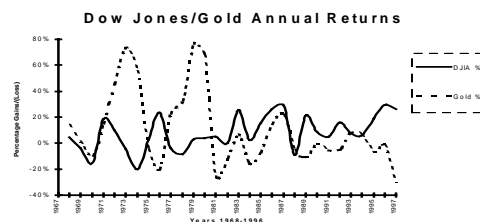




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A Warning from FAME'S Dr. Larry Parks (www.fame.org)

"The American Empire is Disintegrating Around the Periphery"

On July 4, 1776, at the Second Continental Congress, delegates from the 13 United States unanimously declared their Independence from England. These Founding Fathers declared the following:

"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 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 effect 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. Such has been the patient Sufferance of these Colonies; and such is now the Necessity which constrains them to alter their former Systems of Government. The History of the present King of Great-Britain is a History of repeated Injuries and Usurpations, all having in direct Object the Establishment of an absolute Tyranny over these States. To prove this, let Facts be submitted to a candid World."

Now, nearly 226 years after those words were written by our Founding Fathers, it is becoming increasingly clear that the same kinds of tyranny spoken of by the authors of the Declaration of Independence are rearing their ugly heads once again in America. Recognizing the dangers the Federal Reserve poses to our freedom, Dr. Larry Parks, has committed his life to alerting people to the growing threat of tyranny and economic catastrophe imposed on the American people by the creation of a limitless amount of fiat money by the Federal Reserve Bank. Indeed, Larry believes the time left for Americans to right this wrong may be short. As he says toward the end of our May 1, 2002 interview, *"The system is literally hurtling to destruction, and there are not enough voices being raised to stop this out-of-control locomotive. It is driven by greed and a lust for power without regard to peoples' sensibilities or safety. If you think of America as the center of an Empire, then the Empire is disintegrating around the periphery, and the periphery is coming closer."*

G. Edwin Griffin noted in a speech before an investment crowd last month in Acapulco Mexico, that there are really only two differing philosophies of government, no matter what political party you may identify with. Those two philosophies are *collectivism* and *individualism*. Communism and Fascism were of course despicable collectivist ideologies that in the final analysis are similar in every practical aspect. On the other hand, the Declaration of Independence reflected the greatest philosophy of *individualism* ever written into any Constitution. Indeed our Founding Fathers believed the right to be who you were created to be was granted by our Creator, God. In the following interview, a hopeful Dr. Parks explains why he is very concerned that the system of theft instituted via the Federal Reserve Bank is ruining America. But he offers some advice as to how you can protect yourself financially and also help reverse the spread of our carcinogenic fiat monetary system.

Taylor: - Larry, could you tell our subscribers something about the Foundation for the Advancement of Monetary Education, (FAME); about its history; how long has it existed; its purpose; why have you dedicated so much of your time to it; and, who are some of the people associated with it?

Parks: I formed FAME in 1995 to address what I see as perhaps the most important problem facing our country and the world, the ongoing destruction of the “dollar.” I put the word “dollar” in quotation marks because, as FAME Foundation Scholar Edwin Vieira [the author of the forthcoming *Pieces of Eight*, which is the definitive book dealing with the legal aspects of our fraudulent monetary system] points out, the “dollar” no longer has a statutory definition.

These days, economists describe our money as being an “illusion,” without fully disclosing that it is intrinsically worthless, created without any work, and that it can be created in unlimited quantities by the banking system. Since the year 800 in China, there have been hundreds of experiments with fiat money, (arbitrary money), the kind that we have now, and they have all come to a bad end. Why anyone thinks that it will be different this time makes no sense whatsoever. Even Mr. Greenspan now says that the Federal Reserve is “learning” how to manage fiat money.

Given the fact that our entire economic and political system, maybe even our very lives, are at stake, why not have the kind of monetary system that Mr. Greenspan confirms would virtually eliminate the possibility of a complete collapse? Why should we be saddled with a monetary system that, in Mr. Greenspan’s words, the Federal Reserve can thwart from completely collapsing with a “high probability?”

From the outset, FAME attracted participation from some of the world’s most outstanding personalities: the late Jim Blanchard; Congressman Ron Paul, former Rockefeller University President and former President of the National Academy of Sciences Dr. Frederick Seitz; President of the Hudson Institute Dr. Herbert London; and many others, for a total of about 35 persons on its boards. Your subscribers can see who they are in the “about FAME” section of our website at www.FAME.org.

