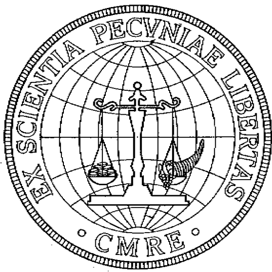
The Barbarous Relic—
It Is Not What You Think

James Turk



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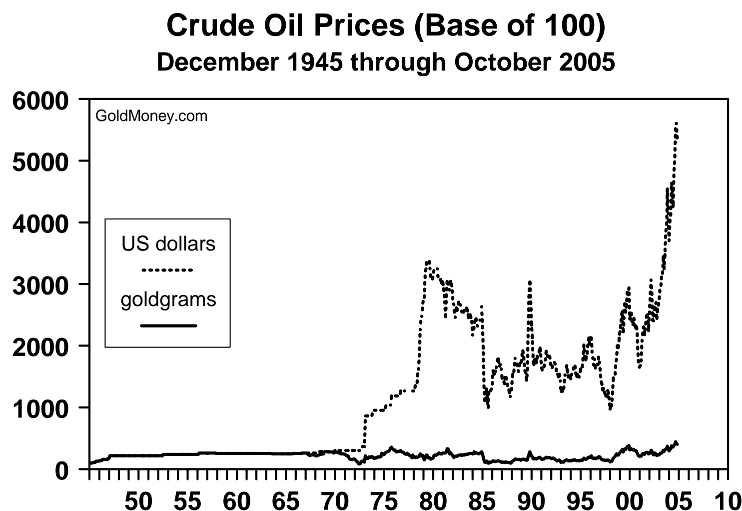
The “Barbarous Relic”—It Is Not What You Think

James Turk*

I am no fan of Keynesian economics. I find most Keynesian economic theories to be just plain wrong. But for the sake of truth and accuracy, I would like to correct a terrible injustice levied upon Keynes and, at the same time, also correct an equally terrible injustice that time and again is inflicted upon gold.

How many times have you heard gold described as the “barbarous relic”? It is a favorite phrase of gold-bashers everywhere who are trying to make gold the object of derision. I cringe every time I hear it, which is all too frequently, because gold is neither barbarous nor a relic, as can be explained easily by the following chart.

Figure 1



Source: GoldMoney.com.

This chart presents a base 100 analysis of crude oil prices in terms of dollars and grams

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* This monograph is derived from Mr. Turk’s presentation at the Gold Rush 21 Conference (www.goldrush21.com) held in Dawson City, Yukon, Canada, August 8, 2005. Copyright © 2005 by James Turk. All rights reserved. This monograph is published with Mr. Turk’s permission.—Editor

of gold (goldgrams). In other words, to establish the comparison depicted above, it is assumed in this analysis that one barrel of crude oil equals $100 and 100 goldgrams as of December 1945. The month-end price is calculated afterward based on the actual dollar price of crude oil and the prevailing dollar-to-goldgram rate of exchange.

Gold Is Neither Barbarous nor a Relic

The price of crude oil in goldgrams essentially is unchanged throughout the period measured. It is clear, then, that gold communicates the economic value of oil very effectively, and the communication of economic value is the primary feature of money. Because money is the tool upon which economic activity is based, which is a reality that makes money central to society, money is not barbaric. Consequently, gold cannot possibly be barbaric because gold is money.

Gold also is not a relic because gold communicates value today as effectively as it did 50 years ago and much better than does the United States dollar, a point demonstrated clearly by the chart above. In contrast to national fiat currencies today, gold tends to hold its value; in other words, the purchasing power of gold remains relatively unchanged.[i] In fact, this precious attribute of gold is timeless because the above-ground stock of gold grows approximately at the same rate as world population growth and new wealth creation.[ii]

How could anything as valuable and useful as gold be barbaric? And because gold is as useful today as it ever was, how could it possibly be a relic?

