

Is America Broke

“The time is near at hand which must determine whether Americans are to be free men or slaves.” ^[1]

Top to Bottom

The United States used to be the largest creditor nation. Now we are the largest debtor nation. One bread winner used to earn enough to support the entire family. This is no longer the case for most American households. It now takes two. Why?

The savings of the American people is at all time lows, less than one half of one percent. Debt levels are at historic highs. Our government is running deficits of unprecedented proportions. What has happened in the past few decades to cause such drastic changes in our standard of living and way of life?

Something is going on, and whatever it is, it isn't good. The goal of this work is to ferret out what is wrong with our monetary system, and to offer a possible solution before it is too late. Not so much for ourselves, as for our children and their children to come. Time is of the essence.

Money is not easily understood, at least not in the way it has been presented by the international bankers and the elite establishment. But why would anyone make it appear different than it is?

“The study of money, above all other fields in economics, is one in which complexity is used to disguise truth or to evade truth, not to reveal it.” ^[2]

This raises the questions: by whom and towards what end? *Cui Bono?*

The Issues

Many issues need to be corrected in any society: past, present and to come – including our own. Poverty, homelessness and lack of affordable medical care are some of the more obvious problems. There are others as well.

Our aging infrastructure needs to be rebuilt. The viability of a transportation system dependent on fossil fuel must be addressed. A comprehensive energy program needs to be developed and put in place.

Highway bridges are in a state of disrepair. Care for the elderly is in a state of denial. Our educational system requires constant attention to remain up-to-date across a broad range of issues; from buildings and supplies, to teachers and the curriculum and everything in between.

All these problems have one thing in common – money. Not one of them can be corrected without money. This is why the money power is the greatest power that man has – greater even than the military power.

Without money a military presence is impossible. It requires huge sums to pay for a standing army in full array. Since ancient times it has been known that “endless money forms the sinews of war.” ^[3] The merchants of death know this all too well. War is business to those who profit thereby.

None of the above problems can be fixed until the money problem is fixed. Gold and silver can restore the loss of purchasing power that results from paper money.

Without paper money it is much more difficult to wage war in the imperialistic manner it is today. A monetary system of gold and silver coin would hold the purse strings tight, reining in the dogs of war and the inflation paper money breeds. Only an honest currency can cure the ills of a cancerous debt based system.

To Know

This is why it is so important to understand money, and the money power, as they are the keys to the proper functioning of society.

Spiritual, emotional, and other non-physical ideals are of great importance as well, but the present work concerns itself with the economy of man: his need to exchange with one another for life's basic necessities: food, water, shelter, and their like.

"Money is the most important subject intellectual persons can investigate and reflect upon. It is so important that our present civilization may collapse unless it is widely understood and its defects remedied very soon." [4]

What many considered an overzealous warning has become prophesy. Civilization has been brought to the edge; left hanging in the balance, staring down into the abyss. Nightmare has turned into reality. How did this happen and what can make it right? Both the cure and the disease are bound up in money.

It is difficult to get excited over monetary theory. The reasons are many. We are all so busy trying to put food on the table, who has time to study money? But that's the rub. It is exactly because we do not understand money that we have to work as subjects of feudalism 21st century-style – at the behest of the overlords. The financial crisis is proof positive that few understand money.

"It is well enough that people of the nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before tomorrow morning." [5]

Money has been made a difficult subject to understand. This is not by accident, but by design. Those who control the money power do not want the common man to understand it, lest they forsake their power.

"The few who understand the system, will either be so interested in its profits, or so dependent on its favors, that there will be no opposition from

that class. The great body of people, mentally incapable of comprehending the tremendous advantages, will bear its burden without complaint.” [6]

If we understood the way money works, we would not accept the unacceptable – paper money. We would realize why the Constitution provides for gold and silver coin, while bills of credit (paper money) are disallowed. The Founding Fathers knew full well that paper money is an evil contrivance that swindles the common man.

“Whoever controls the volume of money in any country is absolute master of all industry and commerce.” [7]

The Constitution

According to the Constitution money is gold and silver coin, not Federal Reserve Notes of debt-obligation. Silver is the standard by which the dollar is defined – the unit of account of the United States.

