Re: treasury notes vs gold standard

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- *From*: orangatang1@xxxxxxxxxxxxxx
- *Date*: Mon, 10 Dec 2007 03:50:41 −0800 (PST)

On 9 Dec, 07:52, "Andy F." <never.m...@xxxxxxxxx> wrote:

> <orangata...@xxxxxxxxxxxxxx> wrote in message
>
> news:045f6b79−d21b−4117−b5e1−8d5512d43ff8@xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
>
>> By treasury note I do not mean debt backed notes such as federal reserve notes. I believe the general concensus is that debt backed currency is insane.
>
> No, that isn't the gewneral consensus at all.
>
>> I mean fiat treasury notes, backed by nothing.
>> Thomas Edison, arguing against the creation of the federal reserve system, discribed them like this −
>>
>> "If our nation can issue a dollar bond, it can issue a dollar bill.
>> The element that makes the bond good, makes the bill good, also. The difference between the bond and the bill is the bond lets money brokers collect twice the amount of the bond and an additional 20%, whereas the currency pays nobody but those who contribute directly in some useful way. It is absurd to say that our country can issue $30 million in bonds and not $30 million in currency. Both are promises to pay, but one promise fattens the usurers and the other helps the people."
>
> The difference is that people hold bonds as a long term investment, so issuing bonds is less likely to cause inflation.
>
>> For practical reasons this type of currency is preferable to a return

> > to a gold standard. Firstly a huge amount of currency is held by
> > foreign govts. How to change the currency we use now to a gold
> > standard without sending huge quantities of silver or gold overseas?
> >
> > Secondly a fiat treasury note would allow us to destroy the repulsive
> > fractional reserve system.
>
> Why do you think the banking system is 'repulsive?' How would treasury notes
> help to destroy it?

banks are permitted to lend around far more money than they hold in
assets. Robert anderson, eisenhower's treasury secretary, put it like
this

'Banks are different from other lending institutions. When a savings
and loan association, an insurance company, or a credit union makes a
loan, it lends the very dollar that its customers have previously paid
in. But when a bank makes a loan, it simply adds to the borrower's
deposit account in the bank by the amount of the loan. The money is
not taken from anyone else's deposit; it was not previously paid in to
the bank by anyone. It's new money, created by the bank for the use of
the borrower."

not supprisinly the power to set the reserve requirement, the
proportion of money that banks may lend compared to how much they have
in assets, is too important to be set by government. it is set instead
by the privatly owned federal reserve.

banks are the source of the vast majority of all inflation. also, when
the economy contracts, they cause deflation and recession too.

first they inflate the money supply. they offer easy credit, such as
mortgages at five times anual incomes, repayable over fifty years.
this causes inflation and a boom. next, they tighten the money supply.
loans are not renewed. this causes deflation and a bust. now they can
buy up assets for pennies on the dollar. we call this process the
business cycle.

with a fiat currency, not controlled by the privatly owned federal
reserve, we could impliment an act similar to monetary reform act
which was endorsed by nobel prize winning economist milton friedman.

http://www.themoneymasters.com/mra.htm

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"The banks do create money. They have been doing it for a long time, but they didn't quite realise it, and they did not admit it. Very few did. You will find it in all sorts of documents, financial textbooks, etc. But in the intervening years, and we must all be perfectly frank about these things, there has been a development of thought, until today I doubt very much whether you would get many prominent bankers to attempt to deny that banks create credit."

H. W. White, Chairman of the Associated Banks of New Zealand, to the New Zealand Monetary Commission, 1955.

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