While the pejorative reference to gold usually is attributed to Keynes, here is what he really wrote in 1923 in *A Tract on Monetary Reform*: “[T]he gold standard is already a barbarous relic.” The reader should note that *gold* is not the barbarous relic but, rather, in Keynes’s view, the *gold standard*. There is a big difference between the two concepts. The gold standard is the mechanism by which national currencies at one time were defined as weights of, and redeemable into, gold.

Though the United States continued to define the dollar in terms of gold when Keynes penned those now infamous words after World War I, it had become the exception. Most of Europe had stopped the redeemability of paper currency into gold with the outbreak of hostilities in 1914. What is more, after the war, European countries were slow to return to the gold standard because their currencies had become terribly debased by the expansion of credit and the concurrent printing of money that had occurred during the intervening years.

In effect, by the 1920s, the classical gold standard was essentially dead, which was the reality observed by Keynes. It was dead because banking interests, working hand in hand with governments, killed it. They killed it because governments wanted more money to meet their growing spending aspirations, and seeing the profit opportunity that this circumstance presented, bankers wanted to lend that money to them. The discipline of the classical gold standard prevented the unbridled extension of credit and the resulting

creation of new money, which meant that it had to go.[iii] So is that why the gold standard had become a “barbarous relic”?

To answer this question, we have to understand why the gold standard came into existence in the first place. The origin of the gold standard can be traced back to events resulting from the formation of the Bank of England in 1694. However, to be able really to understand the gold standard and to explain Keynes’s trenchant observation, we have to go back even further into monetary history to extract one key truth—the history of money is actually the history of currency.

The Distinction between Money and Currency

It is important to note that money does not really change. Money is the function it performs, so money is still the same thing it always has been from the moment when it first was invented in pre-history.[iv] Namely, money is a mental tool used for economic calculation[v] that ingeniously enables each of us to communicate what we value in an exchange. What changes throughout monetary history is *currency*. It evolves, and the biggest change ever occurred in 1694.

Until 1694, currency was always an asset in the hands of whoever held it, something tangible. Gold and silver were the most popular forms of currency, but history records that other assets also were used, such as cows, food crops, shells, beads, and other tangible items considered to be useful or rare.

The nature of currency evolved as mankind progressed, and various scientific achievements made currency more efficient and more reliable. For example, if you look at the evolution of coins over the centuries, you can see marked improvement.

The improvements were important. As coins became more reliable, the costs of conducting commerce were reduced, and reducing costs is always a good thing. By lowering the impediments to commerce—and the costs of handling currency and making payments are an impediment—commerce itself is promoted, and as commerce expands and develops, our living standards rise. So it was natural that new advancements that improved the currency of the day were welcomed widely, as was the advancement introduced by the Bank of England concurrent with its creation in 1694.

Gold and silver coins had disadvantages that were well-recognized. They were bulky, hard to carry, impractical in large denominations because of the weight that would be required, etc. What is worse, coins wore out from usage, wasting some of the precious gold and silver contained in the coin.

To overcome the shortcomings of precious metal coin, the Bank of England introduced an important advancement that made currency more efficient. That innovation enabled gold and silver coins to remain safe and secure in the Bank’s vault while paper promises to pay weights of precious metal—dubbed “banknotes”—circulated as currency in place of the coins. Paper as a circulating medium had obvious advantages of efficiency and

cost and at any time—or in other words, on demand—could be redeemed for coin. What is more, because it was opened under a royal charter, the Bank of England and its paper currency were perceived to be safe, and so they were—for about three years.

By 1697, the world's first banking crisis was under way. The Bank of England had issued far more paper than it had physical metal on hand,[vi] primarily silver, because that still was the preferred metal of the day in England. Therefore, the crisis arose because people rushed to convert their paper currency into silver coin, with the result that the Bank of England's new currency appeared to be a failure.

Despite ongoing monetary upheaval, the Bank of England persevered (even back then, government-sponsored enterprises seemed to take on a death-defying life of their own). But that monetary crisis did have one beneficial and constructive result: It made self-evident to everyone at the time that a paper currency promising to pay metal (a money substitute) was different from money (gold or silver) itself. After all, a bank liability is fundamentally different from a tangible asset.

