Wealth and power were consolidated after the Crash of 1929 and after the Crash of 2008.

TOO MUCH SUPPLY - TOO LITTLE DEMAND REAL ESTATE HEADED DOWN

There is a massive supply of housing units still to be absorbed. In the next four years, eight million Americans are expected to lose their homes. The system needs to be purged but government is intervening. And, that is just homeowner real estate. The commercial real estate collapse has just started; and it will get ugly.

Click on this link to hear Christopher Whalen analyse the future for bank bailouts and the real estate mess. http://kingworldnews.com/kingworldnews/Broadcast/Entries/2010/9/24_Chris_Whalen_files/Chris%20Whalen%209%3A24%3A2010.mp3

Chapter 30. Erhard’s “German Miracle”

Fascism: "The retention of private ownership of the means of production under centralized government control." Webster’s New Twentieth Century Dictionary, unabridged, George W. Ogilvie, USA, 1904.

ECONOMIC FASCISM

The word *fascism* is associated with anti-Semitism. However, the term *economic fascism* (or *corporatism*) refers to an economic theory, rather than to a racist ideology. According to the

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theory, all economic activities should be managed and coordinated by government *for the greater good*:

- Government should have a comprehensive investment strategy with fixed economic objectives- energy policy, etc.
- Government should target certain industries for growth- auto, etc.
- Government should increase military spending to bolster certain industries.
- The public should carry the financial burden for all losses.
- Government should collaborate with big business and educational institutions to coordinate goals.
- Government should control market fluctuations by increasing monetary inflation, debt, and credit expansion.

“THE COMMON GOOD BEFORE THE PRIVATE GOOD”

Proponents of economic fascism believe the interests of the State supersede the interests of the individual. Mussolini succinctly summarized the philosophy of economic fascism,

**“If classical liberalism spells individualism,
fascism spells government.”**

Rudolph Jung and Hitler shared this economic philosophy. Jung persuaded Hitler to choose the name **Nazi**-Nationalsozialistische Deutsche Arbeiter parti (*National Socialist Workers Party*). A popular Nazi slogan Hitler borrowed from Jung’s book was, “*The common good before the private good*” (Gemeinnutz geht vor Eigennutz). During Hitler’s regime, the people were the servants, and the Third Reich (empire) was the master.

PUBLIC / PRIVATE PARTNERSHIPS

Germany and Italy had similar fascist business models. Both governments managed their economies. To combat high unemployment, both governments introduced massive public works programs, and paid for them with heavy taxes on business profits and by massive money printing. The Italian State and the German State went into partnership with private businesses, and formed public/private partnerships. The governments centrally controlled the businesses with national production requirements and top-down regulations - on everything.

Click on this link for a thorough account of German and Italian economic fascism:

<http://mises.org/daily/1935>

Both Mussolini and Hitler moved quickly to outlaw individual ownership of gold. Monetary inflation caused prices to skyrocket. To bring "stabilization," the German government imposed wage and price controls, and took total control of investment. Citizens and businesses were compelled to buy state bonds. The government took over banks, and bailed out failing big businesses (most were government contractors). Eventually, Germany's central economic planning, totalitarian business regulations, and monetary inflation destroyed the entire "command economy."

In 1945, the German people had nothing, the country's currency was worthless, and the population was starving. However, the country revived within a very short time. How did Germany become the world's 3rd largest manufacturing economy within 20 years after WWII?

"THE GERMAN MIRACLE"

It is widely believed the Marshall Plan turned the country around. But, if the Marshall Plan brought about West Germany's prosperity, why did East Germany *remain* an "economic basket case?" West Germany's quick recovery was not because of the Marshall Plan. At its peak, the Marshall Plan only provided 5% of Germany's national income.

Germany quickly became an economic powerhouse because of an economics professor named Ludwig Erhard. Erhard believed maximum economic freedom leads to national economic productivity. He believed an all-powerful State eventually leads to paralysis of any economy. He said,

"Economic freedom and compulsory insurance are not compatible."

In 1948, Ludwig Erhard was named Minister of Economic Affairs for the American/British occupation zones. Despite opposition from Allied authorities, Erhard immediately set to work to undo policies that restricted economic freedom. First, he contracted Germany's money supply by 93%. Next, he abolished food and fuel rationing. After that, he got rid of price controls and countless regulations. Finally, he drastically cut all taxes.

