
The Voluntaryist

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"If one takes care of the means, the end will take care of itself."

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A Visit to Rhinegold

By Harry Browne

Once, in a fantasy, I had the opportunity to visit the mythical nation of Rhinegold. I was doing research for this book, and I'd heard there was a strange money system in Rhinegold—so I thought I should investigate.

Rhinegold is a very small country (about the size of Luxembourg—around 1,000 square miles) situated on the river Rhine in a little nook at the corner where France, Germany, and Switzerland would otherwise meet. There are about 160,000 inhabitants, all of whom speak the ancient tongue of Cash (at least that's the only language they understand).

When I went there, I figured the best way to learn about the monetary system was to head for the capital city and speak to someone at the central bank. But no one I asked had ever heard of a central bank. In fact, no one even knew what the capital city was—an ignorance I was to come to understand only later.

So instead, I went to the city of Glitter, where I was able to make friends with a businessman named Brian Sell. Seeing my interest in finances, he arranged a luncheon meeting comprised of a leading banker (I. M. Solvent), a renowned economist (G. N. Product), Mr. Sell, and myself.

After the amenities had been completed, we began discussing the economy of Rhinegold.

It seems that the monetary unit there is the gram. Having written in the past about francs, Swiss francs, Belgian francs, Japanese yen, and even Qatar/Dubai riyals, I saw nothing strange about a government naming its currency the gram.

So I asked my first question: "What is the gram backed by?"

"Backed by?" replied Mr. Sell, rather quizzically. "What do you mean 'backed by'?"

"I mean what is your monetary reserve—silver, U.S. dollars, SDRs, what?"

"But, Mr. Browne, the gram is not backed by anything."

"Not backed by anything? Well, it must be a very inflationary currency then. Many currencies are backed by gold, for instance."

"No, Mr. Browne, you do not understand. The gram is not backed by gold. It is gold. What do you think a gram is? The gram is a weight of gold—equal to .03215 ounces, consisting of one hundred centigrams or one thousand milligrams. Have you never heard of a gram?"

"Yes," I said. "But gold isn't money; it's only a backing for money."

"Maybe where you live, but not here. We would not dream of considering anything but gold as money."

"But you don't actually exchange gold in daily trade, do you?"

"Of course we do. I cannot imagine anyone accepting anything else in payment."

"But isn't that rather cumbersome?" I asked.

"Not at all," Mr. Sell replied. He reached into his pocket and extracted an assortment of things. "Here is a 100-gram

bar of gold, for example. I would not ordinarily have this size bar with me; in fact, I was going to take it over to the warehouse of Mr. Solvent after lunch."

I turned to Mr. Solvent and said: "But I thought you were a banker."

"You may call me anything you choose," he said, shrugging. "A bank is merely a warehouse for gold."

Mr. Sell handed the gold bar to me, and I must admit I was impressed—holding gold in my hand for the first time in my life. It was a wafer-thin little bar, about two inches long and an inch wide. I looked at the inscription on it. It said, "Alberich's Mint. 100 grams, .9999 fine. Assayed by I. M. Solvent." It turned out that Mr. Solvent's warehouse included an assay office. He was highly respected in the country, as were his father and grandfather before him. "How much is the gold bar worth?" I asked.

"It is worth what 100 grams will buy in the marketplace," said Mr. Sell. "For example, I could buy a nice color television set, a bedroom suite, many things."

"But what is the price of a nice color television set?" I asked.

And with a straight face he replied, "The price is 100 grams."

"But how much is 100 grams?"

He became a little annoyed and said: "My dear sir, 100 grams is 100 grams. Are you trying to make fun of me?"

At that, Mr. Product, the economist, intervened. "I think what Mr. Browne wants to know is what 100 grams are worth in American paper currency. With U.S. dollars selling for about $\frac{1}{5}$ of a gram or $\frac{1}{150}$ of an ounce each, you could buy about 500 U.S. dollars with that gold bar—if you *wanted* to."

"Don't you mean that gold is selling for about \$150 an ounce?"

"My friend, you do not buy gold, you spend it. Gold is money. You might buy dollars (they are not money) if you had some reason for wanting them; but, off hand, I cannot think of any reason. You Americans have everything upside down."

Satisfied that my questions were prompted by ignorance, not malevolence, Mr. Sell continued showing me his money.

He displayed various coins—several more from Alberich's Mint and a few from Miser's Mint. They were denominated in 30 grams, 20 grams, 10 grams, 5 grams, and 1 gram.

I quickly tried to compute the value of each in the only terms I knew—U.S. dollars. It appeared that the 1-gram coin was worth about \$5.00. It was a tiny thing, about half the size of an American dime.

