

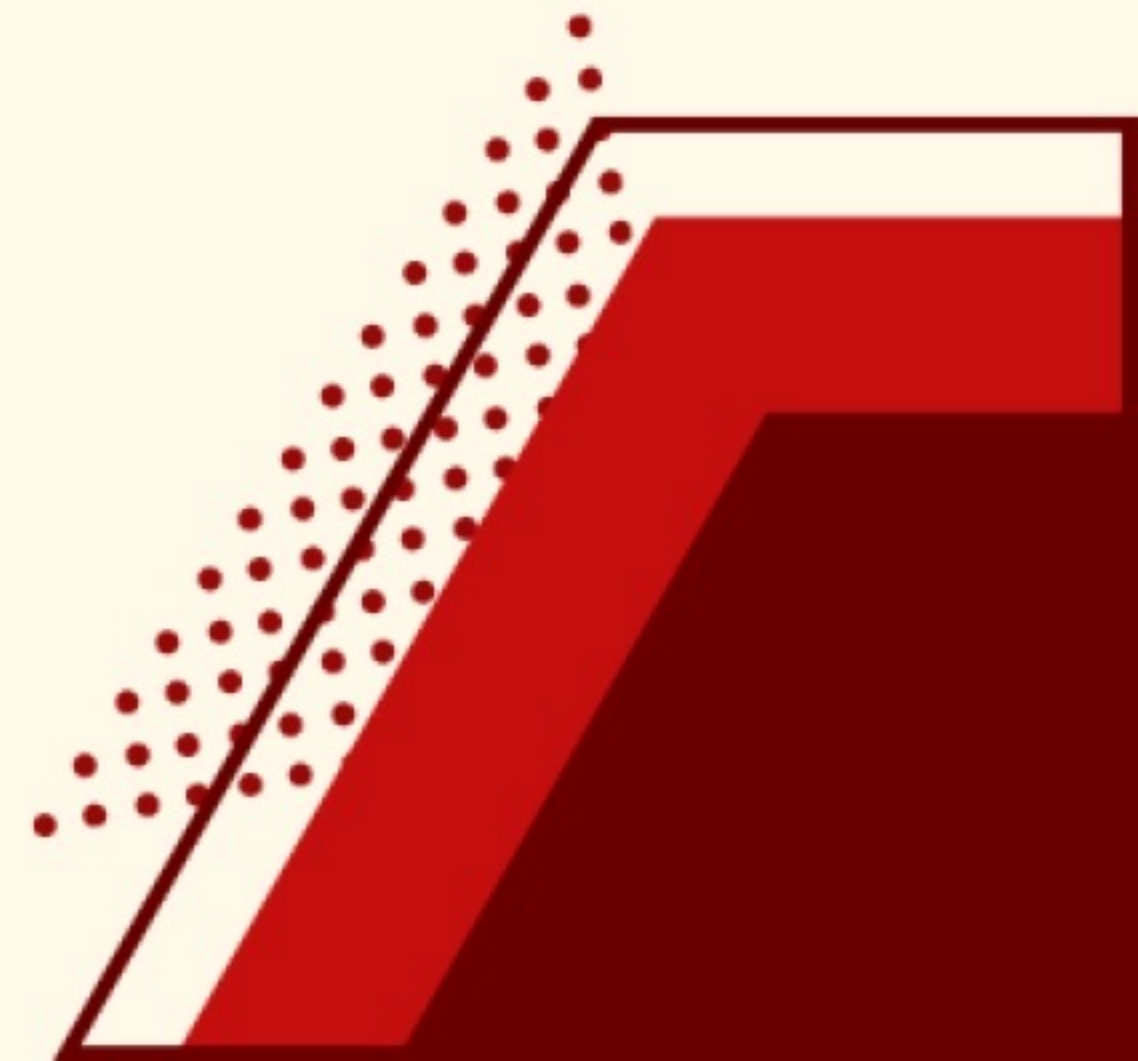


**KINGDOM UNIVERSITY**  
**FINANCIAL**  
**FOUNDATIONS**



# **THE HISTORY OF MONEY**

**Rich Lorenzo**  
**September 24, 2023**








# FIRST USES OF MONEY

- FIRST RECORD OF MONEY
- OLD TESTAMENT REPORTS THAT ABRAHAM "WEIGHED TO EPHRON...FOUR HUNDRED SHEKELS OF SILVER," TO BUY A BURIAL PLOT FOR HIS WIFE, SARAH. GEN 23:16
- Money in the form of coins first appeared around 640 BC in Lydia.
- Paper money introduced for the first time in the 11th century in China.
- Physical requirements for paper money





# CHARACTERISTICS OF SOUND MONEY

- Medium of Exchange - Consistent known value.
  - Store of Value - Maintains its value over time.
  - Divisible: Can be divided into smaller units of value.
  - Portable: Individuals can carry money with them and transfer it to others.
  - Durable: An item must be able to withstand being used repeatedly.
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## **WHAT DOES THE BIBLE SAY ABOUT MONEY?**

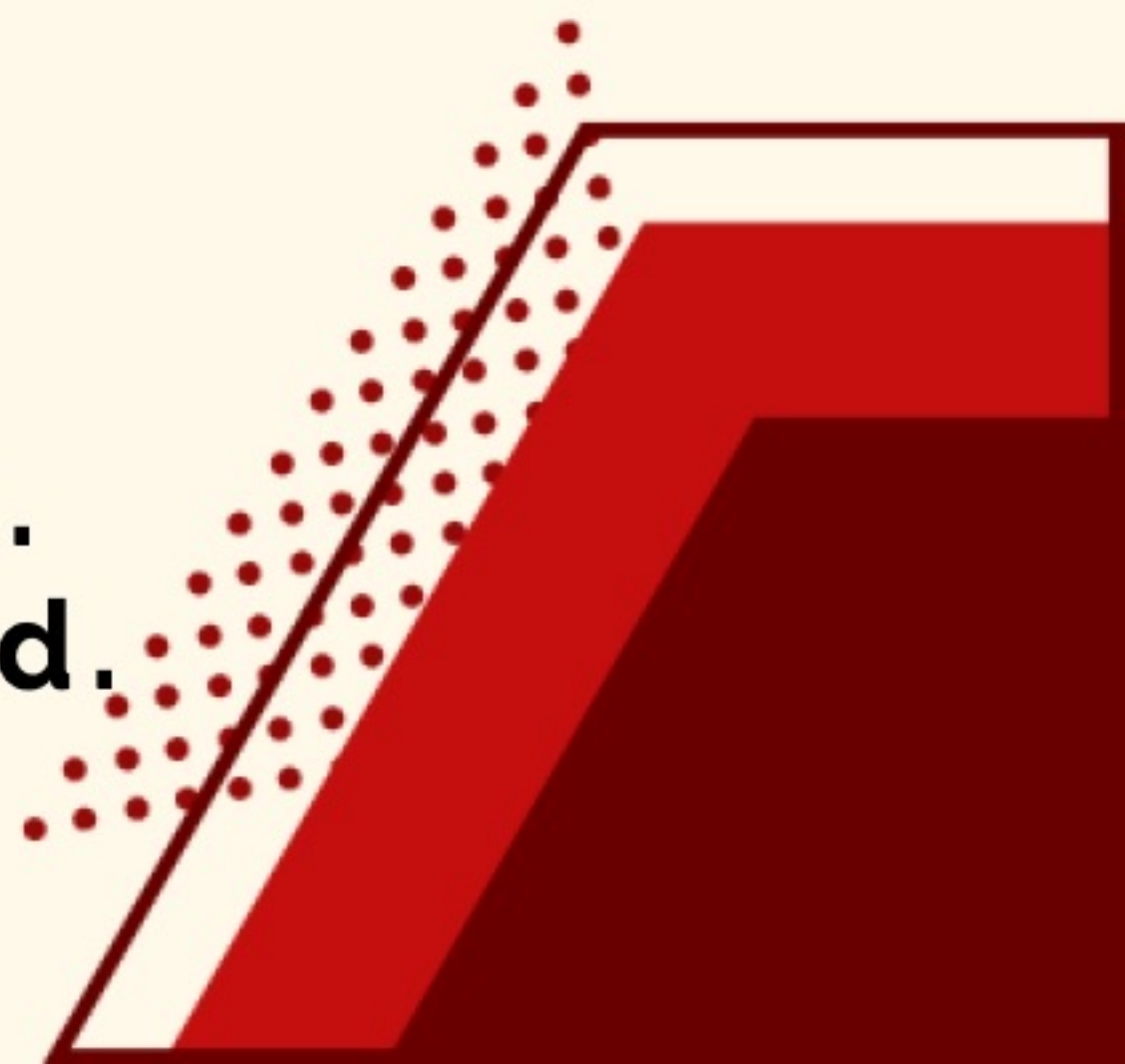
- “Do not use dishonest standards when measuring length, weight or quantity. Use honest scales and honest weights, an honest ephah and an honest hin. I am the Lord your God, who brought you out of Egypt.” – (Lev 19:35-36)
- “The Lord abhors dishonest scales, but accurate weights are his delight”. (Prov 11:1)



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# **WHAT TYPICALLY HAPPENS TO MONEY?**

**Debasement - a deliberate reduction in the value of a money. For commodity money such as gold or silver coins, debasement is usually achieved via a reduction in the gold or silver content of a coin. For digital or paper money, debasement can be achieved simply by creating more money.**

- Rome**
  - Weimer Republic**
  - 3,800 paper currencies that no longer have value.**
  - Currency collapses are the norm around the world. Every country has experienced it.**
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# **HOW DOES THE U.S. CONSTITUTION DEFINE OUR MONEY?**

**Section 8, Article 1: The Congress shall have Power... To coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures.**

**Article I, Section 10 of the Constitution could not be more clear: "No State shall coin money... make anything but gold and silver Coin a Tender in Payment of Debts;"**