Taylor: A visit to FAME’s home page reveals some very interesting quotes and articles. I want to mention a few of them and ask you to provide a brief overview for our subscribers. Then, if they like, they can visit www.FAME.org to learn more.

First, I see you have recently written a book titled, *What does Mr. Greenspan Really Think?* This is of great interest to our readers who are aware that Mr. Greenspan essentially revealed to Congressman Paul in February of 2001 that he still believes what he wrote in 1966 in an article titled “Gold & Economic Freedom,” namely that if a society is to remain free, it must have gold at the heart of its monetary system. Does your book touch on that theme? Can you tell our readers what it is that Mr. Greenspan really thinks?

Parks: Mr. Greenspan has done the world an enormous service in a lecture he gave about four years ago in which he, unlike all Federal Reserve Chairmen before him, raised some of the key issues dealing with our monetary system, such as the likelihood of a complete collapse, and the subsidy that we give to the banks and other financial players. Why he has opened the door to discuss these issues is something only he can tell us, but he has gone much further than any of the monetary authorities have ever gone in warning us about the instability of our current system. However, there were four shortcomings with this lecture.

First, he gave it in Belgium, and, as far as I can tell, while the full text was posted on the Federal Reserve Board of Governors website, there is no one on this side of the Atlantic in the media or the academy who picked up on it. Second, almost the entire lecture is in the FedSpeak jargon he so often uses. Those who are not steeped in central bank terminology will no doubt fail the grasp the significance of what he is talking about.

Third, while he raises many important issues, he does not explain their antecedents or give any rationale as to why they are relevant. Fourth, and perhaps most important, he does not raise any of the moral issues. One cannot help but get the impression that Mr. Greenspan is completely amoral. He has no sense of right or wrong. For him, whatever exists is ok because it is. This, of course, is not acceptable to most people.

In my *What Does Mr. Greenspan Really Think?*, I parse and translate Mr. Greenspan’s jargon into plain English, so everyone can understand what he is saying. At the same time, I have added commentary to explain the monetary issues, in some cases giving their background, so folks can understand how they developed.

Finally, and most important, I ask the moral question about our current system: is it fair? The answer is that our system is not fair. It works to transfer the real wealth of society from the people who earn it, mostly ordinary working people, to those who create the fiat money (the banking system) and to those who get transaction fees for moving it around (the Wall Street community).

In effect, our monetary system constitutes institutional stealing. And, just as the Nazis passed laws to make their actions legal, the financial sector has, in a similar, but in a much more sophisticated way, perverted our political system. Ironically, in the nineteenth century, folks were well aware of the danger from what Abraham Lincoln, and many others, called the “money power.” Today, the financial sector, through financing and through advertising, dominates the so-called Establishment Media, and, most essential, the financial sector has captured the Academy. So, if people don’t get the truth from their newspapers and television programs, and their professors and textbooks mislead them, how are they supposed to find out what is going on?

While there is overwhelming anecdotal evidence that there is something seriously wrong, without basic monetary concepts and vocabulary, misinformation and disinformation is difficult to counter.

Taylor: Larry, it may be, for some folks, that the notion that the financial sector has, in your words, “captured” our institutions of higher learning is fantastic. Can you back this up?

Parks: Sure. Perhaps the most telling evidence about this is a line from John Kenneth Galbraith, the Elder Statesman of the economic profession. In 1975, he penned a book appropriately titled *Money: Whence it came, where it went*, in which he wrote: “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.*” [Emphasis added.] In the English language, we have a word for disguising and evading truth: it’s called lying. So what Professor Galbraith is saying is that, when it comes to money, economists lie! What an amazing thing for him to say, because he is not some third-rate-passed-over junior economist sowing sour grapes. He is The Man. At one point, after President Kennedy was murdered, the Democrats wanted to run Galbraith for President. Fortunately for the country, he was born in Canada, and so he wasn’t eligible.

The question that this statement brings to mind is: why should academic economists lie about money? Why not tell the truth? After all, they have tenure and can say what they want. The answer is that they have been bought off.

Buying what public relations people call “academic cover” has a long and notorious history. In the 1830s, for example, slavers went to Yale University with a bag of money, endowed some chairs and built some buildings — which still stand with the names of the slavers — and got Yale to endorse slavery and to lobby against what was then called a “Negro college.” This was brought to light a few months ago by two PhD candidates at Yale who referred to the original source documents. In our day, it is well known that pharmaceutical companies routinely solicit medical schools with endowments, research grants, prizes, etc. to get doctors to endorse and write about how wonderful certain drugs are.

