

WHY GOLD STANDARD?

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In this article I would like to enter into a friendly debate with Richard Ebeling of the American Institute for Economic Research on the subject why the gold standard is needed. The opportunity to present my views arose when the Daily Bell published two interviews with him recently, on February 11 and 14, 2014 in which Ebeling goes on record in saying that “the advantage of a monetary system based on a commodity like gold is that it makes it more difficult for a government to arbitrarily change the quantity and therefore the value of the money used within a country.”

My purpose is to focus on the difference of perception between the post-Mises Austrian School and my own New Austrian School of Economics (NASOE) and why talking about this is important. In particular I will explain why I think Ebeling’s perception represents a major departure from Carl Menger (1840-1921), the founder of the Austrian School.

In the second interview Ebeling talks about his book *Political Economy, Public Policy, and Monetary Economics: Ludwig von Mises and the Austrian Tradition* (Routledge, 2010). He elaborates on the advantage of a monetary system based on a commodity like gold. Ebeling summarizes this advantage as follows: “the gold standard makes it more difficult for a government to arbitrarily change the quantity and therefore the value of money used within a country.”

It is of course well known that Mises made a case for the gold standard along these lines. His stand already represented a deviation from Menger, according to whom gold was not just ‘a commodity’, but it was ‘the most marketable commodity’, the marginal utility of which was declining more slowly than that of any other. Alternatively, the most marketable commodity could be characterized as one for which the spread between the asked price and the bid price

increases more slowly than that for any other as ever larger quantities of it are offered in the markets. Menger preferred the former because he wanted to define the concept of ‘price’ as the exchange ratio between the good in question and gold, but that would have opened the latter formulation to charges of circularity. To Menger, gold was the unit of value *par excellence*.

In measuring length we choose platinum as the material out of which the measuring *rod* is to be made because this choice minimizes the variation in length in response to changes in temperature. We line up rods made of various materials and pick the one whose variation in length in response to changes in temperature is smaller than that of any other. Likewise, in measuring value we choose gold as the material out of which the standard *coin* is to be made because this choice minimizes the variation in value in response to market wear and tear. We line up coins made of various metals and pick the one whose variation in value in response to market wear and tear is smaller than that of any other.

Yes, one *can* measure length, Mises notwithstanding. The subjective theory of value stipulates that values in the absence of a measure can still be compared. But this does not prevent one from measuring if, after the introduction of the concept of marketability, a unit of value can be established.

It is not well-known but Menger was *not* a devotee of the Quantity Theory of Money (QTM) and, for him, to keep the quantity of money in circulation constant was certainly *not* a desideratum. Rather, he was willing to accept Adam Smith’s position that the amount of trade showed seasonal variations and it was fine for the quantity of money in circulation to vary together with it. Menger would most certainly have challenged the statement that changing the *quantity* of money in circulation would necessarily change the *value* of money. This, of course, is not a criticism of Hayek’s point that governments are not to be trusted as they are prone to yield to pressure groups and other political forces to tamper with the quantity of money in circulation for their own benefit.

It is peculiar that post-Mises Austrians shy away from Menger’s theory of marketability in favor of the QTM. In doing so they deprive themselves of a most efficient analytical tool. The concept of marketability easily extends to financial instruments as well, including irredeemable paper money. This analytic tool is far

superior to any furnished by the QTM. Strictly speaking QTM is not a theory. It is hardly more than a clever metaphor.

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Ebeling is in favor of the so-called 100 percent gold standard (although in these interviews he does not use the term). He states that “a gold standard works on the ‘rule’ that any currency outstanding is meant to be a circulating substitute [for] and claim to a quantity of gold deposited in a bank or other financial institution for safekeeping. Any additions to the paper currency in circulation (or other deposits representing that currency in exchange) are only supposed to come about as a result of net additional deposits of gold into the banks of that country. And any net withdrawals of gold deposits are to be accompanied by a [commensurate] decrease ... in the currency notes in circulation. Money substitutes in the form of checking and other similar banking accounts are [also] to expand and contract only ... as a reflection of changes in the quantity of gold (or silver) money kept in the banking system.”