**According to our Founding Fathers, "Value" of money was due to its precious metal content.**







# FOUNDING FATHERS

**"I sincerely believe that the banking establishments are more dangerous than standing armies, and that the principle of spending money to be paid by posterity under the name of funding is but swindling futurity on a large scale."**

**Thomas Jefferson, 1816**

**"Of all the contrivances for cheating the laboring classes of mankind, none has been more effective than that which deludes them with paper money."**

**Daniel Webster**



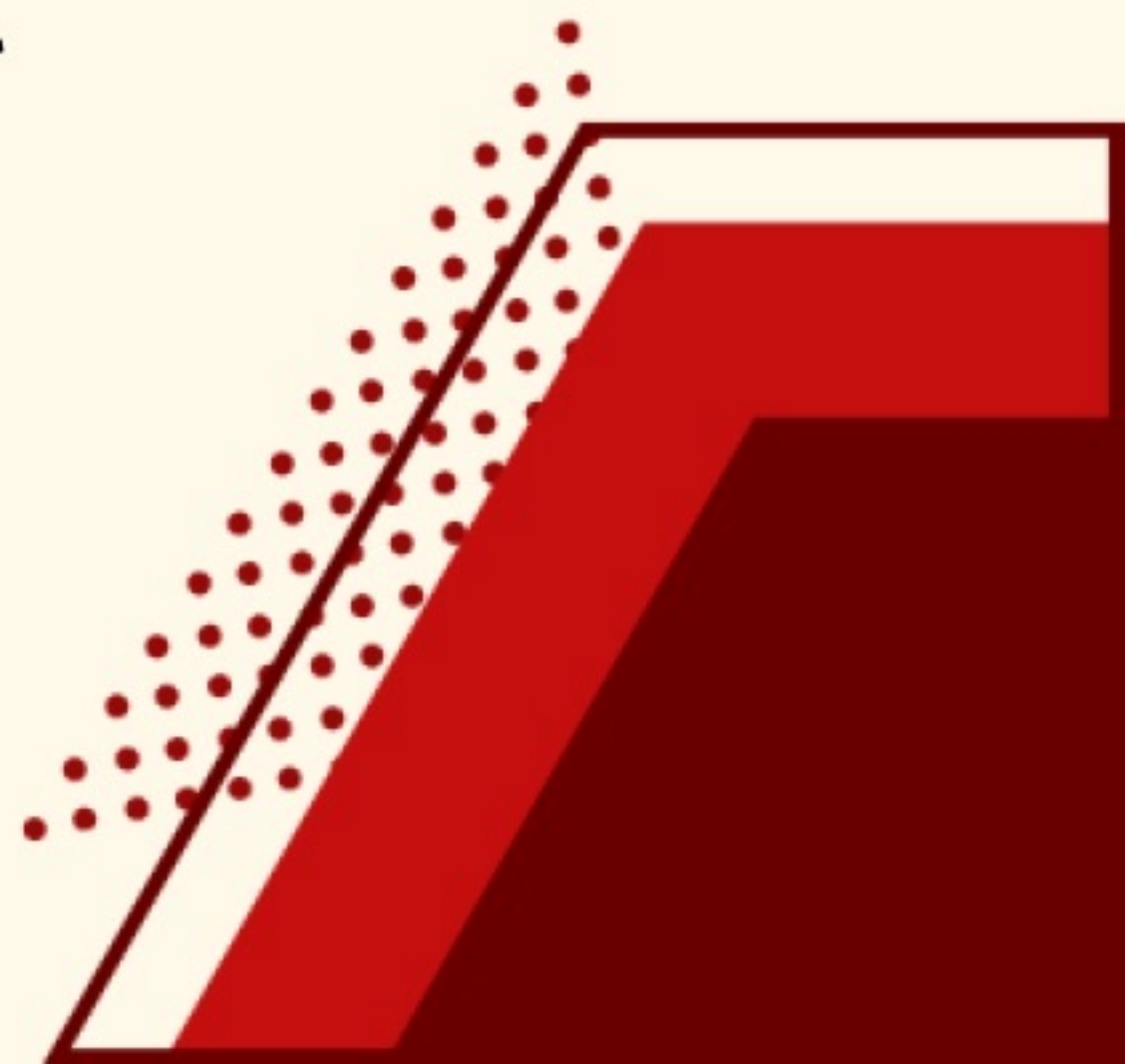


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# FOUNDING FATHERS CONT'D.

**“All the perplexities, confusion and distress in America arise not from defects in the Constitution or confederation, nor from want of honor or virtue, as much from downright ignorance of the nature of coin, credit and circulation.” – John Adams**

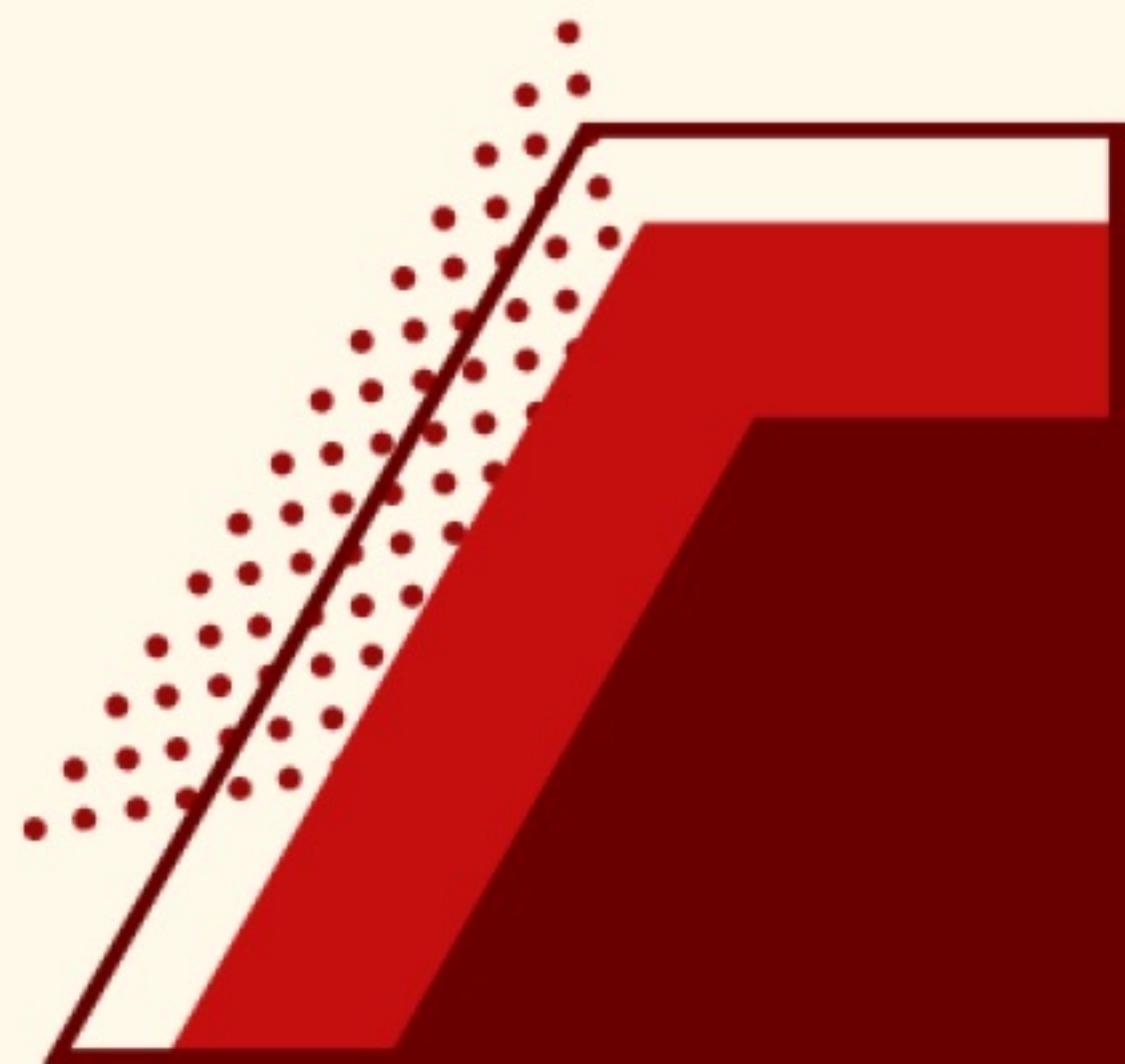
**“Paper money has had the effect in your state that it will ever have, to ruin commerce, oppress the honest, and open the door to every species of fraud and injustice.” – George Washington in a 1787 letter to a Rhode Island legislator.**

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# WHAT IS A DOLLAR?