But no one has bought academic cover for a longer period and with greater efficiency than the financial sector. Not only have the financial folks sponsored numerous prizes in economics, but they have also endowed chairs, conferences, honorariums, consulting assignments, and who knows what else. Just recently, for example, I found out that the so-called “Nobel Prize” in Economics is not one of those prizes endowed by Alfred Nobel in 1901. No. This prize came in 1968, and it is a bank prize. The prize money, now \$1 million, is underwritten by the Central Bank of Sweden, and the real name of the prize is “The Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel.” Naturally, they are not going to give one of these prizes to someone like Murray Rothbard or anyone who is too critical of the fiat money fraud.

While the slavers and the pharmaceutical companies, and others, have been buying off academics for almost 170 years, at least they were doing it with their own money. In the case of the financial sector today, they are using *public* money, conveniently created out of nothing by the Federal Reserve Board of Governors and by almost all of the twelve regional Federal Reserve banks, to compromise the Academy. They do this with what are euphemistically called “consulting fees” and awards to “visiting scholars.” There’s a whole story about this in my Fight for Honest Monetary Weights and Measures paper on the FAME website, but, briefly, when Henry Gonzalez was Chairman of the House Banking Committee, he collected about a thousand of the agreements that the Federal Reserve proffered to prospective “scholars.” Gonzalez said:

“The Federal Reserve employs hundreds of researchers in their research departments, but inexplicably also spends millions to pay hundreds of outside economic consultants. . . *The Fed is simply buying off potential critics by holding out contracts that offer academics extra money and use of the Fed’s facilities.* No agency that has to justify its spending would dream of this kind of extravagance and waste.” [Emphasis added.]

Obviously, there’s a lot more to this than I can include in this interview. The bottom line is that neither the Establishment Media nor, with the exception of the Austrian School of Economics, the academy can be relied upon for honest information about money.

Taylor: You’ve told me about this before, but every time I hear it, I am just blown away by the mendacity and the corruption of the system. New topic. Another book featured on the Home page at www.fame.org is titled *Special Privilege: How the Monetary Elite Benefit at your Expense*. Could you tell us who the author of this book is and what is its general thesis? Also could you tell your readers if you agree with it and if so why?

Parks: *Special Privilege* is a sensational book by a very charismatic scholar of the monetary system, Vincent LoCascio. *Special Privilege* alleges that government grants special privileges to the financial sector of the economy that violate the fundamental principles of free enterprise that most of us cherish. In addition to the injustice of these special privileges, they pervert the free market, thereby guaranteeing a mammoth future crash. In other words, like a needle in the arm to a drug addict, special privileges not only guarantee a future collapse but also push it off further into the future. The solution can take one of several forms, all of which boil down to: remove the special privileges.

In fact, the notion of special privilege has always been repugnant to the American sense. That's why, in the *Constitution*, the government is prohibited from granting titles of nobility. The Founders did not even want the *appearance* of special privilege. This was a big issue in the nineteenth century that has somehow been lost in our era.

Taylor: Also, I notice that FAME has just published a third book: *The Gold Wars: The Battle Against Sound Money As Seen From A Swiss Perspective*. Can you tell us something about *The Gold Wars*?

Parks: *The Gold Wars* was written by a Swiss patriot, Ferdinand Lips, a FAME Trustee and a long-time sound money scholar. Mr. Lips has been involved with money and banking his whole life, first as a founder and managing director of the Rothschild Bank in Switzerland, and then as the proprietor of Bank Lips, which he recently sold.

The Gold Wars deals with gold's history, the gold rushes and the abandonment of gold-as-money under the modern welfare/warfare state. It shows how governments, fearing the affinity of free people for gold, fight it, thereby helping to destroy whole countries along with the gold mining industry. The book highlights the betrayal of gold-rich Switzerland. Mr. Lips condemns gold "hedging," gold market manipulation by governments and bullion banks, fiat money and debt. He concludes that only a gold standard can return an ailing world economy to its full potential, reduce unemployment, help restore law and order, and help to secure peace and freedom for mankind.

Taylor: You are quoted as having said, "With the monetary system we have now, the careful saving of a lifetime can be wiped out in an eyeblink." I think there are quite a few people who can no longer deny that is true, given what has happened recently with Enron, but would you care to expand on that theme for our readers? I have listened to some of the Enron hearings and I have not heard any comment – except perhaps from Congressman Ron Paul – that our monetary system shares blame. Quite the contrary, our politicians are primarily scolding Enron executives, telling them in so many words that they are evil and that they selfishly abused small investors and employees at Enron. How is it that our monetary system shares blame for the Enron debacle and God knows how many more tragedies to come?