- Article I, Section 8, Clause 5: The Congress shall have Power...To coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures. [8]
- Article I, Section 10, Clause 1: No State shall...coin Money; emit Bills of Credit; make any Thing but gold and silver Coin a Tender in Payment of Debt. [9]

As the Constitution states, Congress is empowered to coin money out of gold and silver, not to emit bills of credit (paper money). Nothing can be more simply said, yet that is not the form of money we have today. Why?

Instead of gold and silver coin, we have dollar bills – bills of credit that the Constitution disallows, paper fiat debt-money.

The dollar of the Constitution is a weight of silver: the then current circulating silver dollar. **The dollar bill or Federal Reserve Note is not the silver dollar of the Constitution or the Coinage Act of 1792.** One is an honest weight of silver – the other a mere piece of paper.

Perhaps there is something being hidden from our sight, so we do not understand this thing called money, and thus accept the unacceptable in its place – paper money.

“All the perplexities, confusion and distresses in America arise not from defects in the constitution or confederation, nor from want of honor or virtue, as much from downright ignorance of the nature of coin, credit, and circulation.” ^[10]

The goal of this work is to shed some light on the ignorance that John Adams mentions, an act of omission by the majority and commission by a select few, one that has been designed to hide the truth – not to reveal it. It is easy to stumble by that which has been hidden out of sight.

The Beginning

For most of the first century of its existence, the United States adhered to the monetary system of the Constitution: gold and silver coin. No bills of credit (paper money) were allowed.

The Constitution expressly forbids paper money. As the Supreme Court has said:

“The prohibition in the constitution to make anything but gold or silver coin a tender in payment of debts is express and universal. The framers of the Constitution regarded it as an evil to be repelled without modification; they have, therefore, left nothing to be inferred or deduced from construction on this subject.” ^[11]

The words “emit bills of credit” were hotly debated during the constitutional convention. Not only had the issue been discussed, it had been voted on to disallow them – in clear and precise terms.

“Mr. Ellsworth thought this a favorable moment to shut and bar the door against paper money. The mischief of the various experiments which had been made, were now fresh in the public mind and had excited the disgust of all the respectable part of America. By withholding the power from the new Government, more friends of influence would be gained to it than by

almost any thing else. Paper money can in no case be necessary. Give the Government credit, and other resources will offer. The power may do harm, never good.” [12]

“Mr. Read thought the words, if not struck out, would be as alarming as the mark of the Beast in Revelations.” [13]

“Mr. Langdon had rather reject the whole plan than retain the three words (and emit bills).” [14]

“Mr. Sherman thought this a favorable crisis for crushing paper money. If the consent of the Legislature could authorize emissions of it, the friends of paper money, would make every exertion to get into the Legislature in order to license it.” [15]

These men were visionaries who saw into the future that is unfolding today. We should heed their warnings and follow their advice.

According to the Constitution, the Supreme Court, and our Founding Fathers, according to notes from the constitutional convention, a monetary system that allowed bills of credit to circulate as the currency was not only unconstitutional, but an evil blight to be wiped out, once and for all. Yet today we have it in spades. Why? The purpose of this work is to answer this and other similar questions.

Why has our money been allowed to devolve from gold and silver coin, to the present paper fiat money known as Federal Reserve Notes?

Why have Federal Reserve Notes lost 95% of their purchasing power since the Fed was created in 1913?

Why are we not taught in school the importance of purchasing power?

Why are we not taught in school the definition of a dollar according to the Constitution and the Coinage Act of 1792?

Why does Congress act as if it is completely unaware of what the Constitution states is money?

How can the greatest nation on earth stand idly by and accept the debasement and destruction of its own currency?

Black is White

Our monetary system has stepped over the edge – into the abyss. With the unlawful suspension of gold as money, the last vestige of an honest monetary system disappeared. In its place paper money is allowed to circulate as the currency de jour – in complete opposition to the Constitution.

“We are in danger of being overwhelmed with irredeemable paper, mere paper, representing neither gold nor silver; no sir, representing nothing but broken promises, bad faith, bankrupt corporations, cheated creditors and a ruined people.” ^[16]

All through our history, there has been a fight between those who desire paper money, and those who want gold and silver money, as mandated by the Constitution.

It has always been the banking establishment and those closely associated with it that have fought for paper money. This is because the bankers want to control the issue of money and reap the profits such monopolization breeds.