- **Mentioned in the Constitution twice.**
  - **Did not specify a value.**
  - **Had a defined value that the reader would have known about and understood.**
- 
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# **DOLLAR DEFINED IN THE COINAGE ACT OF 1792:**

**“Dollars or Units—each to be of the value of a Spanish milled dollar as the same is now current, and to contain three hundred and seventy-one grains and four sixteenths parts of a grain of pure, or four hundred and sixteen grains of standard silver.”**





# **MONEY - SERIOUS BUSINESS TO FOUNDING FATHERS**

**Coinage Act of 1792, Section 19. And be it further enacted,  
That if any of the gold or silver coins which shall be  
struck or coined at the said Mint shall be debased or  
made worse as to the proportion of fine gold or fine  
silver therein contained, or shall be of less weight or  
value than the same ought to be... [or] officers or persons  
shall embezzle any of the metals which shall at any time  
be committed to their charge for the purpose of being  
coined at the said Mint, every such officer or person who  
shall commit any or either of the said offences,  
shall be deemed guilty of felony, and shall suffer death.**





# CONSTITUTION IS CLEAR

1. STATES ARE NOT TO MAKE ANYTHING BUT GOLD AND SILVER COIN A TENDER IN PAYMENT OF DEBTS." (ARTICLE I, SECTION 10 OF THE CONSTITUTION).
2. WE ARE TO HAVE A FIXED STANDARD OF WEIGHTS AND MEASURES WHEN CREATING COINS AND THE PRECIOUS METALS CONTENT IS TO BE PROPORTIONAL TO THE COIN'S STATED VALUE. (ARTICLE I, SECTION 8 OF THE CONSTITUTION)
3. THE U.S. DOLLAR IS THE FIXED STANDARD OF 371.25 GRAINS OF SILVER, AND ALL COINS WILL BE MEASURED AGAINST IT. (SECTION 9 OF THE 1792 U.S. COINAGE ACT)
4. THE DOLLAR WAS EXPECTED TO ACT AS A STORE OF VALUE THROUGHOUT TIME. (SEVENTH AMENDMENT TO THE U.S. CONSTITUTION)







# **SOUND MONEY, A STORE OF VALUE?**

**In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.”**

**U.S. Constitution 7th Amendment**







# **FOUNDERS MESSAGE**

**Freedom! From tyranny of government  
and the bankers.**







# **FIRST BANK OF THE UNITED STATES (1791)**

**George Washington's Secretary of the Treasury,  
Alexander Hamilton, wanted it.**

**"A national debt, if not excessive, will be to us a  
national blessing."**

**Thomas Jefferson opposed it.**

**"A private central bank issuing the public currency is  
a greater menace to the liberties of the people  
than a standing army."**

**Charter expired after 20 years.**







# **SECOND BANK OF THE UNITED STATES (1816)**

**Creation of money caused booms and busts in the economy.**

**Return to sound money led by Andrew Jackson**

**Jackson called the bankers “a den of vipers” and boldly stated, “I intend to rout you out and by the Eternal God I will rout you out!”**

**Survived an assassination attempt in 1835**

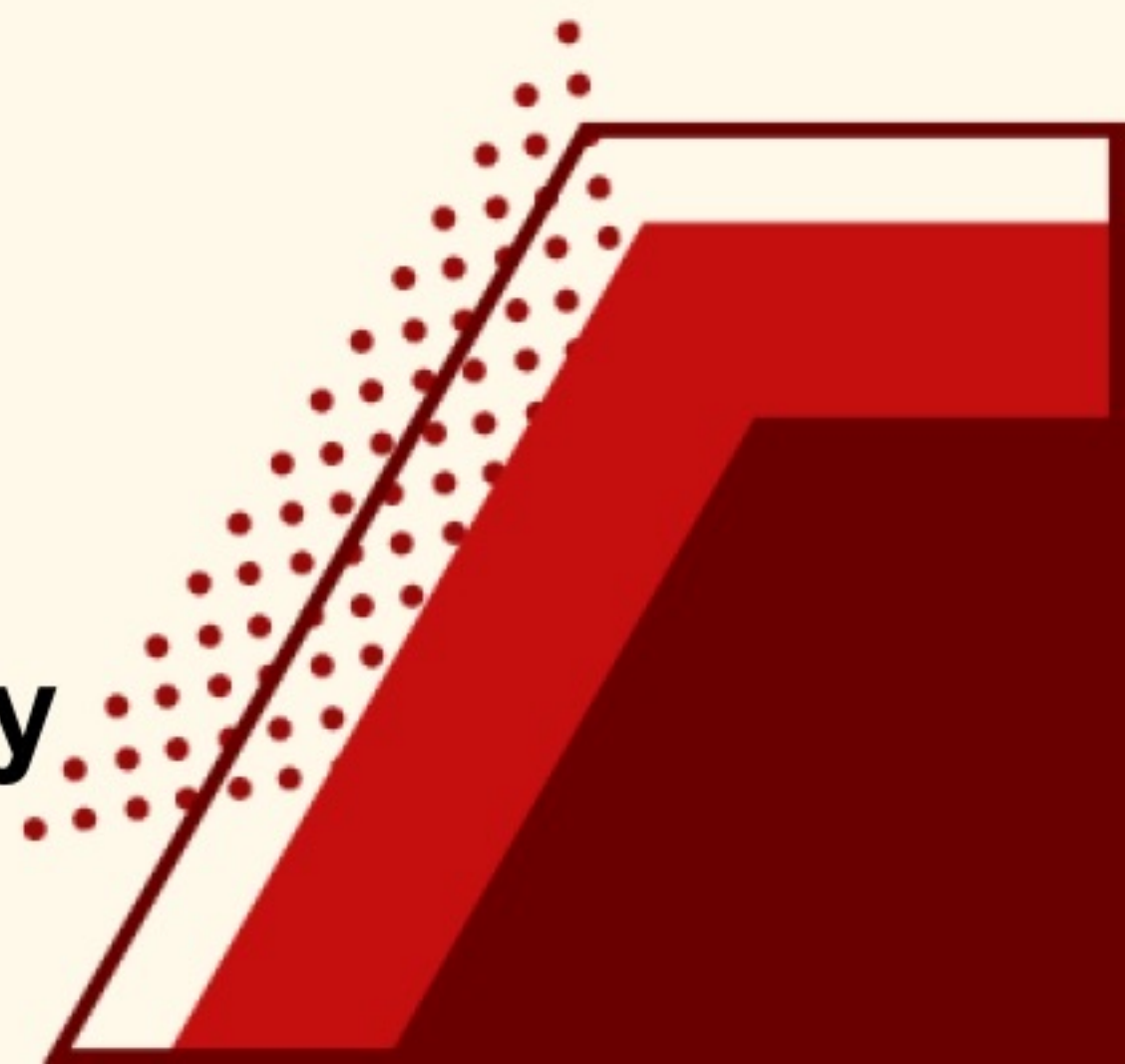
**“I killed the bank” was written in his tombstone**







# **FEDERAL RESERVE ACT OF 1913**

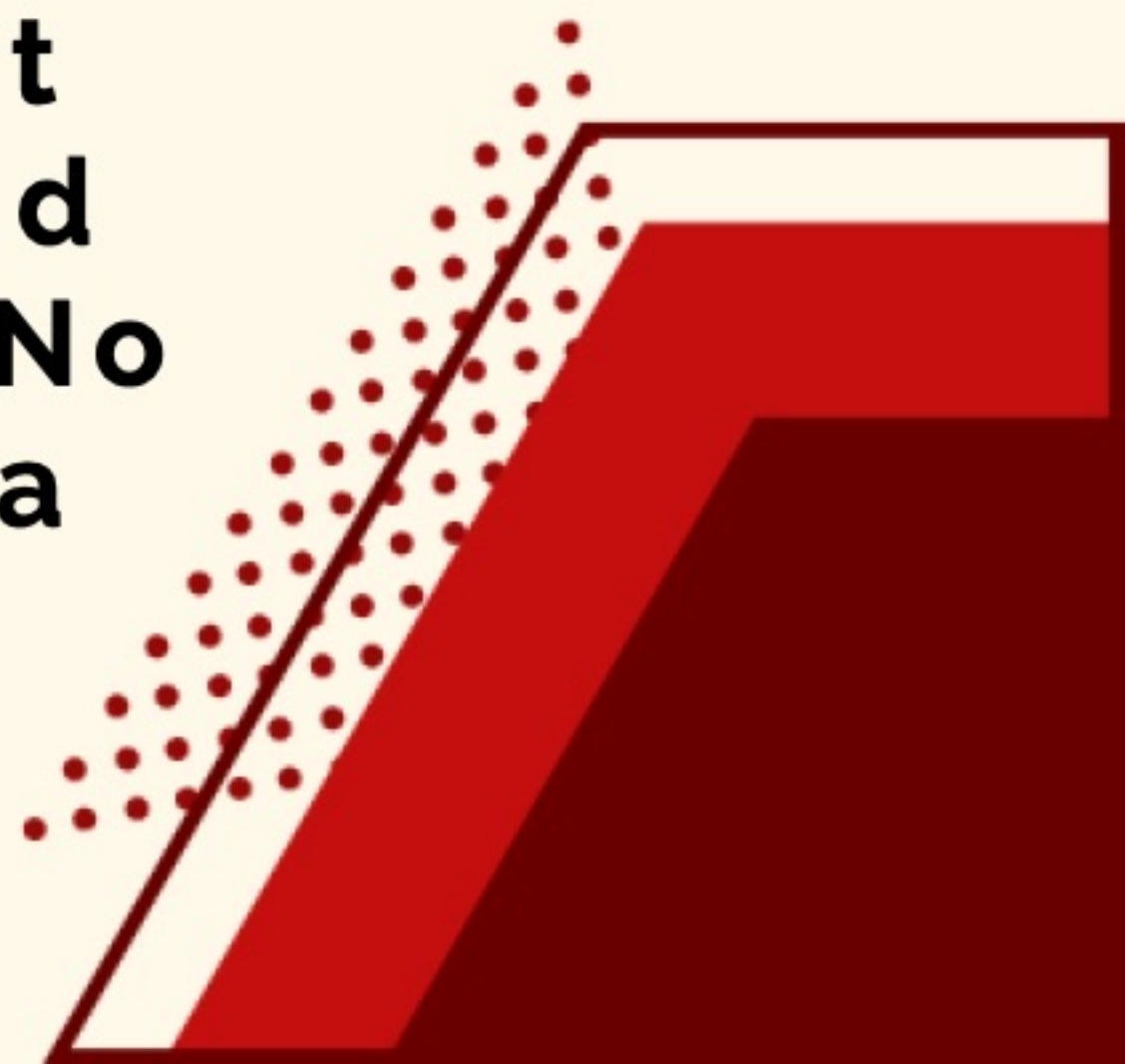
- **Creates the Federal Reserve in response to the 1907 banking panic. JP Morgan is one of the key masterminds.**
  - **Stated Goals of the Federal Reserve –**
    - **Smooth out business cycle**
    - **Maintain price stability**
  - **Neither Federal, nor keeps “real” reserves.**
  - **Not a government agency, it is a private corporation.**
  - **Does not answer to Congress.**
  - **Answers to its Board of Governors appointed by Senate Banking Committee.**
- 