What the Bank of England had done was to stand currency on its head. Until 1694, currency always had been a tangible asset (mainly gold and silver fabricated into coins). Thereafter, the new paper currency was not money; it was only a money substitute circulating in place of coin. This new currency was no longer a tangible asset; it had become a liability of a financial institution. This difference is as great as that between night and day, or more to the point, between assets and liabilities.[vii]

The impact of this change was so profound that it had an invasive impact on the economy, with many adverse consequences. The insidious monetary turmoil wrought by the Bank of England's new currency persisted. To figure it all out, the British monarch, William III, turned for help to the greatest mind of the day, Sir Isaac Newton, who was appointed Master of the Mint in 1699.

Over the next several years, Newton restored order where there had been Bank of England-created chaos. He did this by inventing and putting into practice what we now call the classical gold standard. That was a monetary system operating under rules[viii] that Newton established that were followed voluntarily by banks and later by other governments that eventually adopted in their own country the Bank of England's paper currency innovation.

Newton's rules resulted in automaticity, which is what made the gold standard so effective. It was reliable and predictable. It was self-regulating when left unhindered, with capital flows over time tending to harmonize trade imbalances that arose from disparate economic conditions in different countries.

Newton recognized that the paper banknote was an important advancement that made currency more efficient. But he also understood that paper currency was not money and, even more so, that paper currency could be created to excess, which would result in monetary turmoil that in turn would have an adverse impact on economic activity. In

other words, he realized that paper currency was useful, but only if it had some standard by which it could be measured and controlled. He achieved these objectives with the gold standard that he created.

The Demise of the Gold Standard

Newton's invention remained largely untouched from its implementation in 1707 until 1914. I say "largely" because the rules of his classical gold standard occasionally were broken. During periods of war, for example, the redeemability of paper into coin often was suspended, and credit was expanded beyond the prudent limits that normally prevailed. But the rules governing the gold standard remained in place, more or less, with the wartime suspensions usually lifted soon after hostilities ceased. Further, redeemability of banknotes into coin was re-established at the pre-war rates, which deflated the war-induced credit expansions.

Over time, however, bankers and politicians began to understand that, if they broke Newton's rules, they could gain an advantage. Bankers would make a greater profit because they could expand credit (make loans) beyond the self-imposed constraints. Politicians could gain greater power because, instead of being restricted to just spending gold, they envisioned creating a seemingly unlimited amount of money-substitutes and spending those instead. Newton's rules were voluntary and worked only insofar as banks and governments agreed to them. By the 20th century, bankers and politicians were not just breaking the rules—they were discarding them.

Thus, given the powerful interests lining up against it, it is not surprising that the classical gold standard began to be depicted as undesirable, despite its splendid 200-year track record of maintaining relatively stable prices. What was worse, the classical gold standard started to be blamed for things for which it was not responsible. For example, it was not the gold standard that caused the Great Depression but, rather, imprudent credit expansion by banks, which was made worse by the growth of government and the rising expenditures that the burden of government entailed.[ix] The last vestiges of the gold standard were jettisoned in August 1971,[x] ushering in the present era of fiat currency regimes.

It should be clear by now why Keynes was taking a potshot at the gold standard. It is not surprising that Keynes—whose iconoclastic theories supported government management of the monetary system—would claim that the gold standard was a barbarous relic. Even though Keynes was no fan of gold, he no doubt understood that it would be foolhardy to attack gold itself. That would come later, from anti-gold propagandists and central bank apologists misusing what Keynes really wrote. But that is not quite the whole story.

The Real Barbarous Relic

There is indeed a barbarous relic, but we now know that it is neither gold nor the gold standard because of the useful role that gold played for two centuries before World War I. Rather, the barbarous relic is *central banking itself*.

Central banks are barbarous in part because they conspired to put an end to Newton's brilliant invention that safeguarded sound money for 200 years. It is the process of central banking itself, as it has come to be practiced, that deserves the greatest public wrath.