Parks: Jay, let's first deal with the notion that the savings and pensions of ordinary people could evaporate over a weekend. This is something I discuss in my *What Does Mr. Greenspan Really Think?* book in response to a statement by Mr. Greenspan that the Federal Reserve can, in his exact words, thwart a complete collapse of our financial system "with a high probability." In my view, this is the most important comment he has ever made, and should be considered with another statement that he repeated five times: that the Federal Reserve stands ready to create money, in his exact words, "without limit," should it, in its sole discretion, and without recourse from the president, from the Congress or from the Supreme Court, deem it necessary.

This is not something one is going to read about in the *New York Times* or the *Wall Street Journal*. Martin Mayer, the famous and brilliant financial writer, says that news stories about this suffer from what he calls MEGO, which is an acronym for "my eyes glaze over." In essence, Mr. Greenspan is saying that our system is vulnerable. Suppose the pilot of a Boeing 757 was discussing the possibility of crashing and that he can prevent a crash with a "high probability." If passengers were to hear this kind of talk coming out of a cockpit, I believe there would be a great deal of apprehension.

I credit Mr. Greenspan for having the courage to raise this issue. By the way, he also said that if we had a commodity-based monetary system, and everyone reading this knows what commodity that would be, the possibility of such a collapse would be virtually eliminated. That is what I want, and that is what most of the world wants: a monetary system that is virtually immune from collapse. Tellingly, Mr. Greenspan does not say how high is "high," and he doesn't give a clue as to how to calculate the "probability" he speaks of, as if it can be calculated at all. And, perhaps most important, he doesn't say for how long the Federal Reserve can keep this house of cards in the air.

Also, and very disturbingly, Mr. Greenspan says that the long term is *two* years! For most of us, the long term is twenty years or more. But Mr. Greenspan is in a different situation: he is 75 years old, and he has no family, i.e., no children or grandchildren. So, for him, perhaps the long term is two years. This observation by Mr. Greenspan has significant implications for investment portfolios and anything denominated in "dollars," such as savings, pensions, rents, insurance, or any other promises of future payment. Should the Federal Reserve find it necessary to create money "without limit," virtually everything denominated in "dollars" could become worthless overnight.

Taylor: Larry, this is pretty scary. How can folks protect themselves?

Parks: Well, some years ago, Mr. Greenspan taught that the one commodity that would protect against the perils of fiat money is gold. He discussed this in his now famous essay "Gold and Economic Freedom," which appears in Ayn Rand's *Capitalism the Unknown Ideal*. When I asked him about nine years ago whether he still agreed with the reasoning and conclusions in this article, he said "Absolutely!" And, as you have reported, when Congressman Ron Paul recently asked Mr. Greenspan to autograph a copy of the essay, Dr. Paul asked Mr. Greenspan whether he would change anything, and Mr. Greenspan said, "not a word." I think Mr. Greenspan has this exactly right.

Taylor: The other day when you and I were having lunch at your local Japanese restaurant in Manhattan, you referred to Enron as "the Canary in the Mine." Could you tell our readers what you had in mind when you made that comment?

Parks: As is being reported in the media almost daily, virtually all publicly-traded companies have used Generally Accepted Accounting Principles, GAAP, to phony up their results. The only difference with Enron is that Enron pushed the envelope, and Enron got caught. Folks should know that GAAP is not one of those things that came down from Mount Sinai on the Tablets. GAAP is an invention of the U.S. accounting profession, and its purpose is to make profit & loss statements and balance sheets look better than they are in order to help hype stock prices and concomitant option awards for company executives. Sadly, the immorality of what is truly fraudulent behavior on the part of corporate America is not a concern of its leadership.

Recently Dr. Herb London and I penned an Op-Ed in which we took the position that GAAP should be thrown in the garbage, where it belongs. In the interim, publicly traded companies should make public their tax returns, because the IRS has a much tighter set of rules than does GAAP. Also, because it would mean paying more money to the Government, companies would tend not to inflate their earnings.

Longer term, accounting standards should be set not by companies, not by the accountants, and certainly not by the government, but by large investors, e.g., CALPERS, Warren Buffett, etc. These folks have a proprietary interest in the well being of companies, they are sophisticated, and they understand better than anyone what kinds of disclosure should be forthcoming. The role of government should be to just make sure, with felony penalties, that disclosure is uniform and that everyone gets the same information, perhaps distributed on the Internet, at the same time.