# **JUST THREE YEARS LATER...**

**President Woodrow Wilson in 1916 - "I am a most unhappy man. I have unwittingly ruined my country. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation, therefore, and all our activities are in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated governments in the civilized world. No longer a government by free opinion, no longer a government by conviction and the vote of the majority, but a government by the opinion and duress of a small group of dominant men."**



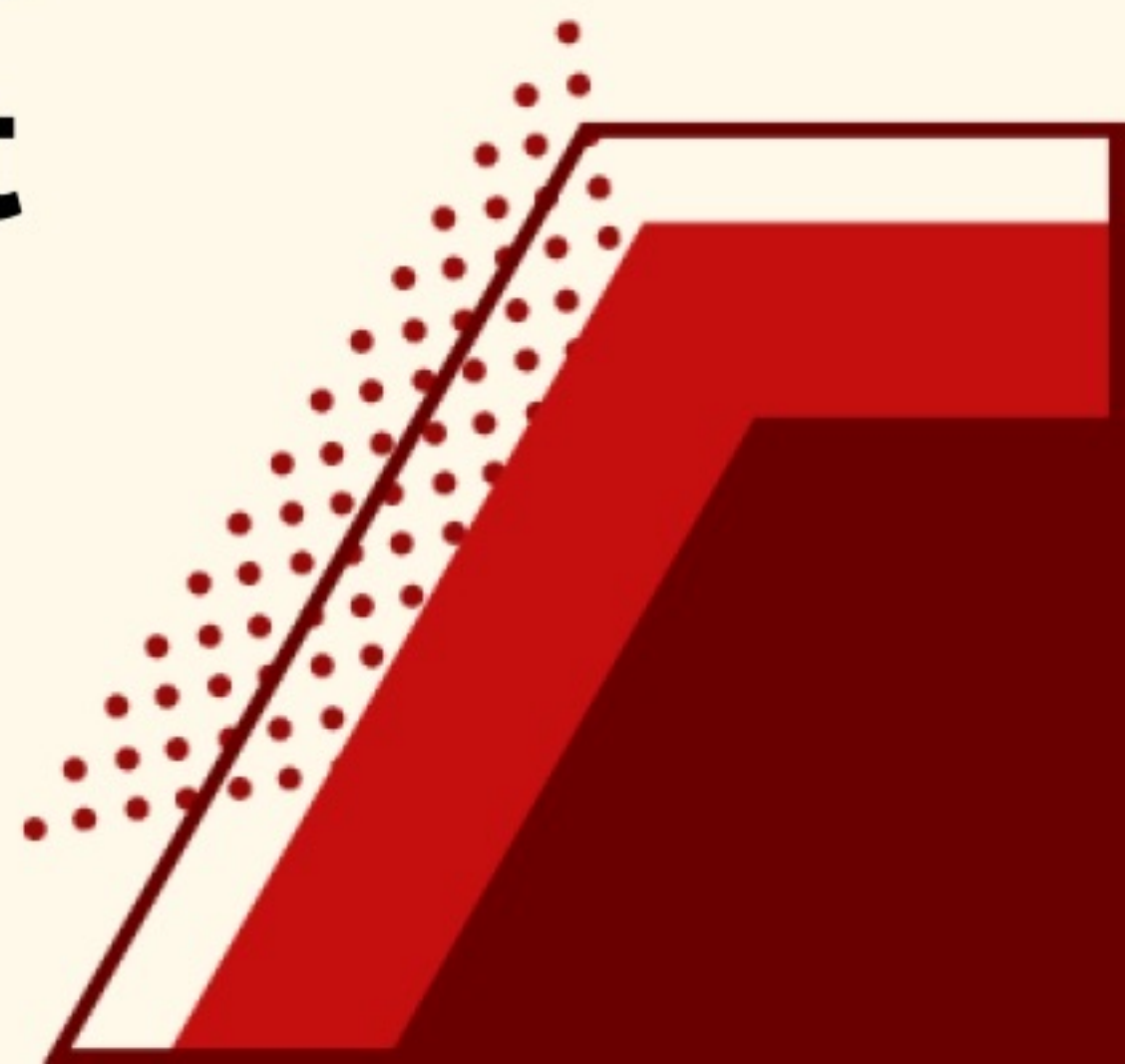




# **WILSON REALIZED...**

**Creation of money and credit placed  
in the hands of the bankers.**

**“Permit me to issue and control the  
money of a nation, and I care not  
who makes its laws.” Mayer  