Central banking is barbarous for the following reasons:

1. Money is a product of the free market. It is a fundamental building block of our society because it allows people to interact with one another in the market process. Money existed long before governments and central banks began to "manage" it. Tragically, instead of being a neutral and unfettered tool in commerce, fair to one and all, money now has become a matter of force and decree, which is disruptive to the market process and therefore harmful to society.

2. Prior to the creation of the Bank of England, every exchange in the trading activity that we call the market process tendered value for value. In other words, gold was exchanged for land, silver for food, etc.—assets were traded for assets.[xi] The Bank of England changed this process by creating money substitutes. Its banknotes are not a tangible asset like gold or silver. Banknotes are merely money substitutes and not money itself. Money substitutes are a liability of the bank issuing that paper currency, and money substitutes create all sorts of payment risk that one does not have when using tangible assets as currency.

3. Central banks act in secrecy; consequently, they are not held accountable. For example, the so-called "Open" Market Committee of the Federal Reserve is far from "open." It meets and makes decisions behind closed doors, and the minutes released one month later are thoroughly redacted, leaving outsiders in the dark about the members' deliberations. Central bankers consider themselves—and act as if they were—above the law. Moreover, this secrecy favors the insiders, and it is this fundamental principle upon which central banks' market intervention has been constructed, including, for example, their intervention in the gold market.[xii]

4. Central banks have freed governments from having to ask their citizens—through their elected representatives—for more taxes.[xiii] Central banks can acquire government debt and use it to create currency out of "thin air" for governments to spend on their latest whims. Even worse, through their policies that create inflation, central banks enable governments to steal from their citizens.

5. There are several tools in the central banks' arsenal, and one of them is disinformation, which they regularly practice. For example, central banks have come to make us believe that inflation is "rising prices." But wet streets do not cause rain. By changing the definition of inflation to one of "rising prices" rather than what it really is—monetary debasement engineered by central banks—the true culprits (the central banks themselves) are masked.

6. Not only are central banks guilty of disinformation, but deception is one of their most frequently used tools. The history of banking is replete with examples that demonstrate not just a lack of disclosure but, rather, outright deception. To give just one example, consider how central banks today account for their gold loans. They carry both gold in the vault and gold out on loan as one line item on their balance sheets.[xiv] In effect, central banks are saying that they can ignore the truthful disclosure established by Generally Accepted Accounting Principles, and as a result they can report both cash and accounts receivable as one and the same thing. Accounting like that would make even the fraudsters at Enron blush.

7. Central banks in effect have turned the market into a *command*, i.e., state-run, economy. The power to create money out of thin air brings with it the much greater power to control a nation's economy and therefore the economic destiny of millions. Central bankers today act like the former Soviet Union politburo members, who pulled strings and pushed buttons to try making the economy—which means each and every one of us who participate in the economy—bend to their control. But it is not only the economic destiny of millions that is determined by central banks; subtle but potentially more disturbing issues are raised by the exercise of power by central banks.

8. Central bankers and their comrades in government know that the command economy power that they have claimed forces them to walk a fine line between prosperity and economic collapse, given the inherent fragility of the credit-based monetary system that they operate. To try to reduce this ever-growing fragility—in a vain attempt to make it easier for central banks to control the command economy effectively and totally—governments take away peoples' freedom. Central banks usher in controls like the reporting of bank accounts and funds transfers and policies such as the "too big to fail" doctrine that underwrites bad decisions at banks with taxpayers' money. Controls perpetuate a central bank's stranglehold on power regardless of whether they are doing a good or a bad job—and it is usually bad—in commanding the economy.