Not only is this a major departure from Adam Smith’s Gold Bills Doctrine, but from Menger’s position as well. Furthermore, it flies in the face of historical evidence showing that bills of exchange drawn on merchandise moving apace to the ultimate gold-paying consumer, maturing and payable in gold coin in 91 days (the length of the seasons) or less, herein called *gold bills* do enter into monetary circulation *spontaneously*. Evidence is also available that exiling gold bills from circulation causes an undue stress in the monetary system, especially at the time of the year when crops are moved after harvest. The stress can in some cases threaten the stability of the monetary system. All in all, such a restriction would be a fetter upon technical improvements in the productive apparatus of society as it would discourage further refinement in division of labor. Ebeling’s position, which reflects a slavish dependence on the QTM, is untenable. It is very questionable that commercial banks ever existed for any considerable length of time which answered Ebeling’s description.

Menger makes it very clear that only a minor part of the reserves of a commercial bank is kept in gold coins; the major part consists of gold bills maturing apace as time passes. This fact does not make it a ‘fractional reserve

bank'. In Menger's view gold bills are fully admissible as reserves against the note and deposit liability. Loose talk about fractional banking when referring to honest to goodness commercial banks holding impeccable gold bills in addition to gold coins against their note and deposit liabilities does not do credit to the quality of research done by post-Mises Austrian economists.

At issue is the nature of the market for gold bills. Gold bills are the best earning assets a commercial bank can have. Their marketability is second only to that of gold itself. If the bank runs into unusually high demand for cash, it can easily sell gold bills from reserves without any danger of a loss. There will always be commercial banks out there with excess cash that want to exchange it for earning assets. But the market for gold bills is not limited to commercial banks. Many other economic entities do face large payment obligations falling due at a certain date in the future. For example, the issuer of outstanding gold bonds has to prepare for the day when his bonds mature. So does the purchaser of real estate preparing for the close-out day. None of these entities hoard gold coins to meet their obligations. What they do is this: they go into the market and buy gold bills with maturity matching that of their obligations. The demand for gold bills is virtually unlimited.

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Ebeling alleges that "the old gold standard in its heydays before World War I was still a government-managed monetary system through a series of national central banks." This remark does not do justice to the international gold standard as it existed as recently as one hundred years ago. It worked as Adam Smith's wagon-way-in-the-sky metaphor described it should. Gold bills drawn on London financed world trade even though the boats carrying cargo may have never come close to British shores. Enormous amounts of gold were freed up and subsequently invested in long-term projects such as building transcontinental railways and developing transoceanic shipping. And we have not even mentioned the prodigious amenities conferred upon the world by advances in therapeutics, also financed by gold bills. Wagon ways on the ground could be ploughed up and the land put to better use in producing crops. The 'highway-in-the-sky' (read: gold-bill financing of world trade) has taken over the task of carrying goods from producer to consumer, sometimes half-a-world apart. Even with a much larger stock of monetary gold it

would not have been possible to achieve the same degree of progress, if gold bills had been banned as Ebeling would, presumably under the authority of an autocratic world government, have done. We would be very lucky indeed if we could just erase the past one hundred years from memory and pick up where the world left off in 1914. We would have no Babelian Debt Tower, no threat of wars because the U.S. wanted to protect its turf for the irredeemable dollar circulating internationally. Gold coins would be in circulation domestically as well as across the border. The euro would pop up only in one's nightmare. There would be no loss of purchasing power for currencies. A dollar losing 90 percent of its purchasing power in one generation (as it did between 1971 and 2000) would be the stuff of science fiction.

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Ebeling's bitter feelings about central banking are understandable. But one should preserve one's objectivity. Central banks in 1914 were not the malevolent Moloch with unlimited power they are today. Most of them were operated as regular profit-making business without special privileges. They did not take the initiative to create credit to feed the money markets with arbitrary bond-purchases and they did not foist their credit on society as they do today. According to the mandate laid down in their charter, they stated the terms on which they were willing to do business (read: they posted their discount rate) and stood back, letting the commercial banks do the rest.

If they had stayed innocent, then they would not have become the elephant in the china-shop. Contrary to the bad press it is now receiving, the Federal Reserve (F.R.) Act of 1913 was not an out-and-out bad document. The F.R. banks it envisaged were commercial banks with reserves 40 percent in gold and the rest in gold bills. Government bills, notes or bonds were *not* eligible as collateral for F.R. credit. If any of the F.R. banks were caught short of eligible reserves, then it had to pay a stiff penalty on a steeply progressive scale. Open market operations were in effect outlawed.