Rothschild**

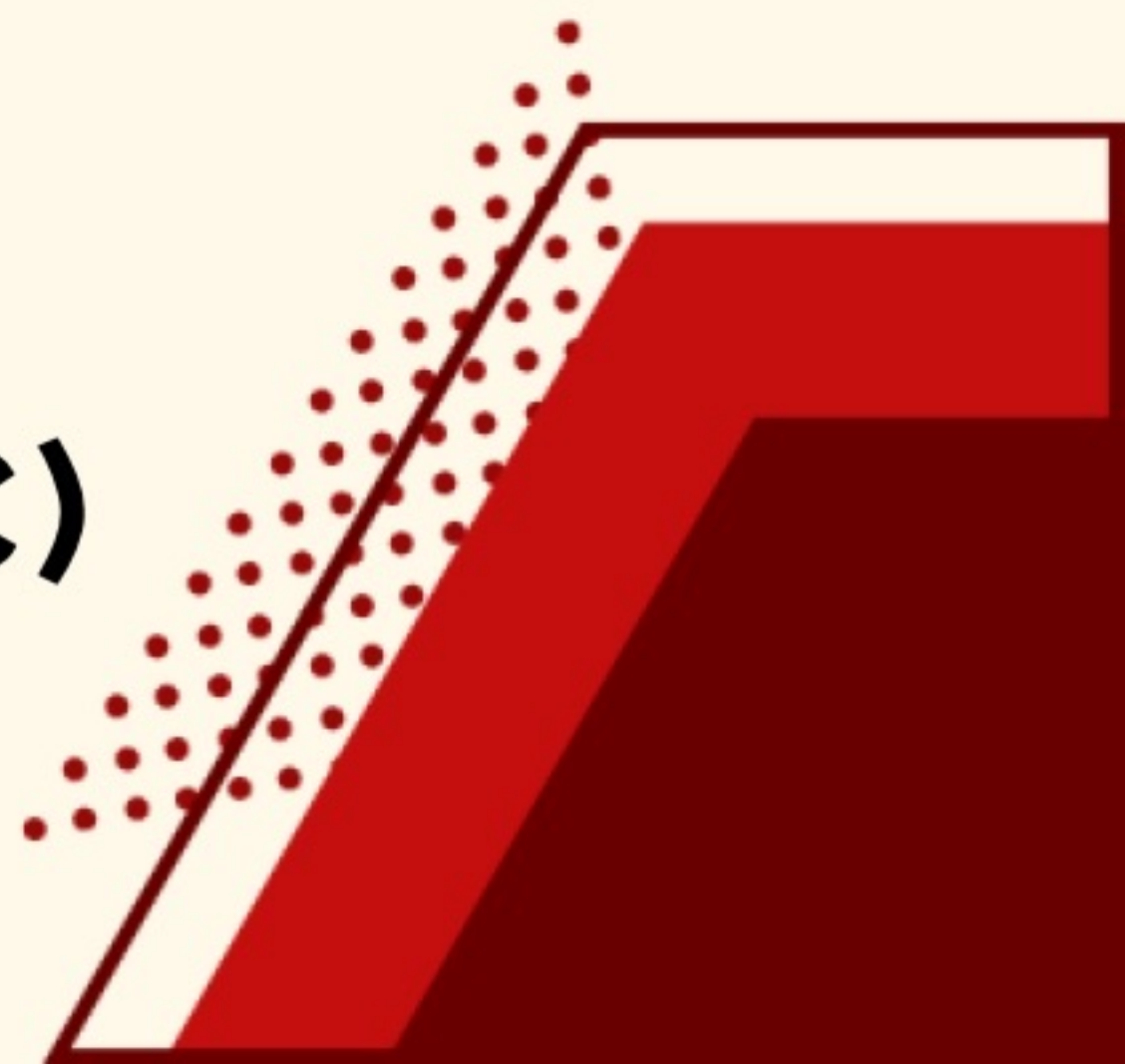






# **THE GREAT DEPRESSION**

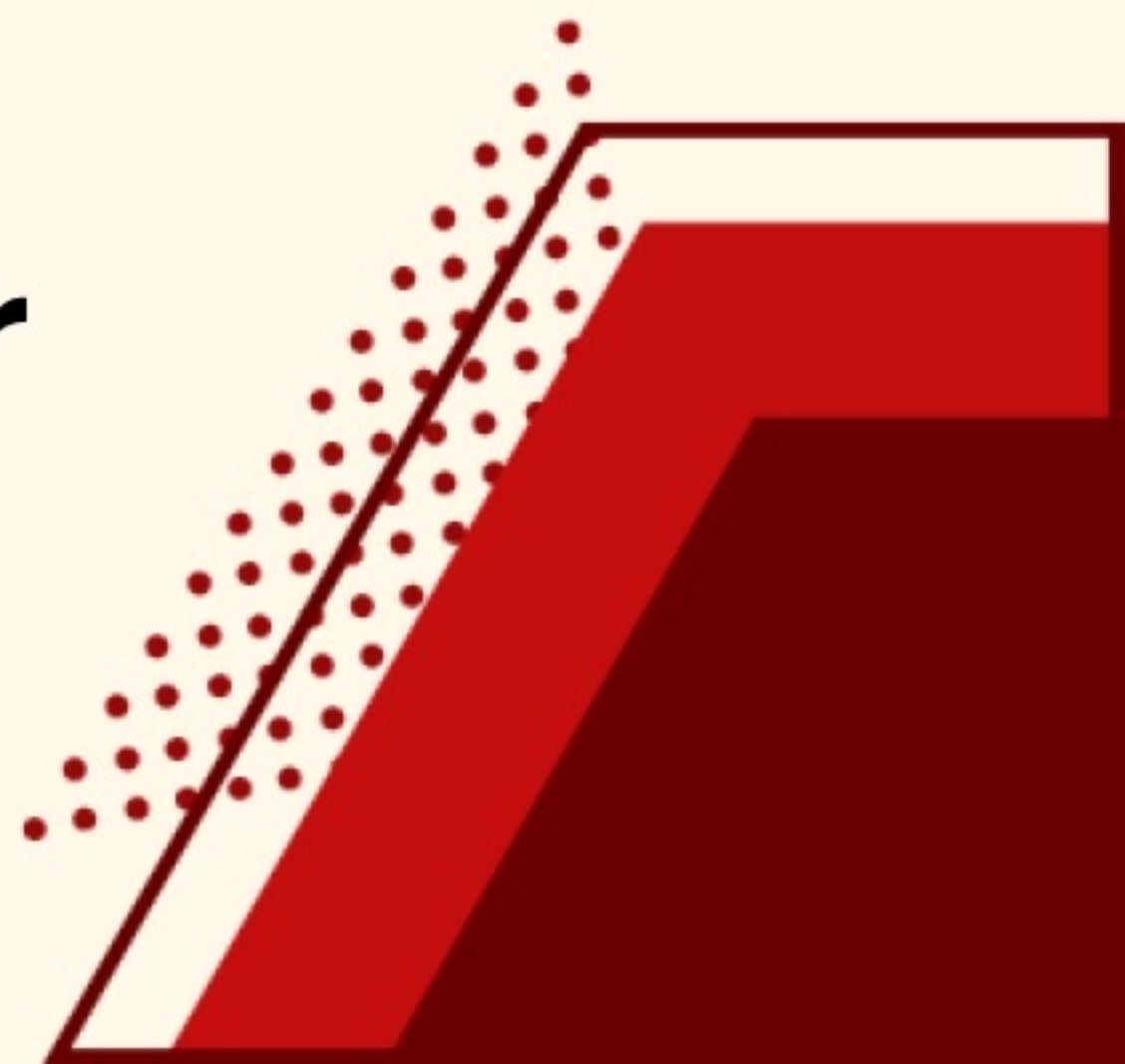
**Between October 1929 and 1933 the Fed.**

- 1. Lowered interest rates**
  - 2. Flooded the banking system with money**
  - 3. Guaranteed deposits (created FDIC)**
  - 4. Devalued the dollar**
- 





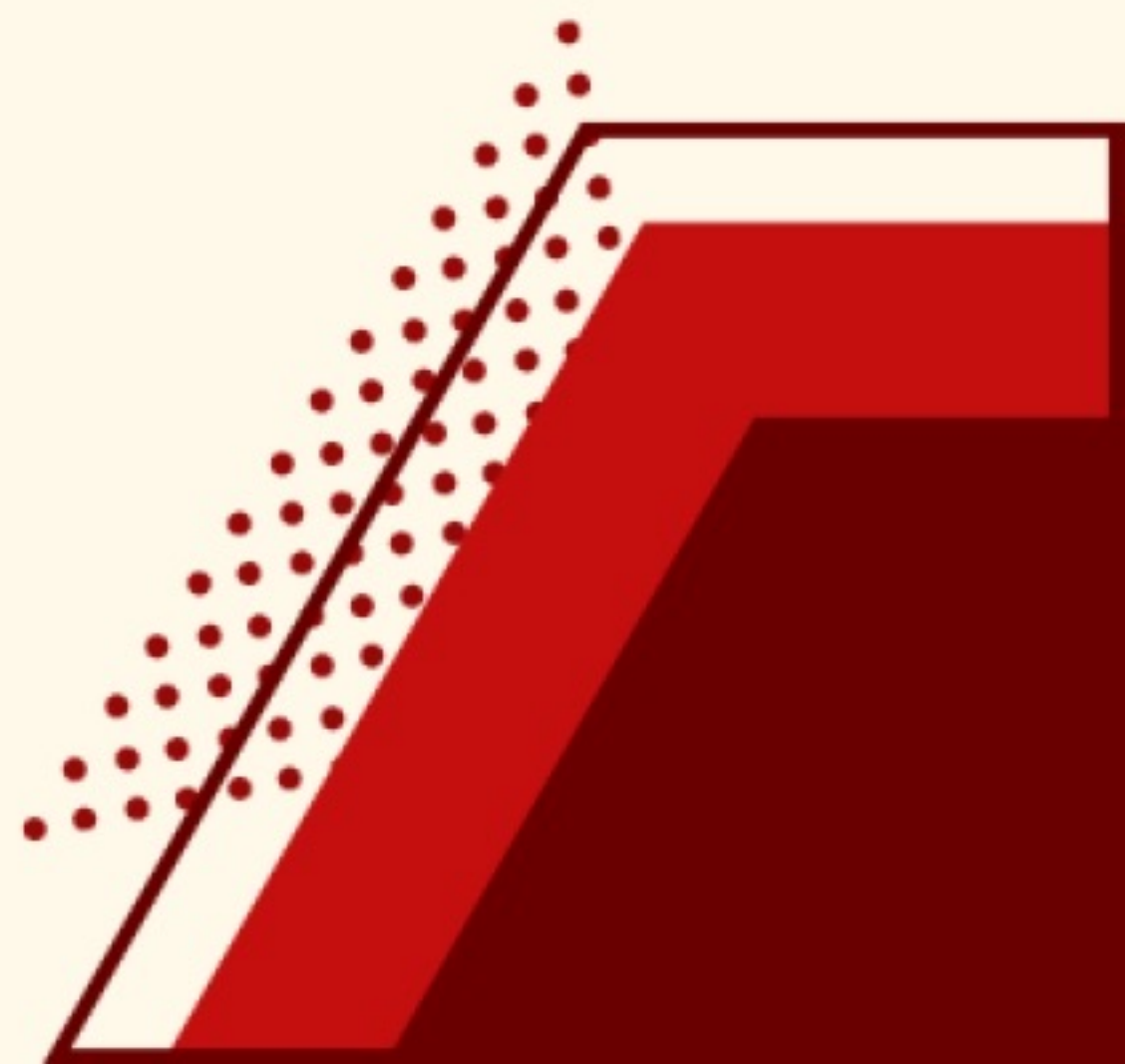
# **AND AS A RESULT OF THE FEAR**

- **In 1933 Roosevelt made private ownership of gold all but illegal.**
  - **Amended the Trading With The Enemy Act**
  - **This despite a constitutional mandate that our gold and silver be our only form of money!**
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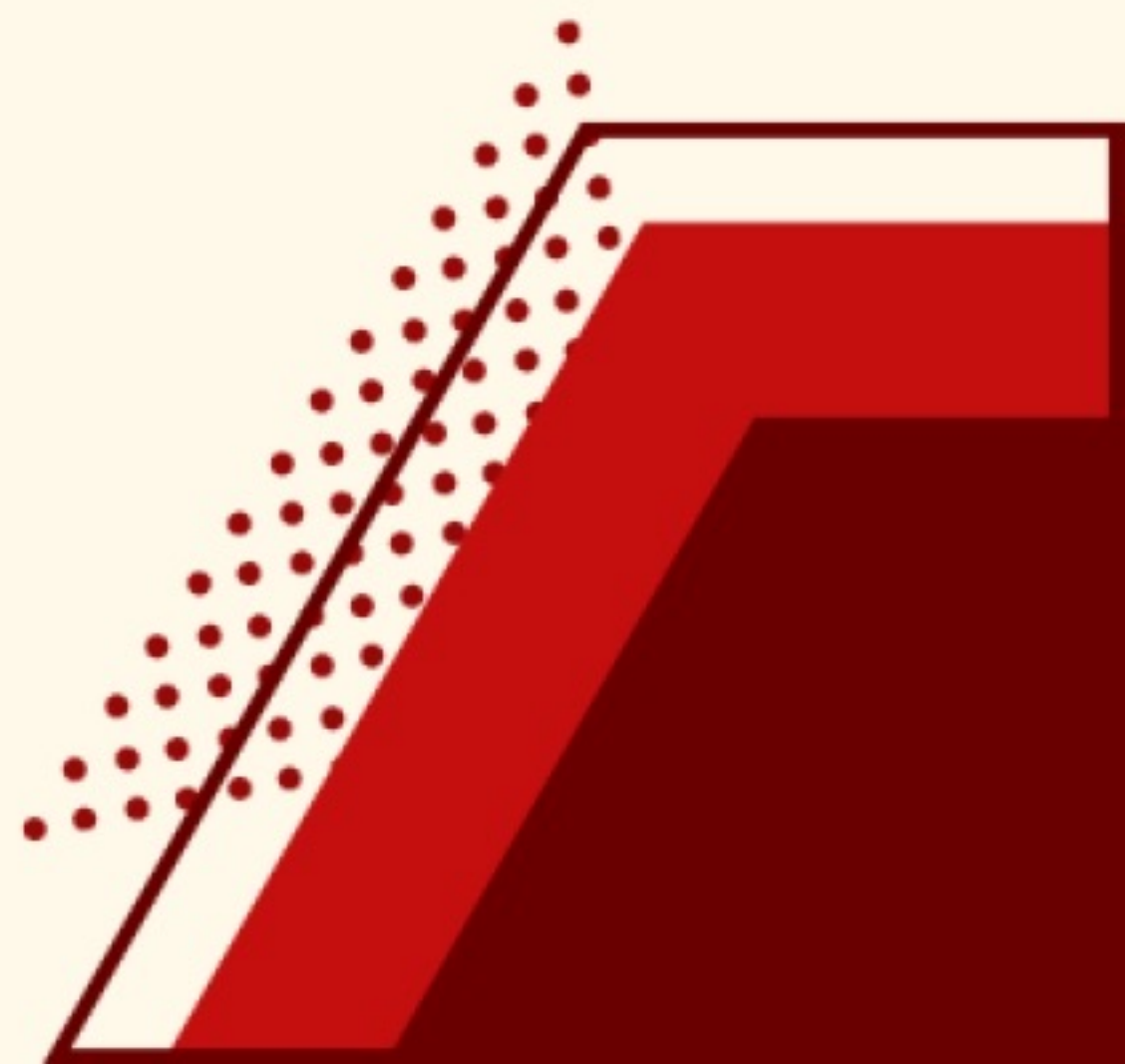
## **AFTER THE CALL IN OF ALL THE GOLD**