9. The command economy that central banks operate encourages the growth of debt, rather than savings. Banks want to expand their balance sheets—i.e., to make more loans—in order to earn greater profits, and governments want central banks to accommodate this objective. The resulting credit expansion provides the public with opportunities to acquire new things, which creates an illusion of prosperity that makes people believe that their wealth is rising. The result of this debt-induced, pseudo-prosperity is a complacent populace, the net effect of which tends to perpetuate governmental power and politicians' perquisites. Instead of following a sound and time-tested, "pay as you go" policy, consumers, businesses, and governments have adopted a new creed—"buy now and pay later." The mountain of debt that exists in the United States today and the excessive consumption that continues to enlarge that mountain are the direct results of central banks' activity and their need to grow more debt to avoid the inevitable bust that would follow if the debt growth were to stop. Newsletter writer Richard Russell explains it very simply in just three words: "Inflate or die."[xv] That reality explains why Ben Bernanke (currently the chairman of the President's Council of Economic Advisers, but also a former governor of the Federal Reserve who has been

nominated to replace Alan Greenspan as Federal Reserve chairman) has said in effect that he would drop $100 bills from helicopters if necessary to inflate the economy.[xvi]

10. What central banks do domestically, they also do to the international monetary system. Thus, the inherent fragility and the huge structural imbalances arising from cross-border trading exist today because of central banks' actions. The automaticity of the classical gold standard ensured that imbalances such as trade deficits were relatively short-lived. In contrast, present central bank policies have perpetuated the long-running U.S. trade deficits, which are now several decades old and still growing.[xvii] The debt being created to finance these deficits has an impact on the monetary environment of each U.S. trading partner. Thus, central bank-engineered imbalances are not just domestic problems; they also have global implications.

Barbarians Dwelling in Relics

In sum, central banking has proved to be barbarous indeed, but only one-half of the demonstration is completed at this point. Barbarity being established, one also needs to know why central banking is a relic, but that demonstration is easy.

Central banking has been around for more than 300 years. In that time, an institution becomes either a venerable object or an obsolete relic. If central banks once served a useful purpose, it was when they were governed by the discipline of the classical gold standard. Having abandoned Newton's rules, central banks now are abusive to free markets and antithetical to sound money. The reasons that make central banks barbarous also make them an unwanted relic. Central banks are a relic of empire, nationalism, and war.

Having existed now for hundreds of years, central banks have survived not because they advance commerce or contribute to raising mankind's standard of living but, rather, solely because they are disingenuous, slavish parasites, dutifully serving the omnipotent state, no matter how mindless or harmful the state's bidding might be. Central banks pursue reckless policies that erode—and in some cases destroy—the value of their currencies. Because of that recklessness, central banking is not only a barbarous relic, it has become dangerous as well.

When confronted with attempts by anti-gold propagandists to bash gold, we now know how to respond. The barbarous relic is central banking, and any central bank that prevents the restoration of sound money increases the danger that the relic poses to the public interest.

Not too many years from now, when the U.S. dollar collapses as just one in a long list of fiat currencies that have collapsed before it, people will look back and ask themselves how it was possible that barbarous institutions like central banks could have hoodwinked so many people into thinking that central banks were good institutions acting in the public interest. The answer is that central banks have created the illusion of prosperity. Because people think that they are well off, they have no reason to question basic tenets

that they are led to believe. For this reason, people are easily cozened into believing that gold is the barbarous relic, that central banks are doing a good job, that officially measured inflation is low, and that their financial future is secure. However, nothing could be farther from the truth. Their misguided beliefs reflect what some on Wall Street like to call the "bubble mentality," and while it may be true that this condition is a state of mind, it also is true that it arises without any thinking going into it.

Conclusion: Let Gold Circulate as Currency Again

The gold standard is dead, but as the chart at the beginning of this essay shows, gold remains the standard. It is the value by which all things are measured, just as it was when Newton's great invention, the classical gold standard, reigned supreme. This observation is important. For gold to achieve its greatest usefulness, it needs to circulate once again as a parallel currency that competes with government-controlled and central bank-"managed" national currencies.

The future of gold depends on the opportunity for gold to do what it always has done throughout history, namely to provide a neutral tool that people can use voluntarily—without force or coercion—as currency. We should be able to use gold as we go about our business each day, participating in the market economy to fulfill our needs and wants.

