The IMF Mandates Currency Instability

By
Lawrence Parks

June 8, 2002

Our hero in the Congress, the Honorable Dr. Ron Paul, MD, of Texas, has struck another powerful blow for ordinary people worldwide. He has challenged Secretary of the Treasury, the Honorable Paul O'Neill, as well as the Chairman of the Board of Governors of the Federal Reserve, Dr. Alan Greenspan, to explain the public policy justification for the International Monetary Fund's prohibiting member countries from linking their currencies to gold, and only to gold. So far, neither Mr. O'Neill nor Dr. Greenspan has responded. (see: "An Open Letter to O'Neill and Greenspan" May 31, 2002)

Thus, a country such as Argentina, which has had multiple currency collapses in recent memory, and is desperate to have a stable currency may, under the IMF Articles of Agreement, Section 4-2b, link its currency to biscuits or sour pickles, but not to gold. Why this restriction?

The true answer, of course, is that the financial elite recognize that gold-as-money is in competition with the fiat (arbitrary) paper-ticket-electronic money that they create out of nothing, and at great profit to themselves, and they want their fiat money to win the competition.

At the national level, they have gotten every country to implement legal tender laws, a.k.a. "forced tender" laws, for which there is absolutely no basis under the *Constitution*, and, thus, should be void, whereby virtually worthless substances are arbitrarily assigned "value" as money by being gussied up with signatures and seals, legal tender notification, and the admonition that they are somehow "obligations" of the issuing authority. At the end of the nineteenth century, Labor, at least, was alert to this injustice and asked the key questions:

"If our money is good money and would be preferred by the people, then why are legal tender laws necessary? If our money is not good money, and would not be preferred by the people, then why in a democracy should they be forced to use it?"

The restriction in the IMF Articles of Agreement merely extends this blatant exercise in tyranny to the whole world, thereby using the monetary system to transfer the real wealth of society from those who produce it, mostly ordinary working people, to those who create money out of nothing, the banking system, and to those who get transaction fees for moving it around, the Wall Street community.

Dr. Paul deserves great thanks for his heroic quest to help return the U.S. and the rest of the world to an honest monetary system.

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May 8, 2002

Mr. Alan Greenspan
Chairman
The Federal Reserve
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Washington, DC 20551-0001

Mr. Paul H. O'Neill
Secretary
US Department of the Treasury
Room 3457
1500 Pennsylvania Ave NW
Washington, DC 20220

Dear Chairman Greenspan and Secretary O'Neill:

I am writing regarding Article 4, Section 2b of the International Monetary Fund (IMF)'s Articles of Agreement. As you may be aware, this language prohibits countries who are members of the IMF from linking their currency to gold. Thus, the IMF is forbidding countries suffering from an erratic monetary policy from adopting the most effective means of stabilizing their currency. This policy could delay a country's recovery from an economic crisis and retard economic growth, thus furthering economic and political instability.

I would greatly appreciate an explanation from both the Treasury and the Federal Reserve of the reasons the United States has continued to acquiesce in this misguided policy. Please contact Mr. Norman Singleton, my legislative director, if you require any further information regarding this request. Thank you for your cooperation in this matter.

Sincerely,

Ron Paul

Ron Paul

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