Overnight, the spirit of Germany changed. German manufacturers and truck drivers went back to work. Black markets and barter disappeared. People began buying and selling with Deutsche marks. Germany's economy came to life because of sound money, low taxation, and de-regulations. Germany's post-WWII revival has been called the "German Miracle."

It has been said Erhard's motto could have been, "**Don't just sit there, *undo something.***"

The story of the "*German Miracle*" demonstrates what sound money and truly free markets can do to overcome economic stagnation. The same thing could happen to America. There are solutions to America's economic problems. We must quickly get rid of central management of our economy. We need to call "public/private" partnerships what they are - economic fascism.

America's unlikely return to economic sanity would require:

- **Getting rid of costly business regulations**
- **Undoing "free" trade treaties that cripple U. S. manufacturing and *manage* trade**
- **Issuing our own money from the U. S. Treasury, and abolishing the Federal Reserve**

That's what it would take.

Read about ***The German Miracle*** by clicking on this link:

[Von Mises Institute - Ludwig Erhard](#)

Click on this link; command -economies don't work:

<http://www.youtube.com/watch?v=wm7rOKT151Y&feature=related>

Chapter 31. "Live Free or Die."

"Crisis is the rallying cry of the tyrant."

President James Madison, Father of the Constitution

CREATE THE PROBLEM - PROVIDE THE SOLUTION

Throughout history, leaders have used an emergency rationale to justify power grabs. Some of them have created national emergencies to terrify their own citizenry into giving them more authority.

- First, they create the crisis - lawlessness, economic collapse, or phony attacks ("false flags").
- Next, they skillfully use propaganda so citizens fear certain groups of people. The public is turned against their scapegoats.
- Then, they provide the solution - executive orders, martial law, war.

Tyrants such as Nero, Hitler, and Lenin understood how to use fear to manipulate people. Lenin hired violent thugs to create an atmosphere of anarchy. *Hitler and Nero both arranged for their own capitals to be set on fire.* In each case, the people rallied behind the dictator against the demonized group he blamed.

**"If tyranny and oppression come to this land,
it will be in the guise of fighting a foreign enemy."**

President James Madison

When people are motivated by fear, they will sacrifice liberty. Frightened people willingly give unconstitutional powers to leaders who can remove danger and bring order. They hand over their freedoms to the very ones responsible for creating the problems. As our economic crisis worsens, violence similar to what we are seeing in Athens will come to America's streets. When it comes, we must not give in to our fears.

EXECUTIVE ORDER 9066

In many instances since WWI, U. S. Presidents have flagrantly violated the Constitution by using their "war powers" and by issuing unconstitutional Executive Orders. One of our country's most deplorable Executive Orders was an "emergency wartime law" issued by the President. In 1942, the U. S. military arrested, transported, and imprisoned certain American citizens with Japanese, German, Italian, and other European backgrounds.

Executive Order 9066 suspended habeas corpus and due process of law for tens of thousands of American citizens for four years. Their rights to life, liberty, and property were suspended "to protect against domestic espionage and sabotage."

Thirty years later, it was officially concluded there was never one incident documented of espionage or sabotage by any of those imprisoned.

American citizens' unalienable rights were trampled. More than 100,000 were arrested and removed for reasons of "national security" (today, they would say "homeland security"). The mental and physical trauma caused by Executive Order 9066 continues to affect thousands of Americans to this day.

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CONCENTRATION CAMPS IN THE U. S. A.

Over 2/3rds of the 110,000+ Japanese arrested were American citizens; the rest were legal resident aliens. Half of those were children, infants, and young people under voting age. More than 10% of the 3,200 Italian resident-alien arrested were also imprisoned. Of the 11,000 Germans who were arrested, more than 5,000 were imprisoned (including citizens). Families were separated. A number of citizens who had not been arrested joined their incarcerated families in the so-called "camps." President Roosevelt called their prisons "concentration camps."

All of the prisoners were forced to live in extreme privation under martial law, without adequate nutrition or healthcare. Their cold, tar-papered huts had no plumbing or cooking facilities. A number of persons died from lack of medical care. Some died from the emotional stress and extreme mental anguish. Sentries shot several for various infractions. It has been documented the average prisoner's lifespan has been shortened. The general population of former prisoners continues to experience a much higher incidence of cardiovascular illness, and other diseases.