He noticed my consternation at the small size of the 1 gram coin, and said, "Yes, it is a rather inconvenient coin—too easily lost. So we also have a 1-gram token; here is one of them."

I looked at the "token." It was a typical coppernickel coin (as I had always thought of the word "coin"), about the size of an American silver dollar. I noticed that the inscrip-

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Anya Colleen: That's What Family, Friends, and Neighbors Are For

By Carl Watner

5:45 A.M., Eastern Daylight Time, July 10, 1994, will probably be forever etched in Julie's (my wife) mind. She had just given birth at home to our fourth child and second daughter. Anya Colleen Watner, named for her grandmothers, Suzanne (AN) Pfeiffer, and Hya (YA) Heine, weighed in at 7 pounds, 9 ounces, and was 21½ inches long. A healthy baby and a rather normal delivery; Julie was in labor less than 3 hours. However, on came a terrible migraine headache. Unlike other migraines she had experienced, this one would not leave her, and would not be dulled by her regular migraine medicine.

Except for the migraine all was well with mother and daughter. On Sunday, the day of the birth, Julie experienced two or three debilitating headache attacks. They would last anywhere from an hour to three hours: intense throbbing at the back of the head; one time there was a tingling in both arms and both hands. The only relief was ice packs and pacing around the room. When the intense attacks subsided, there was still what Julie referred to as the background headache. It never left. Finally, on Monday evening an attack was so bad, that I took Julie to our local doctor, who administered a shot of Demerol painkiller and wrote her a prescription for Tylox (oxycodone - narcotic-type pain killer). Unable to sleep for more than a half-hour at a time, Julie fell into an ever deepening cycle of headaches, unrest, and downing painkiller. Still no let up.

Julie's mother and father drove in from Wisconsin to help us out. They arrived early in the morning, the day after the birth, and took care of all four children (William, 7; Tucker, 5; Callia, 2; and Anya), while I worked during the day and nursed Julie through the nights. After five days, Julie's parents had to leave, and my mother and her husband arrived from Baltimore as the relief team. Still no progress. Every night, at least one or more intense attacks. We made an appointment with a neurologist, who ordered a CT Scan, which was normal. Then

my folks had to leave, and in flew Patricia Cullinane from California to stay with us for four days.

Late Wednesday evening, July 21st, Julie suffered another acute attack. Patricia Cullinane, Mary Duran (Patricia's daughter), and Mary's husband, Leon, took Julie to the emergency room at Spartanburg Regional Medical Center, where the emergency room physician used 40 mg. of morphine over a period of an hour and a half to sedate her. My choice at this point was to either admit Julie to Spartanburg Regional, or else bring her home. The neurologist she had seen was not in town, but the emergency room physician would be able to call in another neurologist to see Julie immediately, if I admitted her to the hospital. Given those circumstances, I agreed to admit Julie. By the time I arrived at the hospital Thursday morning, some time after 9 AM, Julie was resting quietly, and had already been seen by the second neurologist. When I saw Dr. Collings he explained that Julie should be sent to neuro-intensive care for observation, and that he was lining up a complete series of tests, including an MRI, MRA, another CT scan, blood work, spinal tap, etc., in other words, everything he needed to diagnose and exclude such things as aneurysm, blood seepage in the brain, hemorrhage, etc. If everything else was normal, his diagnosis would be refractory or status migraine - a headache which the body simply could not shrug off by itself. His strategy, if this was the case, would be administration of enough painkiller to let the body rest, and some other medications, such as a beta-blocker to treat the actual migraine. All of Julie's tests were normal, so the only explanation left for all of her inter-cranial pressure was migraine.

Hospitals, as bureaucratic institutions, are cold and impersonal, although there were numerous bright spots in the care that Julie received over the next five days. Several of her nurses shared their experiences with migraines, one going so far as to bring in fresh feverfew which her neighbor used to treat (the neighbor's) migraines. Perhaps the most frustrating experience was trying to make contact with the doctor caring for Julie. Dr. Collings, the neurologist who was treating Julie, was not on duty the particular weekend she was in the hospital. His partner, Dr. Ringel, saw Julie Saturday and Sunday, but was not prepared to release her. No one could say exactly when Dr. Collings might make his rounds on Monday morning, so there was no alternative but for me to arrive early in the morning, and sit and wait until he arrived. When he arrived mid-morning, he acted surprised that Julie was still in the hospital. When we explained that we were anxious to get her released (our insurance did not cover her hospitalization because of a migraine exclusion, nor did the treatment she was receiving seem to be helping reduce the migraine significantly), the doctor insisted on her seeing a psychologist to exclude postpartum depression. He explained that often people

in depression have lower tolerances to pain, and that Julie had been receiving more painkiller than some patients who went through heart operations. Although we insisted she was not depressed, Julie talked to a psychologist who declared she was mentally sound. Consequently, on Monday night, July 25th, Dr. Collings released Julie, and I brought her home.