At the Bond Market Association Conference on April 25, 2002, I asked former Federal Reserve Chairman Paul Volcker what he thought of this proposal, mindful that he was heavily involved with an attempt to make Arthur Andersen an “audit only” accounting firm. Distressingly, he said that the investment community had shown virtually no interest in reforming the system. When he inquired why, some very high up folks told him that they thought their analysts understood the present system and that they had an edge that they didn’t want to give up. I thought this was kind of depressing. It is just symptomatic of how much corruption there is in our system.

Another proposal that Herb London and I put forth is that the government should eliminate any laws that limit liability for anyone; no more financial elites hiding behind “corporate veils” or “limited liability companies.” Why shouldn’t everyone be responsible for his actions or lack of actions that he is required to take when he has a fiduciary responsibility to take them? When I put this question to Harvey Pitt, the head of our Securities and Exchange Commission, he said that we need to limit liability for accountants and lawyers because otherwise they are subject to too much “frivolous” litigation. It seems to me there must be better ways to deal with frivolous litigation, but that’s what he told me.

As you can surmise, this leaves us in a more than perilous predicament. The accounting is no good, the responsible parties have been largely exempted from accountability, and there doesn’t seem to be anyone in the Establishment who wants to fix this in any fundamental way. As with almost all structural deficiencies, when the stuff hits the fan, the call goes out “who can we blame?” In the case of the Great Depression, Franklin Roosevelt blamed a “few bad apples” in the banking sector. There were Congressional hearings, and a few scapegoats went to jail. But the system, which was demonstrably corrupt in the 1930s, was reincarnated into something even more egregious: a fiat money monetary regime. For that, there will be an enormous price, maybe one that is unbearable, and that speaks to FAME’s purpose. We want to prevent a discontinuity in the monetary system.

Taylor: Is there some reason why you are more fearful of a monetary discontinuity, mindful of the awful consequences, given the fact that they have been occurring in most countries and, even though there is unspeakable hardship for some, life goes on.

Parks: The U.S. is qualitatively different from places like South Korea, Russia, Malaysia, Peru, Mexico, the Philippines, and myriad other countries where the currency has collapsed. Almost alone, the U.S. is an armed country. Here, we have about 250 million guns in the hands of the public. If there is a monetary collapse and large numbers of people lose their pensions, savings, and jobs, there is potential for serious turmoil.

This is something every sane person should seek to avoid. The problem is that folks have no idea of the real cause. In Southeast Asia, for example, when currencies collapsed a few years ago, the scapegoats were “crony capitalism” and “weakness in the banking sector,” i.e., lax regulation. Mahathir Mohammad, the Prime Minister of Malaysia pulled out that old chestnut and said right out that the Jews were responsible. There was not a single mention of fiat money and the fact that fiat money always depreciates to near zero. Clearly, to prevent a monetary discontinuity, folks need to understand the connection to fiat money.

Taylor: Another quote you have on your web site comes from Nobel Laureate Dr. Robert A. Mundell. Dr. Mundell says, “I believe that exchange rate volatility is a major threat to prosperity in the world today.” Could you tell our readers why you posted that quote and what Dr. Mundell meant by that? Is Dr. Mundell in favor of a return to a fixed rate regime? Would he base it on gold?

Parks: This has to do with the desire of almost the entire world for monetary stability. That’s what ordinary people want, and that’s what multinational industrial firms want. I say “almost the entire world” because there is one sector that does not want stability: the financial sector. Because the financial sector makes a great deal of its profits from “trading,” as in currency and interest rate trading, the financial sector wants monetary *volatility*, not stability. To put this another way, large multinational

industrial firms want to minimize the transaction costs of cross-border business. However, the transaction costs that they want to minimize are *revenues* to the financial sector. Thus, the financial sector has a *conflict of interest* with large multinational firms and with ordinary people all over the world.

Unfortunately for the world, the financial sector has been in *de facto* control of the structure of the monetary system, and financial players have rigged the system to their own benefit to the detriment of everyone else. Professor Mundell recognizes that this is a problem, and that it will eventually lead to a collapse. While at times he speaks nostalgically about gold, I have never heard him make a clear call for gold-as-money. Also, in the “what’s new” section of the FAME website, there is a transcript of a conversation I had with Professor Mundell re legal tender laws.