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'Something funny happened on the way to the forum'. World War I broke out just a few days after the Federal Reserve banks opened their door for business.

Although officially the United States was neutral in the conflict, President W. Wilson immediately put Federal Reserve credit at the disposal of the Entente powers to finance purchases of war material. Since selling war material was lucrative business, nobody complained that the Neutrality Act and the F.R. of 1913 Act had been violated. Notes and bonds of the Entente crowded out gold bills in the balance sheets of the F.R. banks. By the end of the war gold bills were conspicuous only by their absence, while the portfolios of the F.R. banks were bulging with Liberty Bonds (read: War Bonds) that was justified on the strength of a patriotic considerations. All this was in contemptuous violation of the F.R. Act of 1913.

So it came to pass that in 1921 a bubble popped up in the government bond market. Hard upon its heels other bubbles followed: in 1925 the bubble in Florida real estate and, in 1929, the infamous stock market bubble. When the bond bubble collapsed, the F.R. banks were found short of eligible reserves. The U.S. Treasury that was entrusted with the task to enforce the law just ‘forgot’ to collect the penalty. Why should it? It was nice to have the Fed around to buy government bonds when selling them became tough – never mind the law of the land.

It was in the ruins caused by the collapse of the government bond market where the policy of open market operations was conceived. By 1922 most of the member banks of the F.R. system (Fed) had impaired capital and all the F.R. banks were in delinquency. In the meantime interest rates reached unprecedented heights. Officials at the Fed took the law into their own hands. They started a large scale bond purchasing program illegally and without any public discussion of the dangers of such a course. The details are still shrouded in secrecy. The minutes have been either stone-walled or destroyed. As a result we don’t know for sure whether these Fed officials were aware of the broader implications of their breach of the law.

The fly in the ointment was that the policy of open market operations made bond speculation risk-free. The smartest speculators, knowing that they can always unload their bond purchases at a profit, pre-empted the Fed in buying the bonds first. Other speculators joined the bidding contest, emboldened by the sweet smell of risk-free profits. This lifted the price of the government bonds alright, but only at the cost of making the interest-rate structure to fall. *The Great Depression of the*

1930's was caused squarely by the Fed through its illegal policy of open market operations as it triggered a prolonged rush of speculators into bonds. The upshot of the orgy in the bond market was that the rate of interest kept falling, causing capital erosion and destruction indiscriminately. Capital loss across the board is a manifestation of deflation.

It is very likely that people in charge of the open market bond-purchase policy of the Fed, when they saw the danger, tried to rein in the runaway bond market. But it was too late. The momentum of speculative bond purchases continued and interest rates kept falling. The situation was a replica of the story of the Sorcerer's Apprentice who stole the secret word from the manual of his master and uttered it in an effort to get something for nothing. When enough was enough, he wanted to stop the charade. He could not. He has forgotten to steal the other secret word needed to do it.

Because of the illegal nature of open market operations a public discussion of the policy was never held, nor was an evaluation of the results ever conducted. Instead, the policy was retroactively legalized in 1935. In the meantime central banks abroad started aping the practice. 'Quantitative Easing' (Q.E.) in the 21st century repeats the same charade. Worse still, nowadays the timing and the exact size of the bond purchasing program is advertised far and wide in advance that makes it even easier for bond speculators to outbid one another. It can be confidently predicted that in due course QE will lead to an even more devastating deflation and depression than the bond-purchasing policy of the Fed did in the 1930's.

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Let me repeat my argument, first proposed more than a decade ago, why there is a causal relation between a falling interest rate structure and the erosion (destruction) of capital. Falling interest rates are tantamount to rising bond prices. The capital of an enterprise is a liability, typically subject to periodic disbursements as is debt. *It must be listed in the liability column of the balance sheet along with other debt.* Therefore rising bond prices are no good news as some may think. They are very bad news indeed. The message is that productive capital is being vaporized.

This is why, under a falling interest rate structure, the capital of *all* firms is subject to erosion, *a fact stubbornly denied by the Keynesians*. It is also ignored by the policy of open market operations. Incredible as it may be, this ignorance (and not the gold standard *per se*) was responsible for the deflationary wave that overran the world economy after World War I. The erosion of capital is vicious in that it is well hidden and may become obvious only when it is already too late to do anything about it. The process of destruction of capital is a direct consequence of the falling interest rate structure. Those who argue that low interest rates are salutary to business confuse a *low but stable* interest rate structure with a *falling* one. The latter, to be sure, is lethal to business – wishful thinking notwithstanding.