- **Raised the price of gold from \$20 to \$35 per ounce.**
  - **Devalued all outstanding paper dollars by 40%.**
  - **Now off a gold standard, creditors could not demand gold for payment of debts.**
- 





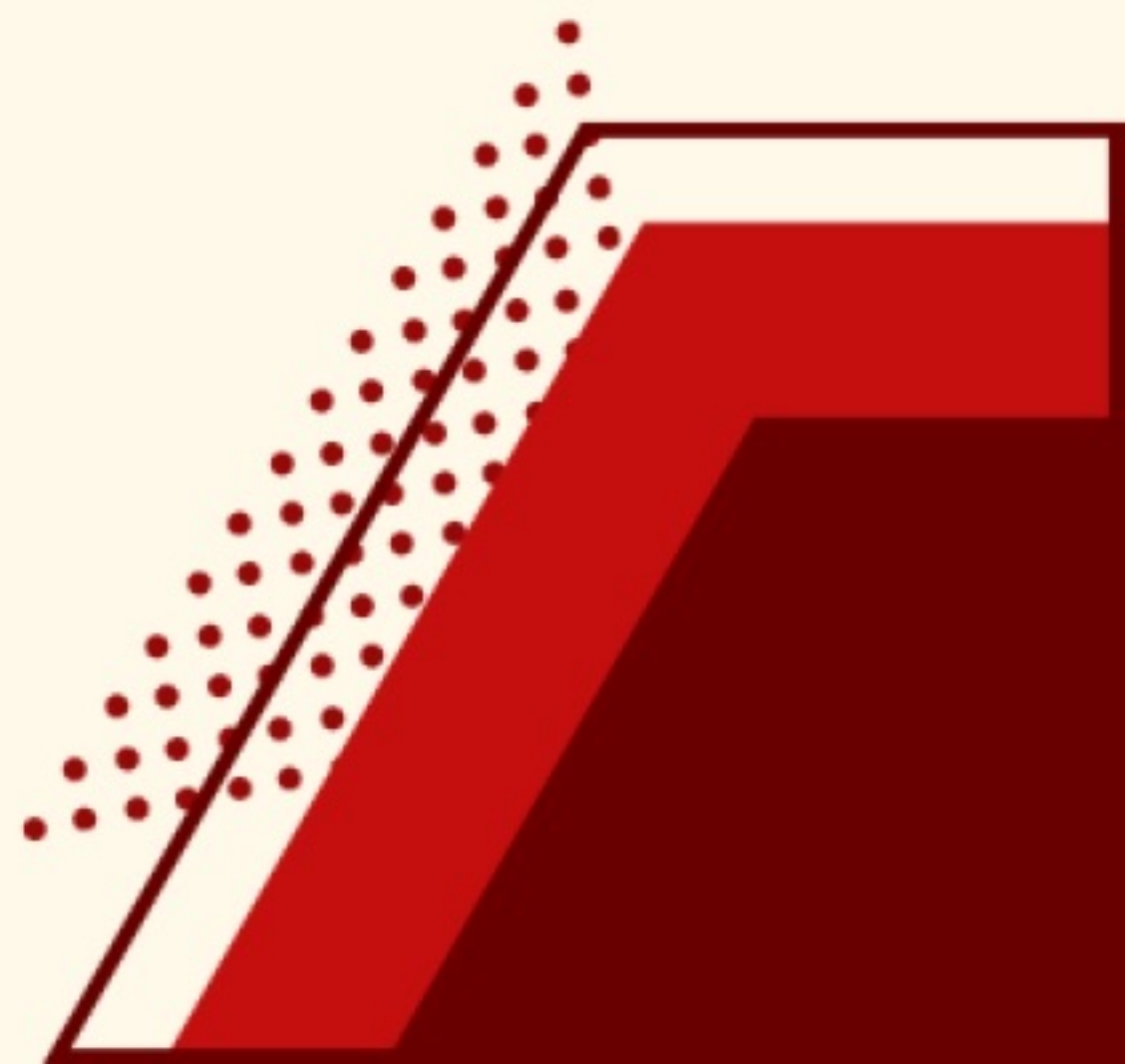
# **PUBLIC ACCEPTS CHANGES**

- **Perceived benefit of economic stability – (safety over freedom)**
  - **Time of national emergency (appealed to patriotism)**
  - **Promised to lift them out of the depression**
- 





# **BRETTON WOODS**

- **Allied victory in WW2**
  - **Major powers hammer out a monetary agreement**
  - **Established a global dollar exchange standard**
  - **Regular citizens were not allowed to participate**
- 





**The 1886 promissory note shown states, “This certifies that there have been deposited in the Treasury of the United States (the maker) five silver dollars (the amount to be paid) payable to the bearer (the payee) on demand (the date due).” Thus, the notes people held were legally binding contracts.**



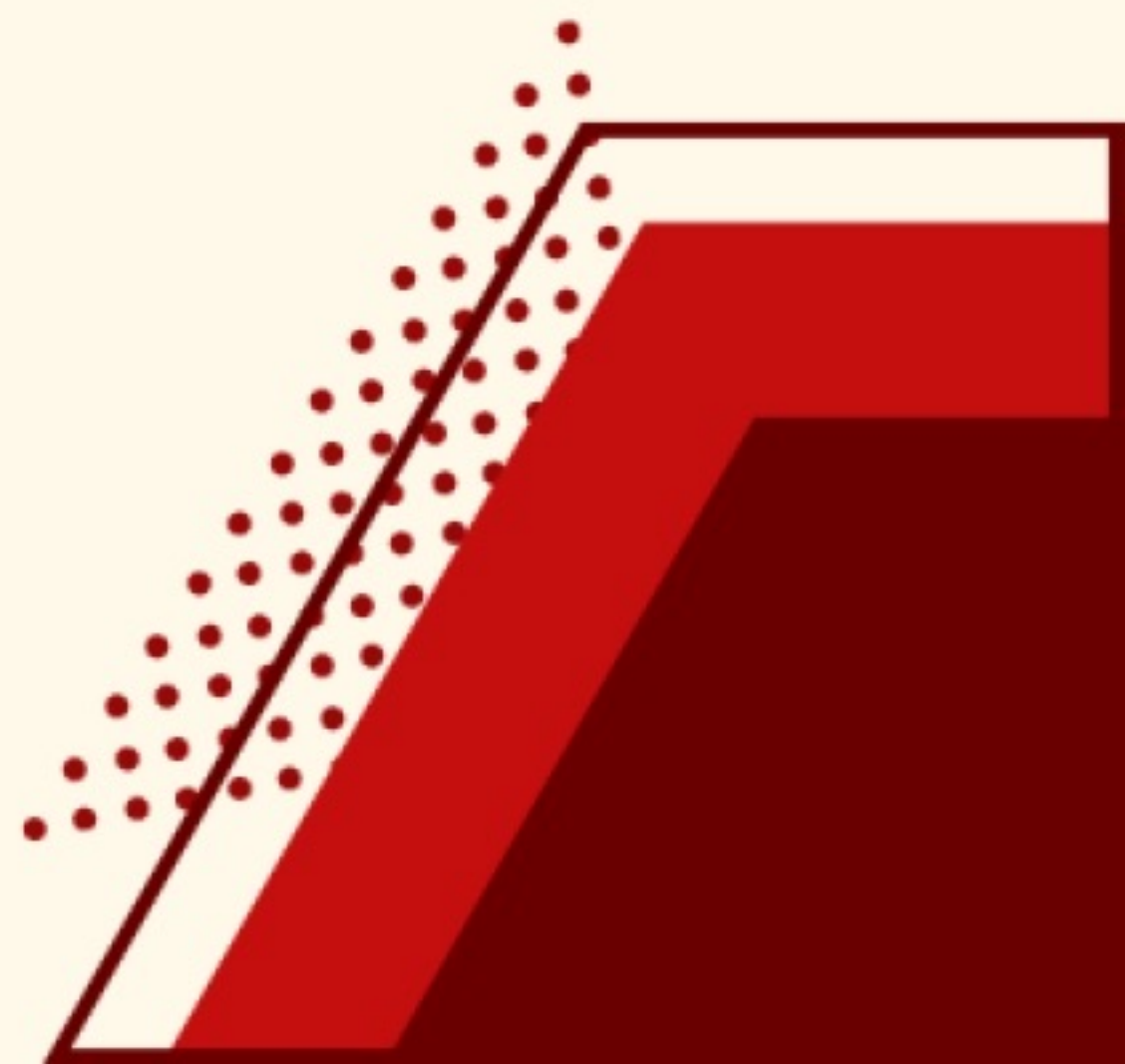


**This note is legal tender for all debts public and private and is redeemable in lawful money at the United States Treasury or at any Federal Reserve Bank.” It also says “Will pay to the bearer on demand Five Hundred Dollars.”**





# **GOLD & SILVER FLOWS OUT OF THE U.S.**

- **Guns and butter policies of late 60's produced domestic inflation.**
  - **Coinage Act of 1965**
  - **Gold flows out of United States**
  - **President Nixon "closed the gold window" in 1971.**
- 





# **SO THAT LEAVES US A FIAT CURRENCY...**

**What is Fiat Currency – When there is nothing tangible backing the paper receipts (Money) and it is money that is declared to be money by an institution (usually a government) with the power to do so and to enforce it.**