At no point was I able to elicit a statement from him that legal tender laws are unfair. Today, almost all economists, save the Austrian School, are amoral, and Professor Mundell fits right in. He did say, however, that we need legal tender laws because our “dollar” is very “overvalued.” One should realize that this results in winners and losers. The winners are buying \$15,000 bottles of wine at lunch (no typo, as reported by the *New York Times*), 300-foot boats, and 30,000-foot houses. The losers are the 2 billion people who live on less than \$1 per day. Can one imagine a more dysfunctional system than this?

Taylor: Paul Volker is quoted as saying “There’s a sensible realization that small open economies, heavily dependent on trade and foreign capital, simply cannot live with the volatility that is inherent in freely floating exchange rates.” Does Mr. Volker offer an alternative to the existing floating rate currency exchange regime?

Parks: Not yet, but I am hopeful that he will endorse gold.

Taylor: You also quoted Mr. Volker as saying that “A global economy requires a global currency.” I’m sure Mr. Volker was not taking about a gold-as-money, was he? Most certainly he was in favor of the dollar as the global currency when he made that remark.

Parks: Mr. Volker may yet turn out to be an ally. I don’t know what currency he has in mind, but there are compelling reasons why it cannot be the dollar. As Hugo Salinas Price has made clear in his essays, the *structure* of the world’s monetary system means that foreign nations, especially those who use the “dollar” as their reserve currency, must continue to acquire “dollars.” There is only one way to do that: export more than they import. This means that the U.S. trade imbalance is structural and will not disappear no matter how high the “dollar” goes.

In my “To Revive U.S. Manufacturing, Reform Our Monetary System,” I point out that as foreign currencies depreciate against the dollar, and that depreciation has been ongoing for years, for trading purposes, that is the equivalent of increasing tariffs for foreign countries, and reducing them for the U.S. Unless something happens, e.g., a collapse of the “dollar,” manufacturing in the U.S. is doomed. Hopefully, at some point, someone in the Establishment will wake up and realize that there is something wrong with the monetary system that needs to be addressed.

Manufacturers are recognizing more and more that they have a problem with the so-called “strong dollar.” Last September, for example, the steel industry, the textile industry, and others, together with the National Association of Manufacturers, formed a something called the “Sound Dollar Coalition,” which is much less than it sounds. They went to the U.S. Treasury and asked one of their own, Secretary of the Treasury Paul O’Neill, to lower the “dollar.” Almost in unison, Treasury, the Federal Reserve, and especially Wall Street, said “No.” Not being mindful of the monetary implications, the Sound Dollar Coalition folks wandered off with their tail between their legs muttering that all they really wanted was for the Treasury to stop denying that there was such a thing as a “strong dollar.” Clearly, they had no program, and they got no result. FAME is working hard with some of these same folks to change that.

Back to Mr. Volker. The reason I have hope for him has two parts. First, I regard him as having great integrity, and I am hopeful that he will call it the way he sees it. Second, in the book *The Central Banks* by Robert Pringle and Marjorie Deane, Mr. Volker wrote that if it is stability we want, we did better with gold! I regard this as a very significant statement. As an aside, once when I asked him about this statement, he said to me: “Did I write that?” And I said, “yes you did.” He gave me a kind of wry smile.

For the rest of us, if it is true that a global economy requires a global currency, and it is true, then what will that global currency be? Will it be a paper-ticket fiat currency imposed on us by a financial elite that sucks up our substance and impoverishes us, or will it be the free market solution: gold-as-money?

Taylor: Most folks in the U.S., and perhaps around the world, are under the impression that we have free markets now. In any event, that’s what we hear all the time from Washington and from the Establishment Media. What is your evidence that financial markets are not free?

Parks: The evidence is incontrovertible and overwhelming. The Federal Reserve *per se* is not a free market institution. In totalitarian style, it brazenly manipulates interest rates and, for all we know, in Mr. Greenspan’s words, other market events. With regard to gold, if our fiat money is good money and would be preferred by the people, then why are legal tender laws

necessary? And if our money is not good, then why in a democracy should people be forced to use it, especially for their savings and their pensions?

Parenthetically, when I put this question to Dr. Alice Rivlin, former Vice Chairman of the Federal Reserve, she claimed “not to be an expert in legal tender laws,” and evaded the question. It’s incredible that someone at her level can, with a straight face, claim not to understand the foundation of our fiat money monetary regime.