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Ebeling has this to say on the theory of interest. “In the late 19th century the Austrian economist, Eugene von Böhm-Bawerk explained that the true origin of interest was in the differing time valuations among men. Some men value more highly the use of goods in the present than in the future, and are willing to pay a premium (interest) in the future for access to a greater quantity of goods than their own income enables them to command, while others are willing to forego the use of goods which they could command today in exchange for a premium (interest) over the principal at some point in the future when the borrowed [good] will be returned to him by the borrower. Goods in the present are exchanged ...for goods in the future through the medium of money. The rate of interest is simply the exchange ratio [between] goods in the present [and the same] goods in the future expressed in terms of ... money.” This is known as the *time preference theory of interest*. Note that it fails to reveal the nexus between gold and interest.

However, Böhm-Bawerk who wrote a two-volume treatise with the title *Capital and Interest*, also presented another theory known as the *productivity theory of interest* according to which the cause of interest is to be found in the productivity of capital. A fratricidal war between the two schools trying to explain the theory of interest ensued.

I have resolved the conflict in the spirit of Menger who put the dichotomy of the asked and bid price right in the center of economics, to supplant the supply/demand equilibrium theory of price. The rate of interest is defined as the

rate at which the lump sum payment of the (fixed) face value of the bond at maturity plus the payments stream of interest amortize the (variable) market value of the bond. The time preference theory explains how the (higher) *asked price* and the productivity theory explains how the (lower) *bid price* of the bond is formed. Thus the conflict is ended in a happy synthesis between the two warring factions.

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Interest is better understood if we look at the exchange of wealth and income instead of the exchange of present and future goods. The bond is a means of exchanging wealth and income. The seller of the bond gives up income in exchange for wealth, while the buyer gives up wealth in exchange for income.

But the bond is not the only way to convert income into wealth and wealth into income. A more ancient but still prevalent method, especially at times of great disturbances in currency values, of converting income into wealth and wealth into income is hoarding and dishoarding. The man who is hoarding converts income into wealth while the man who is dishoarding converts wealth into income. The trouble is that there are substantial losses involved in these conversions. To minimize these losses one has to hoard and dishoard the *most marketable good*, gold. It is for this reason that *you cannot have a theory of interest without reference to gold* – a point that was lost on Ricardo, Mises, and a host of lesser known economists – but was implicit in Menger's *opus* through his emphasis on marketability.

In the absence of institutional, legal or moral obstruction individuals will exchange a stream of gold payments for a lump sum payment of gold routinely in order to provide for old age or for the education of their children. But *the amount of gold so exchanged is not the same*: the present value of the gold stream is higher. The difference is *interest*, and the (annual) *rate of interest* is the present value of gold paid out during a one-year period as a percentage of the lump sum.

Converting income into wealth through hoarding gold is equivalent to exchanging income for the wealth at zero interest. Likewise, converting wealth into income through dishoarding gold is equivalent to exchanging wealth for income at zero interest. The bargaining powers of the lender and borrower are asymmetric. The former can fall back on conversion if exchange fails. The latter cannot. For

him conversion would yield the desired wealth only after a several-year-long waiting period. If this is unjust, nature is to blame, not usury. The rate of interest is the price of efficiency of exchanging wealth and income over that of converting one into the other through hoarding and dishoarding gold.

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To recapitulate, Ebeling has a very narrow view of the gold standard. He completely ignores the role of gold in the formation of the rate of interest, in spite of the fact that this role is even more important than the role of gold in the formation of prices for the reason that *the gold standard is fully capable to stabilize interest rates and, hence, bond prices* but it cannot stabilize the prices of goods (which is neither desirable nor possible).

In economics and, more generally, in human affairs one has to grab every chance as they come to stabilize, as they are few and far in between. Only the enemies of peaceful and voluntary cooperation under the system of division of labor with an agenda, such as Keynesians and Friedman's monetarists have an interest in destabilization. The rate of interest is one of only a very few things that can be stabilized. Being mortal, humans vitally depend on the stabilization of interest rates.

Our theory of interest is inspired by Carl Menger. It avoids the use of contorted examples such as exchanging one apple today for a fraction of one apple several years later. Exchanging present apples for future apples only occurs in one's imagination, never in real life. By contrast, exchanging income and wealth occurs in the life of everyone, as one makes provision for the education of one's children, or for old age.