The last "camp" was closed at the end of 1945. Those who were incarcerated lost their livelihoods, and incurred overwhelming financial loss. Many had to sell their property and businesses in a just a few days after their arrest. Most lost irreplaceable personal property and other property.

SAVE THE REPUBLIC.

The President's war powers to override the Constitution were never suspended. GITMO must be closed now. We must repeal unconstitutional executive orders and the Patriot Act.

[Click here to read the Patriot Act](#)

Click here. The NDAA negates our Constitution and Bill of Rights:

http://www.youtube.com/watch?v=j5ljZ_YNVCo

Click on this video to learn about Chris Hedges' lawsuit to repeal the NDAA, the unconstitutional U. S. Detention Act for American citizens: <http://www.youtube.com/watch?v=NtK5AeZQJk4>

Click on this link to understand what is at stake:

<http://www.youtube.com/watch?v=XeCpLcjxOq4&feature=related>

America is at a turning point. We still have time to turn our ship of state around, but there will be tremendous hardship ahead. Contact your Congressmen, vote in every election, stand up for your values and speak your mind. Invite others – your children and other family - to join with you.

Each must do his part; and we will have to stick together. However, it will be too late if America is swallowed up into the North American Union (NAU). Global governance and liberty are incompatible. Click here for an [outline to save the republic](#)

"It does not require a majority to prevail, but rather an irate, tireless minority keen to set brushfires in people's minds." Samuel Adams, "Father of the American Revolution"

STOP INTERNET REGULATIONS.

There is currently an all-out, worldwide propaganda push to regulate the Internet for our safety, for fairness, to protect us from ID theft and cyber attacks, and to stop piracy. (CFR member Chris Dodd is one of the leaders.) Stop the regulation of this free medium.

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Chernoff's airport scanners are training us to obedient servants of the State. And, they are dangerous to us medically (banned in Europe). Click on <http://www.youtube.com/watch?v=IOsrI-aMJIU&feature=relmfu>

"The loss of liberty rarely comes overnight. It usually comes because of well intended people and the unintended consequences of their use and abuse of government to interfere in our lives."
Supreme Court Justice Felix Frankfurter

Chapter 32. Don't Wait. Buy Silver Coins. Buy Gold Coins.

May 30, 2012. We have a confirmed *buy-signals* for gold and silver.

Since December 29, 2011, five massive short-selling attempts to take down metals have not succeeded in driving gold below \$1,526 per ounce, or silver below \$27.25 per ounce.

Accumulate physical gold and silver coins NOW.
See specific recommendations below.

EUROPEAN DEBT. WHAT IS AHEAD?

Expect wild volatility as European authorities attempt to contain bank runs. The near-term "solution" for the chaos in the European banking system is more money printing. Spain is a much bigger Greece. To paper over liquidity events (bank runs), they will print as much money as is required. Outcomes are unpredictable when markets are fueled by fear.

Credible experts believe \$100 trillion is needed almost immediately - and no one has the money. The United States pays approximately 17.9% of International Monetary Fund funding. If the IMF participates in European bank bail-outs, American taxpayers are on the hook for almost 1/5th of the tab.

Click on this excellent video "*European Debt Crisis Explained*"
<http://www.youtube.com/watch?v=LKsZ1hqHBHU&feature=related>

UNCHARTED TERRITORY

Europe is not isolated. Europe is one big part -*of a much bigger-* global debt problem. And, the contagion is spreading. United States banks could take a 30% hit when the Euro unravels. J P Morgan's recent \$4+ billion loss is just the tip of the iceberg. Some say J P Morgan's recent losses could be as high as \$100 billion.

Most financial institutions are over-leveraged. There are many more Lehmans, M F Globals, AIGs, and Bear Stearns out there on shaky ground. Banks are actually in much worse condition now than they were in 2008. Hundreds of trillions of dollars of *derivatives debt* are layered on top of the fragile world banking system.

What is a derivative? "Derivative is a generic term applied to a wide variety of financial instruments that derive their cash flows, and therefore their value, by reference to an underlying asset..." NASD (National Association of Securities Dealers, Inc.)