In addition, our system guarantees the banking system’s entire balance sheet. Its assets are protected by the so-called “lender of last resort” bailout facility, and its liabilities are protected by “Federal Deposit Insurance.” It’s these guarantees, which Mr. Greenspan correctly describes as a subsidy to the banking system, that enables the banking system to leverage up, and that’s what makes the system unstable. No one can justify these subsidies to the banking system as consistent with free market principles.

Also, internationally, the International Monetary Fund, (the “IMF”), which is under the *de facto* control of the U.S. Treasury, in its Articles of Agreement, Article 4 section 2b, prohibits member countries from linking their currencies to gold, and only to gold. Now, what possible public policy justifies this prohibition? Last week, when I put this question to Jean-Claude Trichet, the Governor of the Bank de France and a governor of the IMF, he talked around the issue. To someone who is alert, there are huge fissures in the current system that cannot be addressed in a rational way. These fissures are getting larger, and eventually the whole structure will collapse. This is something everyone should work to avoid.

Taylor: Larry, despite the fact that you live in a prestigious address on the Eastside of Manhattan, ever since I have known you, you have had a heart for the poor and middle class. So in fact, you have worked with labor unions to try to get them to understand how our existing monetary system is hurting them the most. You frequently talk about a Biblical concept, namely that of “honest weights and measures.” And you have noted that, when given the choice, common folks always prefer gold-as-money to fiat money.

Can you explain how fiat money hurts common folk? The concept I was taught in my economics courses was that gold keeps poor people poor. But if paper or fiat money were allowed to exist, loving, caring politicians could put into place social programs and fund them with printing-press or “electronic” money. In other words, the Establishment claims that paper money helps bring about social justice, with wealth being re-allocated from the rich to the poor. But if I understand correctly, you maintain exactly the opposite is true. Do I understand you properly? If so, could you expound on the notion that gold would bring about a more egalitarian society than paper or fiat money?

Parks: Jay, in my heart I identify with ordinary people because that is my background. Everyone in my family, including me, worked their way up from very humble origins. During the Great Depression, for example, my parents and their immediate families were on the brink of starvation. I have heard all the stories, and I don’t want to see them repeated. As to gold-as-money and ordinary people, in the last century, and even before that, there was always an understanding that there was a problem with “bank money,” i.e., bank promissory notes or “Bank Notes,” as paper money was referred to.

In the 1830s, when the Labor Movement was beginning in the U.S., there were three issues that drove men to join unions: the ten-hour work day, education for workers, and sound money. Sound money was specie, not bank money. One who helped form one of the very first unions, Eli Moore, who was the President of the Typographer’s Union in 1832, was a staunch sound money man and a supporter of President Jackson. So, this is a history that goes way back. Even William Jennings Bryan, who made the famous “Cross of Gold” speech in 1896, would have been aghast at the notion of fiat money. He did not want to do away with gold, by the way. He just wanted a role for silver. Also, at that time, the American Federation of Labor promoted gold.

The reason gold-as-money is important for ordinary people is that there is no other way, as Mr. Greenspan has taught, to protect savings and pensions. This is something that is being overlooked in the U.S. today, even though ordinary people all over the world are being victimized by fiat money. An example that is in the press almost daily is what has occurred in Argentina. If ordinary Argentines had gold-as-money, they wouldn’t be wiped out, as they have been.

Taylor: I know you are aware of the Gold Anti-Trust Action Committee and their allegations. Do you believe GATA is correct in their allegations? If so, do you believe exposing the gold manipulation by our authorities will be helpful to FAME in carrying out its goals?

Parks: To suggest that there is a free market and no manipulation for gold is absurd on its face. Aren’t legal tender laws and the prohibition that the IMF has to prevent member countries from linking their currencies to gold *prima facie* evidence that we do not have a free market in gold? How can one explain the tremendous worldwide publicity given the Henderson Report, which was sponsored by the Federal Reserve, urging central banks to sell all of their gold now? What about the preannouncements from the Bank of England that they plan to sell gold? What about the derision one meets from financial establishment types whenever one talks about gold-as-money? The list of anecdotal and other evidence is almost endless. To deny that the gold market is being manipulated one has to be living in a cave.

Taylor: In your speeches and writings, you have been very critical of our current economic system as being corrupt and not serving the needs of ordinary people. Can you provide some evidence of this?