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Post-Mises Austrian economists following Mises reject the idea that there is a distinction to be made between interest and discount, or between a bond and a bill beyond the technical difference that interest is payable retroactively while discount is payable in advance. This is a major error with far-reaching consequences. The root of the error is the belief that there is loan involved in extending commercial credit as a semi-finished good is passed along from the producer of higher to that

of lower-order goods, and also when the finished good is passed along from the wholesale to the retail merchant.

It is a grave mistake to assert that the producer of a higher-order good is lending and the producer of the lower-order good is borrowing. Once again, post-Mises Austrian economists erred because they deviated from Menger. The fact that the transaction of passing along semi-finished goods involves no loan transaction is clearly shown by the fact that the producer of higher-order goods handles goods with lower marketability, while the producer of lower-order goods handles goods with higher marketability. The former is farther down in the line waiting for his share of the gold coin disbursed by the ultimate consumer. Similarly, the finished good in the hand of the wholesale merchant is less marketable than the same good in the hand of the retail merchant. The latter is the one who gets the gold coin first. It is preposterous to suggest that the wholesale merchant extends a loan to the retail merchant when in effect it is the retail merchant who has the gold.

The confusion in the minds of the post-Mises Austrians is that of confusing *lending* with *clearing*. Commercial credit is a manifestation of clearing, not of lending. It is an inseparable part of the movement of semifinished goods through the various stages of production. Take it away and production will cease. Likewise, commercial credit is an inseparable part of the movement of the finished good from the wholesale to the retail merchant. The former bills the latter. The gold bill is always '90 days net'. There is simply no precedent for a gold coin, as opposed to a gold bill, to have ever been involved in the passing of a semifinished good from the producer of higher to the producer of lower order goods, or in the passing of a finished good from the wholesale merchant to the retail merchant. These men are cooperating in the task of supplying goods in urgent demand to the ultimate consumer. It is grotesque to suggest that this, rather than being an instance of cooperation is an instance of a loan contract between creditor and debtor.

Interest and discount are very different both in their origin and in their function in the constellation of economics. The origin of interest is in *savings* whereas the origin of discount is in *consumption*. Accordingly, the rate of interest measures the propensity to save and the rate of discount measures the propensity to consume. In both cases the relationship is inverse: the higher is the propensity, the lower the rate will be.

The function of interest is to regulate financing long-term projects; the function of discount is to regulate financing the movement of merchandise to the ultimate consumer most expeditiously. This movement must not be slowed down. If it is for any reason, typically, for reasons of slackening consumer demand, then using the lower discount rate loses its justification. The higher interest rate must apply. Conversely, if consumer demand picks up, then drawing gold bills to finance the last stages of the movement of merchandise to the ultimate gold-paying consumer may be justified. Such switches back-and-forth between interest and discount occur all the time as the propensity to consume varies from high to low and back. The sign of a fading propensity to consume is that gold bills drawn on *some* merchandise will stop circulating. Conversely, the sign of the propensity to consume getting more robust is that gold bills drawn on *some* merchandise will start circulating *spontaneously*.

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It is interesting to observe how the discount rate is formed. What we have to watch is the demand for *prepaying* gold bills by the acceptor, typically the retail merchant. As gold coins keep accumulating in his till and reach the point of his 'normal cash balance', he will have the urge to prepay his gold bills. Suppose he knows the person who holds the gold bill he has accepted (of course, it need not be the wholesale merchant who drew the bill in the first place when delivering the goods). The retail merchant will then make an offer to prepay his bill. The question is how much he should offer in prepayment. Clearly, he won't pay the full face value if the gold bill still has some time to go before maturity. His offer is to *discount* the gold bill. In the haggling over the rate that follows the retail merchant is guided by the prevailing propensity to consume. If it is high, then the marginal item on his shelf, say a bottle of sauerkraut, is moving fast. It has a high marginal productivity. This prompts him to settle for a *lower* discount. Holding out for a higher discount would make no sense in view of the fact that the marginal productivity of his circulating capital is higher.