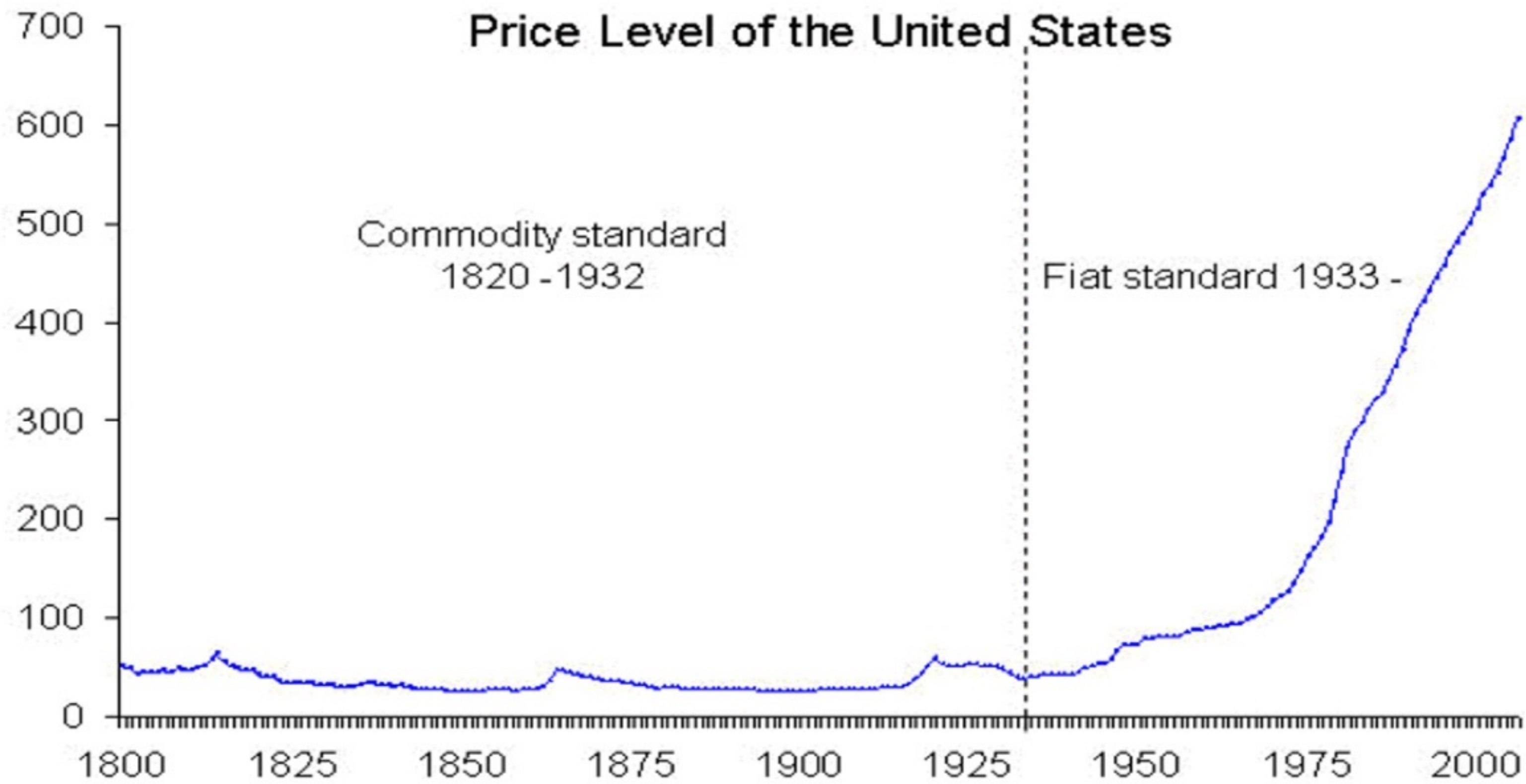
**Not common til the 1900's. Now, every currency is fiat currency and backed by nothing.**

**Based on confidence. Confidence the public and other nations have that a central bank can manage the creation of “paper” money.**





# EFFECT ON PRICES



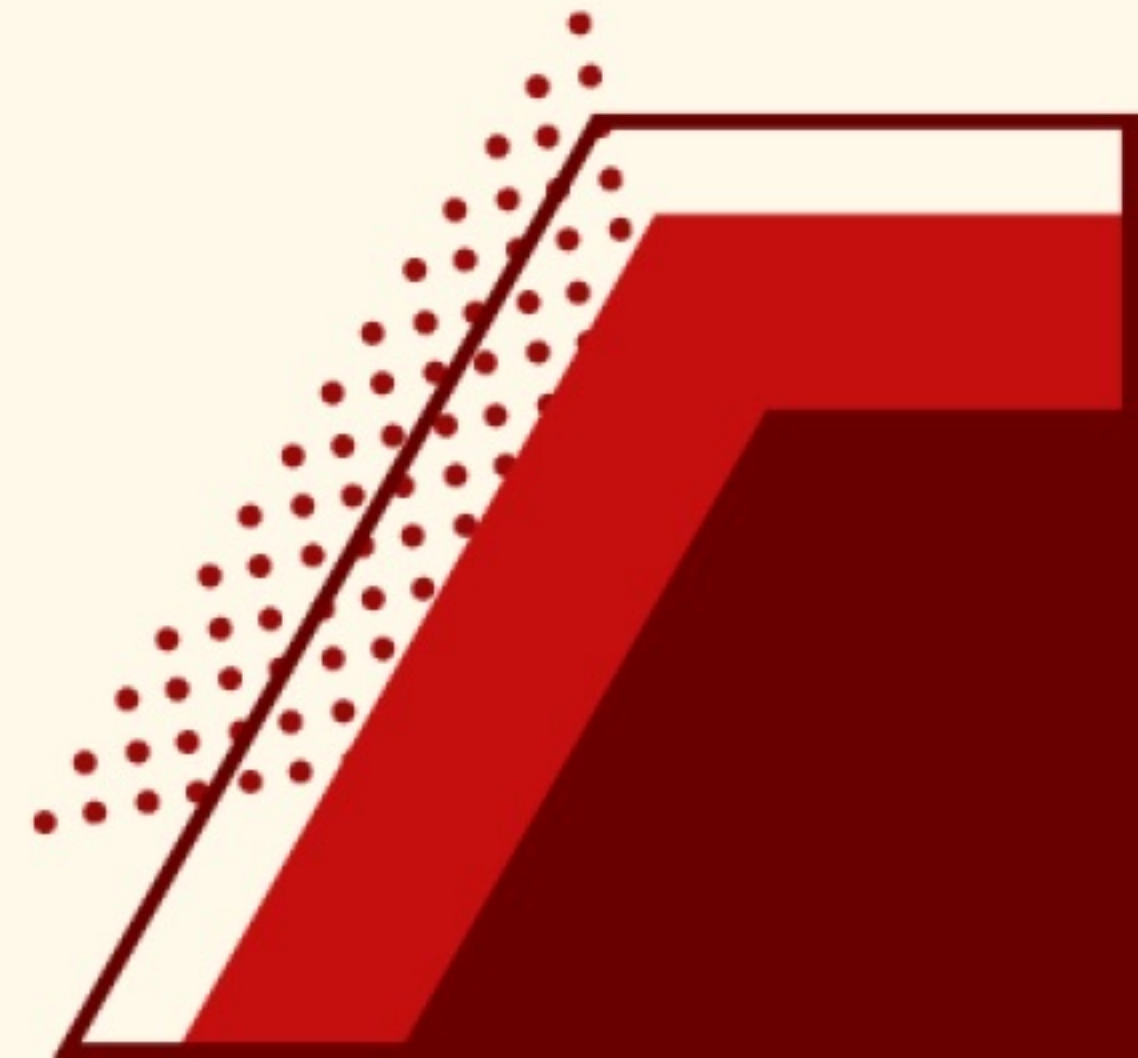
Source: Federal Reserve Bank of Dallas, Southwest Economy,  
"Globalization and Monetary Policy," Chart 5, page 4





# **BOOMS AND BUSTS CONTINUE**

**Crazy Inflation**  
**Savings and Loan Crisis**  
**Asian financial crisis**  
**Dot.com bubble**  
**The Great Recession**  
**The Great Lockdown**