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A derivative is a legal contract (*bet*) for or against the future value of an asset - for example, on the future value of government bonds. The contract holder has the *option* to buy the asset at a future date. Few understand how this type of gambling works. However, we *do* know derivatives-trading brought down the U. S. housing market. Banks' exposure to derivatives could be crippling during periods of wild market gyrations.

Estimated world-wide derivatives debt: \$700 trillion to \$1.1 quadrillion.

Estimates of derivatives exposure: Bank of New York Mellon \$1 Trillion; Morgan Stanley \$1 Trillion; State Street Financial \$1 Trillion; Wells Fargo \$3 Trillion; HSBC \$4 Trillion; Goldman Sachs \$40 Trillion; Citibank \$50 Trillion; Bank of America \$50 Trillion; J P Morgan \$70 Trillion.

THE WHOLE WORLD IS UNDER WATER

GDP (Gross Domestic Product) refers to the total market value of all the goods and services produced in a country (usually) during one year. The *debt to GDP ratio* is a measure of national debt as a percentage of GDP.

The GDP of most nations is declining. On the other hand, most countries' public debts are on the rise. The nations of the world have come to the point where the cost of servicing their public debt can no longer be met by their economies' current productive capacity.

A nation's economic growth deteriorates rapidly when its *debt to GDP ratio* reaches a critical imbalance. Manageable debt can suddenly become unmanageable when a nation's borrowing rates rise. As we saw recently in Italy, a mere 1% rise in interest rates can cause a debt-laden economy to spiral downward. Almost overnight, Italy's stable economy entered a vicious cycle of rising borrowing costs and unsustainable levels of public debt.

CREDIT RATINGS DOWNGRADES

Credit ratings determine borrowing rates. A credit rating agency looks at a nation's *debt to GDP ratio* when it determines its "creditworthiness." Agencies assess whether an economy **can** grow its way out of its debt obligations. When ratings agencies decide a positive outcome is less likely, they assign a "*negative outlook*" rating. The country receives a credit rating downgrade if the negative trend is not adjusted.

Japan's public debt is more than twice the size of its economy. On May 22, 2012, Fitch cut both Japan's sovereign credit status and its long-term currency rating down by two levels - to the investment grade of "A+" - four ratings *down* from "AAA." This is huge.

The U. S. debt to GDP ratio is more than 103%. Standard & Poors downgraded the U. S. to "negative" April 2011. In August 2011, the agency again downgraded the U. S. - to "AA+." In April 2012, credit rating agency Egan Jones downgraded the U. S. to "AA." This is huge.

The inexorable growth of public debt in the United States and Japan is reaching critical mass. Eventually, both countries will have to pay higher interest rates to service their debt.

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FOLLOW THE MONEY.

Central banks are concerned about the balance sheets of the world's largest economies. However they are not running to the dollar for "safe-haven." According to the *Wall Street Journal*, central bank gold purchasing is accelerating due to concerns about the creditworthiness of Western governments. (WSJ, November 17, 2011)

Based on the evidence, sovereign nations and central bankers no longer believe the dollar is a safe "store of value."

Over the last few years, China has been gradually shifting from paper to real assets. The country's purchases of U. S. Treasuries have been slowing. At the same time, China's purchases of physical gold bullion have been *extraordinary*.

In the last twenty-seven months, China has purchased one thousand one hundred eighty-five tons of gold (1,185 metric tonnes of gold) plus acquisitions from its own gold mines.

The Chinese are not the only ones who have been buying hundreds of tons of gold. Central banks around the world have been selling dollars and buying gold *aggressively* for the last five years.

World banks and sovereign nations have been shedding dollars and buying gold at a faster pace than they did in 1964 - just before Nixon de-linked the dollar from gold.

DIRE WORLD HEADLINES

Argentina tightening up capital controls
Capital controls coming to Greece
Capital controls in Brazil
India's flighty capital controls
Monetary flight in Spain
Are capital controls coming to America?
Capital controls and the International Monetary System
Capital controls coming to Switzerland
Swiss prepare plans for Euro's demise
England plans for Euro break-up and subsequent capital controls

What are capital controls? Capital controls regulate the flow of money, and therefore, restrict freedom. Usually, they are measures taken by governments to restrict the flow of capital into or out of domestic economies. In addition to governments, regulating authorities can include central banks and other regulatory bodies.