Fortunately, currency is evolving yet again. In this high-tech age, gold is now being used as currency in economic transactions. Digital gold currency[xviii] provides the means to achieve economic growth and prosperity with sound money while escaping the state-run currency of central banking. This achievement is a welcome advance in free-market currency because it restores gold's rightful and traditional role as a circulating medium unfettered by government control and central bank restrictions, but it also does more. Digital gold currency makes evident gold's enduring usefulness, proving that gold is neither barbarous nor a relic.

Endnotes

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[i] There are many examples that illustrate gold's ability to maintain its purchasing power. Items as dissimilar as men's suits, Colt-45 revolvers, and the set menu lunch at London's Savoy Hotel have been used to demonstrate that gold retains its purchasing power because the price of these items in terms of gold remains relatively unchanged over long periods of time. For a detailed analysis of the historical relationship of gold to commodity prices, *see* Roy W. Jastram, *The Golden Constant: The English and American Experience, 1560-1976*, New York, NY: John Wiley and Sons (1977).

[ii] This observation rests largely upon logic because it is difficult to locate all the hard facts needed to support it. World population growth is estimated at 1.14 percent annually. *See* www.cia.gov/cia/publications/factbook/print/xx.html. The World Gold Council estimates that, as of 2002, 147,000 tons of gold have been mined throughout history. *See* www.gold.org/value/stts/faqs/index.html. Allowing for additional production since then of about 2,500 tons per year, total production is 154,500 tons. Because gold is accumulated—in contrast to other commodities, all of which are consumed—most of this gold still exists in the current above-ground stock. The weight of gold lost due to shipwrecks, attrition of circulating coinage, etc., is unknowable, but it generally is believed to be fairly small because of the care given to gold in view of its high value. If we assume, therefore, that the above-ground gold stock is 150,000 tons after adjusting for the weight of gold lost over time, then 2,500 tons of new production is increasing that stock by 1.66 percent annually. The rate of new wealth creation is harder to determine. The *CIA Factbook* referenced above estimates that world gross domestic product (GDP) grew by 4.9 percent last year, but not all of this economic production increased the world's net wealth. In my view, therefore, it is not unreasonable to assume that the rate of new wealth creation remains approximately somewhere between 1.14 and 1.66 percent, which explains why the purchasing power of gold remains consistent over long periods of time.

[iii] Of the books that explain how and why banking interests and governments killed the gold standard, my favorite is Edwin Vieira, Jr., *Pieces of Eight: The Monetary Powers and Disabilities of the United States Constitution*, Fredericksburg, VA: Sheridan Books (2002), www.piecesofeight.us. For my recent review of this book, *see* www.fgmr.com/pieces8.htm.

[iv] By its classic definition, money is both a medium of exchange and a store of value. However, this definition better describes *currency* than *money*. In its broadest sense, which is how I use the term here, money is simply a means that enables economic calculation.

[v] *See*, Ludwig von Mises, *Human Action*, 4th ed., Irvington-on-Hudson, NY: Foundation for Economic Education (1996), p. 209. Mises describes the "exchange ratios between money and the various goods and services" as the "mental tools of economic planning." Given that money is the means that enables individuals to communicate their subjective

views of value, money itself also is a mental tool. Mises states (p. 177) that "Language is a tool of thinking as it is a tool of social action." In my view, the same thing can be said about money because, like language, money is a means of communicating.

[vi] This process is known as fractional reserve banking. Under the gold standard as it generally operated, banks only kept in reserve a fraction of the total weight of metal needed to redeem all their liabilities to pay out metal. For a detailed discussion of fractional reserves, *see* Murray N. Rothbard, *The Case for a 100 Percent Gold Dollar: In Search of a Monetary Constitution*, Leland B. Yeager, ed., Cambridge, MA: Harvard University Press (1962), pp. 94-136, and Auburn, AL: Ludwig von Mises Institute (1991), www.mises.org/story/1829.