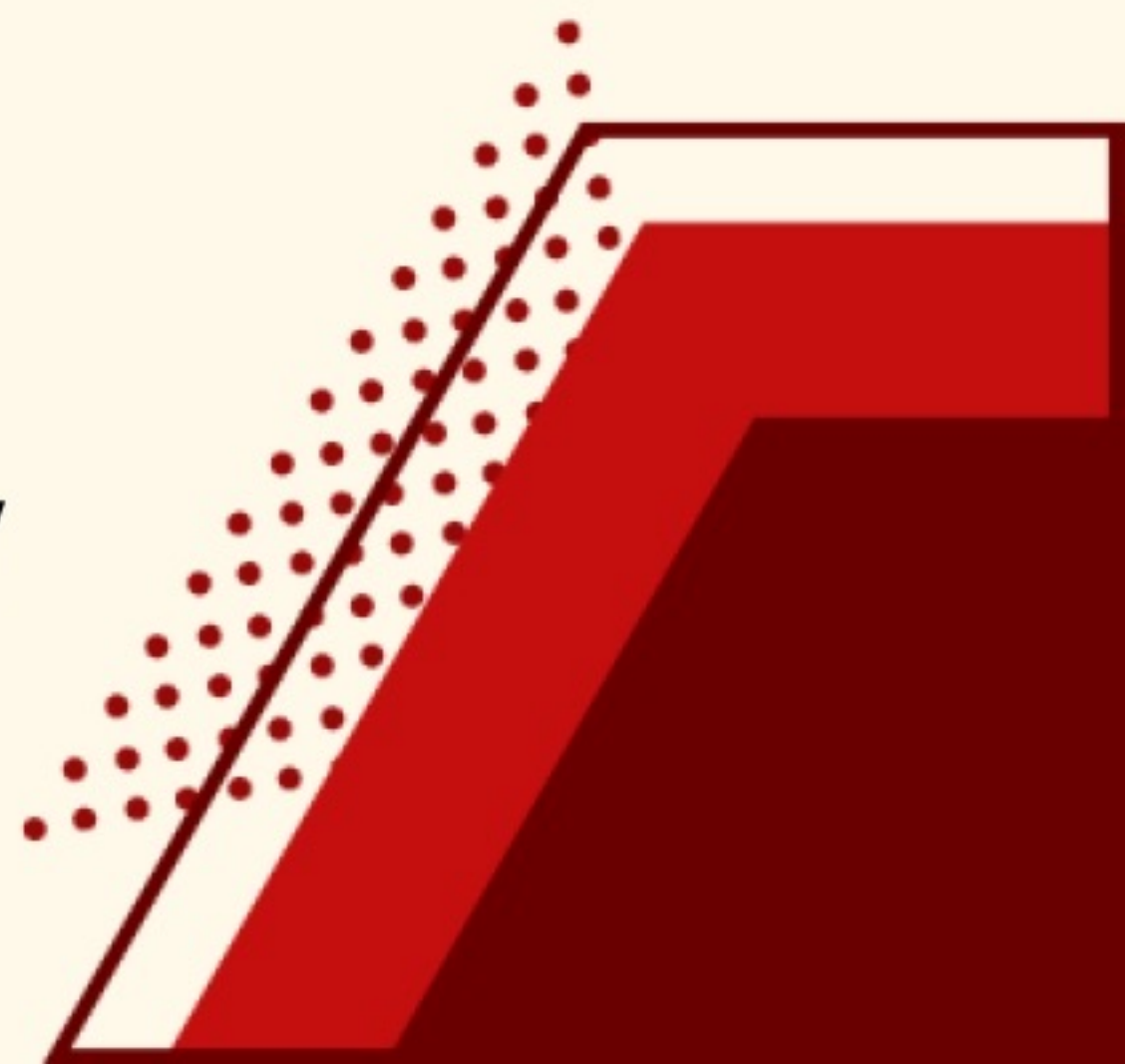




# **WHAT HAPPENED TO...**

## **Federal Reserve's Stated**

### **Goals:**

- **Smooth out business cycle**
  - **Maintain price stability**
- 





# **FED CHAIRMAN TELLS THE TRUTH**

**“Like gold, U.S. dollars have value only to the extent that they are strictly limited in supply. But the U.S. government has a technology, called a printing press (or, today, its electronic equivalent), that allows it to produce as many U.S. dollars as it wishes at essentially no cost. By increasing the number of U.S. dollars in circulation, or even by credibly threatening to do so,**

**Fed Chairman Ben Bernanke – November 2002 speech  
“Deflation - Making sure it doesn't happen here”.**







# **FED CHAIRMAN TELLS THE TRUTH CONT.**

**the U.S. government can also reduce the value of a dollar in terms of goods and services, which is equivalent to raising the prices in dollars of those goods and services. We conclude that, under a paper-money system, a determined government can always generate higher spending and hence positive inflation."**

**Fed Chairman Ben Bernanke – November 2002  
speech "Deflation - Making sure it doesn't  
happen here".**







# **...AND MORE TRUTH**

**Who is truly the lender of last resort?**

**Asked about the taxpayer bearing “some of the cost of [systemic] failure.” [Greenspan] said, “Activating such risk sharing quite appropriately occurs at most two to three times a century.”**

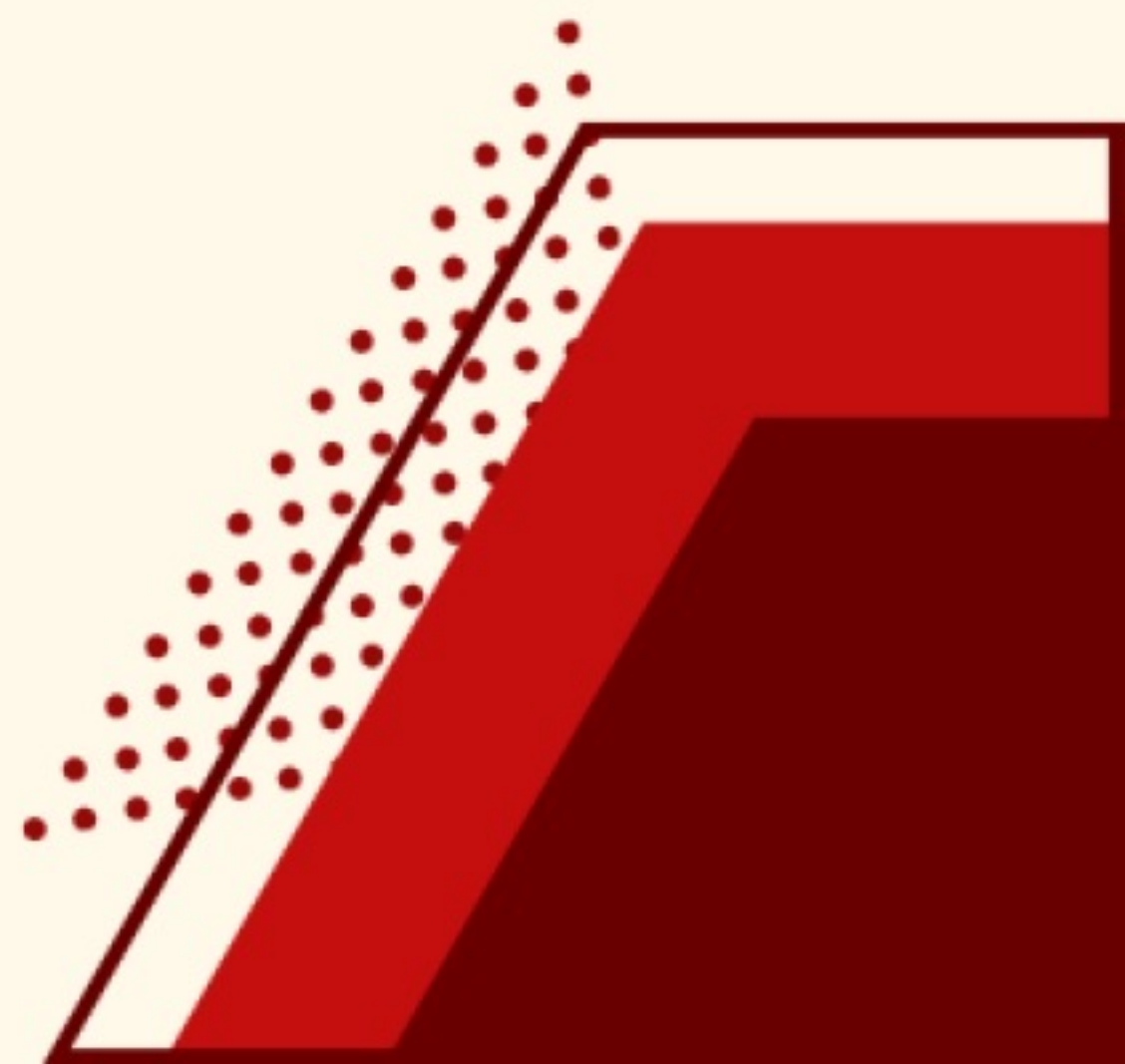
**Alan Greenspan speech at the International Conference of Banking Supervisors, Stockholm, Sweden June 13, 1996**







# **CONSEQUENCES OF A CENTRAL BANK AND FIAT MONEY**

- **\$33,000,000,000,000 in government debt**
  - **The US dollar has lost over 96% of its value since 1913, when the Federal Reserve took over the dollar.**
  - **Politicians print money when necessary to soothe the citizens**
  - **Unstable banking system loaded with debt, bad loans and trillions of derivatives.**
  - **Unbiblical monetary standard that robs people through inflation.**
  - **Unconstitutional Money. Money that violates the constitution**
  - **CBDC's on the way. Used to control spending and movement.**
- 



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# A WAY FORWARD

**"We have at this particular stage a fiat money which is essentially money printed by a government and it's usually a central bank which is authorized to do so. Some mechanism has got to be in place that restricts the amount of money which is produced, either a gold standard or a currency board, because unless you do that, all of history suggest that inflation will take hold with [negative] effects on economic activity... There are numbers of us, myself included, who strongly believe that we did very well in the 1870 to 1914 period with an international gold standard."**

**Alan Greenspan 2005 Congressional Testimony**

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# A WAY FORWARD CONT'

**"In the absence of the gold standard, there is no way to protect savings from confiscation through inflation. There is no safe store of value. If there were, the government would have to make its holding illegal, as was done in the case of gold... The financial policy of the welfare state requires that there be no way for the owners of wealth to protect themselves." "This is the shabby secret of the welfare statist's [socialist's] tirades against gold. Deficit spending is simply a scheme for the confiscation of wealth. Gold stands in the way of this insidious process. It stands as a protector of property rights. If one grasps this, one has no difficulty in understanding the statist's antagonism toward the gold standard."**

**Alan Greenspan: "Gold and Economic Freedom," 1966**







# **DISCUSSION QUESTIONS**

**How does our money violate the Constitution?**

**What is the effect of dishonest weights and measures?**

**Do people choose safety over freedom? Why or Why not?**

**How does sound money encourage human flourishing?**

**What kind of things does sound money protect against?**

**Thomas Jefferson said, "A private central bank issuing the public currency is a greater menace to the liberties of the people than a standing army." Why did he say this?**





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# **TO LEARN MORE:**

**Honest Money, Biblical Principles of Money & Banking,  
Dr. Gary North**

**Whatever Happened to Penny Candy, Richard Maybury**

**End the Fed, Dr. Ron Paul**

**A Pocketbook of Gold, James Sinclair and Peter Carlin**

**The Creature from Jekyll Island, G. Edward Griffin**

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