It is very different if the propensity to consume is low. In this case the retail merchant has an alternative. The marginal item on his shelf, which we may assume to be the bottle of sauerkraut, is moving slowly, so slowly in fact that he is thinking of phasing it out by not reordering. It then appears more attractive to him to use

his excess gold coins to buy the gold bills drawn on goods handled by his colleagues operating with a higher productivity *at a better discount*. Accordingly, he will insist on a *higher* discount in buying back his own bill.

In the foregoing we assumed that the retail merchant was able to locate the holder of the bills he had accepted. In practice this is unlikely. Probably he won't even try. But this does not affect the merit of our reasoning. It makes no economic difference whether he prepays gold bills of his own, or he buys the gold bill of another merchant. In either case he is offering to discount a bill at a rate determined by the propensity to consume. In phasing out the slow-moving sauerkraut his inventory shrinks, but he now participates in the earnings of another retail merchant operating with higher productivity.

Our description of the formation of the discount rate also shows the role that gold plays in the mechanism of supplying the ultimate consumer with merchandise, beyond merely being a means of exchange – a role in which it is not indispensable. But gold is indispensable in its role of helping to format the discount rate whereby the task of supplying the consumer with merchandise is made most efficient. The discount rate is the price of this efficiency. The scope of the gold standard goes far beyond browbeating the government for its inflationary proclivities.

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One instance showing that post-Mises Austrian economists make a mistake in ignoring the distinction between interest and discount is the business cycle theory. In Ebeling's description: "...the depression has its origin in a preceding inflationary boom that was set off by government and central bank manipulation of the money supply and interest rates. This set off a chain of events in which investment was thrown out of balance with savings, resources were misdirected and capital was mal-invested. It is the prior manipulation of money and credit and below market-based interest rates that create the distortions and imbalances that finally result in a 'break' in the economy followed by economic downturn, depression or recession."

I have written critically about the business cycle theory of Mises and Hayek, which is still the standard fare in the post-Mises Austrian school as manifested by

the quotation above. My criticism is that it assigns a very low IQ to businessmen who fall again and again for the deception of the government and the banks pushing the rate of interest below the rate of marginal time preference. “If you cheat me once, shame on you; if you cheat me twice, shame on me.” Businessmen are among the smartest people in the world and should be able to learn how to avoid previous pitfalls. But if you distinguish between the rate of interest and the rate of discount, then you can come up with an improved business cycle theory as follows.

The positive spread between the rate of interest and the rate of discount is a temptation for doing what I call ‘illicit interest arbitrage’. People looking for risk-free profits will sell bills in the bill market at the lower discount rate to invest the proceeds in the bond market at the higher interest rate. They expect to pocket the difference. In doing so they ignore the danger of borrowing short and lending long. The short leg of the straddle matures before the long and it may not be possible to move it forward without a loss. However, they trust to luck and do it anyway. Here is the rub: their very arbitrage will cause the spread between the rate of interest and the rate of discount to narrow. When it closes, there is panic in the money markets and the house of cards collapses. Falling firms cause a domino-effect doing great damage to the economy. Illicit interest arbitrage in particular has created a falling trend in the rate of interest. This has caused erosion of capital across the board, making firms more vulnerable. Some healthy firms may struggle by cutting prices but, at any rate, they can do nothing about the erosion of capital that affects everybody. Large scale unemployment that follows the wholesale collapse of firms will make global demand shrink, reinforcing the trend of prices to fall.

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In summary: the gold standard is much more than a restraint on governments to refrain from inflation as suggested by Ebeling. It is an integral part of the mechanism to improve the efficiency of supplying the consumer with merchandise, through its influence on the discount rate. It is also part of the mechanism to allocate capital through its influence on the discount rate. It is protecting the young lest savings to provide for their education may not be pilfered. It is protecting the elderly lest the funds to provide for their old age may not be plundered.

It is important to talk about these issues now. We are at a critical juncture when the dismal failure of the global experiment with irredeemable currency is becoming manifest. There is a chance that the gold standard may be rehabilitated and collapse of world trade avoided. The rehabilitation of the gold standard must be done right. The so-called 100 percent gold standard would render the monetary system prone to squeezes and give scope to agitation against it that could culminate in a collapse. Should that happen, *schadefreude* in the opposition camp would know no bounds: “We have told you so!” The cause of sound money would suffer a setback. That outcome could be easily avoided if the post-Mises Austrian school and NASOE with the participation of all other interested parties met to hammer out a platform through a high-level open debate. Science has always moved forward through open debates and was retarded by opposition to them.

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