[vii] Until the introduction of paper currency, payment risk was limited to making sure the coins accepted as payment in a transaction were genuine. Similarly, the seller still needed to make sure that the paper currency received was not counterfeit. But paper currency introduced a new type of payment risk—default. Even if the paper currency was genuine, the paper could prove to be worthless if the issuer of that currency defaulted on its liabilities; for example, in the case of a bank failure. There is no default risk if one accepts gold in payment, which explains why gold often is referred to as the only currency that is not someone's liability. Consequently, in contrast to all national currencies, finality of payment in gold is not contingent on the creditworthiness of a counterparty.

[viii] The key rules accomplished the following: (1) defined the British pound in terms of a specific and unchanging weight of gold, (2) confirmed that pound banknotes circulating as money substitutes were redeemable into coin upon demand of the holder of the banknote, (3) confirmed that pound coins and pound banknotes were of equivalent value, meaning that they could be exchanged one for one, and (4) established that the Bank of England was responsible for maintaining prudent policies to ensure redeemability of banknotes into coin, which was essential for an orderly monetary system. The practical result is that it became accepted Bank of England practice in the 18th and 19th centuries to maintain a gold reserve nominally equal to approximately 40% of its gold liabilities. *But see,* John H. Wood, *A History of Central Banking in Great Britain and the United States*, New York, New York: Cambridge University Press (2005), where Wood observes that, in practice, the Bank maintained only a "thin film of gold," at times as low as only six percent of gold liabilities. The British pound became the world's international reserve currency, largely supplanting gold in that role, because even though the banknotes were not 100 percent backed by gold, the pound generally was considered to be "as good as gold." The expansion of the British Empire was not just the result of the British navy; sound money also played an important role. The pound—managed as it was under the classical gold standard —enabled the global expansion of commerce. "The gold standard had become, in effect, the global monetary system. In all but name, it was a sterling [i.e., British pound] standard." *See* Niall Ferguson, *Empire: The Rise and Demise of the British World Order and the Lessons for Global Power*, New York, NY: Basic Books (2003), p. 245.

[ix] The cause of the Great Depression should be "placed where it properly belongs: at the doors of politicians, bureaucrats, and the mass of 'enlightened' economists." Murray N. Rothbard, *America's Great Depression*, 3rd ed., Lanham, MD: Sheed and Ward, Inc. (1975), p. 295.

[x] On August 15, 1971, President Nixon declared the U.S. Treasury's "gold window" at the Federal Reserve Bank of New York to be closed, which meant that foreign dollar claims no longer were redeemable in gold. *See* William A. Safire, *Before the Fall: Inside the Pre-Watergate Nixon White House*, Garden City, NY: Doubleday (1975), pp. 509-528.

[xi] From Franklin Sanders, ed., *The Moneychanger* (July 2005), www.the-moneychanger.com, which included a noteworthy critique of central banking.

[xii] *See* the work published at www.GATA.org for a detailed analysis of this intervention. I also recommend the analysis of John Embry and Andrew Hepburn, *Not Free, Not Fair: The Long-Term Manipulation of the Gold Price*, Sprott Asset Management, Toronto, Canada (August 2004), www.sprott.ca.

[xiii] Sanders (2005), note 9 above.

[xiv] *See, e.g.*, the European Central Bank's balance sheet, www.ecb.int/pub/annual/html/index.en.html.

[xv] Richard Russell is the editor of *Dow Theory Letters*, www.dowtheoryletters.com/dtlol.nsf .

[xvi] *See* www.federalreserve.gov/boarddocs/speeches/2002/20021121/default.htm

[xvii] According to the International Monetary Fund's statistics, the last year in which the United States had a trade surplus was 1975. The trade deficit, about $624 billion in 2004, was about 5.3 percent of U.S. gross domestic product. IMF, *International Financial Statistics* (November 2005) and *International Financial Statistics Yearbook* (1995).

[xviii] Digital gold currency is the invention of GoldMoney.com, which has been awarded three US patents.

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