These protectionist restrictions can include taxes on financial transactions -and- regulations on the sale or purchase of equities and bonds. Foreign exchange controls can limit or completely restrict the sale or purchase of foreign currencies. Capital controls can require mandatory approval from authorities before money is spent on *competing currencies - such as gold*.

The strength of a currency can often be measured by the types of controls imposed. U. S. Treasuries and the U. S. dollar will eventually prove to be as risky as European paper assets.

MAJOR DOLLAR DOWNGRADE

Your dollar-denominated investments are about to receive a major downgrade. The Federal Reserve is preparing to pull the trigger on another massive dilution of the money supply. More money printing is coming in the form of Quantitative Easing (QEIII) to prop up the U. S. stock market *-again*.

Every time the Fed engages in some form of "monetary easing," the long-term purchasing power of the dollar is diminished. When the general public realizes how rapidly paper currency is losing value, there will be a scramble for *physical* silver and gold.

PORTFOLIO INSURANCE

If you are considering precious metals as portfolio insurance, buy only *physical* gold and silver coins. There is no counter-party risk when you have the actual gold and silver in your possession. Gold and silver provide ultimate liquidity - an insurance policy *you* can control.

In an economic environment of capital controls, the liquidity of paper investments could be restricted - whether it's government paper or ETF paper (Exchange Traded Funds). Make sure you have real liquidity, and not just a stack of paper.

FIRST STEP: Buy small denominations of silver. Silver coins could be used to barter for goods and services. Pre-1965 U.S. dimes, quarters and half-dollars are 90% pure silver. These U. S. 90% silver coins are sometimes called "junk silver coins." They are sold in "bags" (\$1,000 face), "half-bags" (\$500 face), and "quarter bags" (\$250 face).

Buy 1 oz. American Silver Eagle coins, 1 oz. silver coins from various countries, e. g.: Canadian Silver Maple Leafs, and 1 oz. rounds/ bars.

Also, the old U. S. Peace Silver Dollars and Morgan Silver Dollars in average condition are a really good idea; you just need more money to buy the old coins.

SECOND STEP: Buy gold bullion coins or .999 pure gold bars in various sizes from 1 oz. to 1/10 oz. Even smaller denominations are sometimes available, such as 1 gram gold bars. I like smaller American Gold Eagle coins and smaller Canadian Maple Leaf gold coins.

FINAL STEP: Buy platinum, palladium, and easily traded U. S. gold and silver numismatic coins. These investments are not for everyone – the more exotic or rare the investment is, the less liquid it is when markets are disrupted. However, there are very good reasons to buy each category of precious metals and coins. For example, platinum is a strategic metal, ten times more rare than gold. It is cheap right now. Also, antique U. S. \$20 gold pieces and other U. S. numismatic coins are currently available with extremely low premiums relative to their rarity.

About L'escritoire de Denise and Craig Rhyne

Beginning in 1974 and for more than 25 years, Craig Rhyne has sold gold, silver, palladium, platinum and rare coins. For many years, his sister Denise worked alongside him, selling precious metals and also importing fine jewelry. Craig is co-founder of the Sacred Music Foundation, and was an Executive Consultant with Management Action Programs.

“The Rhyne Report” was published in Seattle, Washington for twenty-three years, with “L'escritoire de Denise” as a featured segment from 1977 – 1990. With a nationwide audience, “The Rhyne Report” was one of the first newsletters of its kind before widespread Internet use. It included articles about precious metals, rare coins, currencies, fine jewelry and the economy.

By publishing articles [also found online at www.YouShouldBuyGold.com], Craig and Denise hope to do you and our country some good. It is up to you to take necessary action. We invite your questions, corrections, and suggestions that will result in better communicating the lessons of history and freedom. While Denise has taken liberty with her writing, offering her views without providing source documentation, there is no doubt this material has been *well researched*.

For private and personalized service, call Craig Rhyne at (206) 719-6368 to place an order, for current prices, or if you have questions about delivery or storage.

Don't know what to buy? We would be pleased to make suggestions for portfolios ranging from \$5,000 to \$1,000,000 and up.

Find the following articles at the Washington Gold Exchange website: *Why Invest in Gold Coins*, *Ten Compelling Reasons to Buy Silver Now*, *Why Buy Gold: The Charles Dupont Story*; and others. <http://www.washingtongoldexchange.com/>

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