Parks: There is so much evidence, it's like the fly in a nudist camp: so much opportunity, but where to start? By now, everyone knows about Enron, a fraud which could not have occurred without the complicity of the licensed professionals: the lawyers and the accountants, two groups, by the way, who have achieved the special privilege of limited liability for their actions. It's just an accident of fate that Arthur Andersen destroyed documents and gave the Justice Department a rope to hang them.

Maybe, as some have pointed out, it is unfair to prosecute and destroy a firm of 85,000 people for the transgressions of a few. Fair enough. But, just as the Government sent Al Capone to the slammer for income tax fraud, not for racketeering and murder, Andersen could not be prosecuted for its real crime: helping to cheat ordinary people out of tens of billions.

Think for a moment about Gary Winick, the founder and CEO of Global Crossing. Here's a situation where he raised something on the order of \$15 billion from many thousands and everyone got completely wiped out — but not Winick. He managed to score \$735 million including the most expensive house in America: a \$100 million mansion in Beverly Hills. His accountants and lawyers tell us that everything he did was proper. How can that be? When you and I were kids, if someone came into the neighborhood and wiped everyone out in a game of chance, we would not have to figure out how he was cheating. Games of chance and markets may not be totally efficient, but they are not *that* inefficient. Something is seriously wrong.

Did you see the front-page article in the *New York Times* a few weeks ago about four bankers who spent \$62,000 (no typo) for lunch including four bottles of wine at about \$15 thousand per bottle? How is it that restaurants are stocking such expensive wine? Most important, exactly what is it that these folks do that improves the quality of life for anyone except themselves? Do they produce some product, cure some dread disease, invent something? Why does the system grant them such outsized rewards when ordinary people are having trouble making ends meet? Jay, the system is broken, and those who have benefited from it better take the time to fix it, or, when it finally collapses, the backlash is going to be off the scale.

Taylor: Larry, the total amount of debt in the U.S. economy has been growing exponentially since 1957. At the end of 2001, total U.S. debt was \$32 trillion! Meanwhile GDP is growing at a much slower pace. From a practical point of view, this trend seems not to bode well for the U.S. economy and, with the dollar being the world's reserve currency, it would seem not to bode well for the global economy. Can you give our readers your thoughts about the future of the U.S. and global economies and also could you provide some advice to them as to how you think they should invest their money?

Parks: The system is literally hurtling to destruction, and there are not enough voices being raised to stop this out-of-control locomotive. It is driven by greed and a lust for power without regard to people's sensibilities or safety. If you think of America as the center of Empire, then the Empire is disintegrating around the periphery, and the periphery is coming closer. For decades, our government has, in our name, been backing thugs and thieves all over the world. What recourse do ordinary people in the affected countries have? In Rick Maybury's words, "We cannot possibly kill 'terrorists' as quickly as the State Department is creating them."

On an individual basis, folks should certainly own some gold. To help fix the system, the first thing folks need to do is to understand the current system. That has been the mission of FAME: education. We have assembled a great deal of truthful and easy-to-understand material on the FAME website. After one has gained enough knowledge to articulate what is happening, we must have allies. One avenue which FAME has been working on is to enlist the help of the clergy, and I implore everyone to take these issues to their religious leaders: Muslim, Christian, Jewish, Protestant, etc. Folks may send me an e-mail, and I will let them know more about this.

It would be most helpful if men of God would make a clear statement that our fiat money monetary system violates Scripture, particularly the *Eighth Commandment*, "Thou Shall Not Steal," and the admonitions in *Deuteronomy* not to tamper with weights and measures. In the Jewish faith, the misrepresentations and nondisclosures violate the Commandment *Gnivas Das*, not to steal someone's perception, i.e., not to misrepresent. It is significant to note that it was the churches in the 1870s that carried the ball to get rid of the Civil War era Greenbacks, so there is precedent.

Jay, before closing, I want to thank you again for all you have done and continue to do to help restore an honest monetary system to our country and for the world. Your efforts have been stellar, and they are very much appreciated.

Taylor: Thanks so much, Larry, for sharing your time and insights with our subscribers.

Larry Parks is the Executive Director of FAME (www.FAME.org), email Lparks@Fame.org, and the author of "What Does Mr. Greenspan Really Think?" *Larry is a very good personal friend whom I admire because of his dedication to the ideals of freedom. As our Founding Fathers noted, freedom has been granted by the Creator of the Universe. Thus, in my view, there are not many "higher" callings in life than to work to ensure the God given right to "Life, Liberty & the Pursuit of Happiness" is retained. Larry has devoted himself to this higher calling. For that we are all deeply indebted.*