If the bankers can simply create money out of nothing, it is easier for them to control the entire monetary system. If money is gold and silver coin, it is much harder, perhaps impossible, for the bankers to control the money power.

“Bankers own the earth. Take it away from them, but leave them the power to create money and control credit, and with a flick of a pen they will create enough to buy it back.” ^[17]

Gold and silver do not lend themselves to the control of man – paper money does. Paper is easily had. Gold and silver must be removed from the bowels

of the earth by hard and dangerous work. It cannot simply be spoken into existence – by fiat.

Today's paper money system is the elite collectivist's dream come true: the perfect wealth transference mechanism, not only here in the United States, but across the world. Such a system is a vile and wicked thing – an abomination that walks the earth in darkness, casting shadows far and wide.

In the words of Alan Greenspan, whom some consider the overlord of paper fiat debt-money:

"Deficit spending is simply a scheme for the 'hidden' confiscation of wealth. Gold stands in the way of this insidious process. It stands as a protector of property rights." [18]

The beginning of our new nation was witness to money of gold and silver coin. Slowly, however, things changed. Gold certificates were first authorized by Congress in the Currency Act of March 3, 1863, but were not issued until 1865.^[19]

Silver certificates were created by the Coinage Act of 1878.^[20] Both were backed by gold and silver coins held on deposit as reserves. A holder of these certificates could redeem them at any time for gold or silver coins.

Then paper bank notes were issued, but they were only partially backed by gold and silver reserves, which generally amounted to 40%, and steadily declined there from. Finally, our monetary system devolved into the dysfunctional mess of paper fiat debt-money we have today, backed by nothing.

"Thus, our national circulating medium is now at the mercy of loan transactions of banks, which lend, not money, but promises to supply money they do not possess." [21]

Where were our elected representatives during the demise of our monetary system?

Where was the protection of our constitutional rights, which is the reason the Constitution was written, and the reason why the government was created – to protect our unalienable rights, as set forth in the Declaration of Independence, the defining document of our country.

These are serious questions that will greatly impact the future quality of life – of the lives of our children and their children to come. This is about destiny, make no mistake about it. And destiny hangs in the balance, waiting to be weighed – it must not be found wanting.

“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 to abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to affect their Safety and Happiness. Prudence, indeed, will dictate that Governments long established should not be changed for light and transient causes; and accordingly all experience hath shewn, that mankind are more disposed to suffer, while evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed. But when a long train of abuses and usurpations, pursuing invariably the same Object evinces a design to reduce them under absolute Despotism, it is their right, it is their duty, to throw off such Government, and to provide new Guards for their future security.” [22]

This is the first part of a three part series that discusses the on-going financial crisis that is spreading across the world today. The conditions leading up to the crisis and the compelling questions it raises have been laid out above.

Part two will go into these issues in more detail and part three will offer a solution to the problem: a new monetary system of gold and silver coin as mandated by the Constitution.

All three papers have been taken from chapters in the new book [Honest Money](#) that is available at the [Honest Money Gold & Silver Report](#) website. A new audio version of the book has just come out. Stop by a check it out.

New Book [Honest Money](#) is now available.



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[Honest Money Gold & Silver Report](#)

About the author: Douglas V. Gnazzo writes for numerous websites and his work appears both here and abroad. Just recently he was honored by being chosen as a Foundation Scholar for the Foundation for the Advancement of Monetary Education (FAME).

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1. George Washington
 2. John Kenneth Galbraith *Money: Whence it came, where it went* - 1975
 3. Cicero
 4. Robert H. Hemphill, credit manager, Federal Reserve Bank of Atlanta
 5. Henry Ford
 6. Lord Rothschild
 7. James Garfield
 8. U.S. Constitution: "Article I, Section 8, Clause 5
 - 9 "Article I, Section 10, Clause 1
 10. John Adams in a letter to Thomas Jefferson
 - 11 U.S. Supreme Court [12 Wheat. at 288]
 12. James Madison's notes on the Constitutional Convention:
 13. (Notes above 12)
 14. (Notes above per 12)
 15. (Notes above per 12)
 16. Daniel Webster in a speech in the Senate, 1833
 17. Sir Josiah Stamp, former President, Bank of England
 18. Alan Greenspan
 19. National Currency Act of March 3, 1863
 20. Coinage Act of 1878
 21. Irving Fisher, *100% Money*
 22. Declaration of Independence
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