We were hoping that if nothing else, the return to her familiar environment, return to her new baby and family would be the best dose of medicine she could receive. To a large extent we were correct. Julie still suffered from the background headache, and remained bedridden, but the intense attacks (which she last experienced the day after she left the hospital) did not come back. The neurologist kept her on a beta-blocker and relaxant, and on painkiller as needed, but Julie found that within the next few days she was able to wean herself off the latter. She started experiencing longer and longer time periods during which she got uninterrupted sleep, and ever so gradually started feeling a little better. Julie's parents drove back from Wisconsin, after Patricia Cullinane returned to California, and our family routine began to return to normal. At first Julie was too weak to come upstairs to eat dinner with us, so everyone would eat dinner with Julie in our bedroom. It was probably the first time in two weeks or more that we had eaten together as a family. Within a few days, Julie had recovered enough to join us at the dinner table upstairs, and to help her mom feed the baby. Fortunately for us both, her mom was willing to bottle feed Anya during the night, so that Julie and I were able to catch up on some long-lost sleep.

During the "crisis" as I call it, Julie and I received calls from friends all over the country. A good friend in Wisconsin, as well as her sister in Bethesda, offered to take the children for a while if we found it necessary; others consulted with medical doctors to see if they had patients who had experienced prolonged migraines; others searched out alternative remedies ranging from bee sting therapy, to chiropractic, to cerebral osteopaths, to using a brain tuner (a transistor radio-like device to stimulate the production of endorphins in the brain). Neighbors started calling and offering to do whatever they could do. To ease the burden on Julie's mother, we decided to ask the neighbors to prepare evening meals for us, and the seven or so meals we received from different neighbors were all well appreciated. Others offered to babysit or take the children but much as we needed the support and help, Julie and I felt that keeping our family together was the most important thing we could do. Julie's father did yeoman's service being her chauffeur to the acupuncturist (75 miles away from home, whom Julie was seeing for pain relief therapy) several times a week. By the time her folks had spent another week with us (they had arrived July 26, the day after Julie got home from

the hospital, and left Wednesday, August 3) Julie had not suffered any more intense attacks, and the background headache was beginning to diminish. Although none of us felt that Julie could cope at home by herself, or return to her routine duties of homeschooling, mothering, cleaning, and cooking, etc. we did feel that Julie could, with a little assistance, take care of the basics of family life. Since then Julie has made continual progress.

So all in all we are pleased. Life is returning to normal after a month-long crisis. We all pulled together, and for that we are stronger. Julie and I have a greater appreciation for the family members, friends, and neighbors who voluntarily lent us a hand, and spiritually supported us during this ordeal. The effect on me was nothing short of heartrending and tear-producing. Who would have ever thought so many people would have cared about us and done the things that they did, "naturally, freely, out of love, concern, and commitment"? Julie and I saw first hand what one face of voluntaryism is all about: neighbors, friends, and relatives helping others without any element of political force entering into the equation. In short, people helping people voluntarily, of their own free will. We will be sure to reciprocate whenever the opportunity occurs.

One last reminiscence before closing. Special thanks to our nearest neighbors, Cleveland and Caroline Gosnell. Caroline baby sat the day between Patricia Cullinane leaving and Julie's parents arriving the second time. Her husband, Cleveland, sometime just after Julie returned home from the hospital caught a garter snake, and brought it over, and gave it to William and Tucker. Country boys that they are, William already had a four foot long snake that had laid thirteen eggs while caged in captivity, so the new snake was given to Tucker, who in turn gave his smaller garter snake to Callia. The next day, the new garter snake gave birth to over thirty live baby snakes. What an experience for those boys! Something new to engage them and get their minds off of mother's illness. A day or two afterwards, we all observed the mother snake laying quietly in the corner of her aquarium. Tucker, noting her inactivity, said quite innocently, "She must be suffering from a migraine, too!" We hope that this is the last of the migraines for a long, long time, but if not we are better prepared to cope the next time round: that's what family, friends, and neighbors are for.

Statement of Purpose

Voluntaryists are advocates of non-political strategies to achieve a free society. We reject electoral politics, in theory and in practice, as incompatible with libertarian principles. Governments must cloak their actions in an aura of moral legitimacy in order to sustain their power, and political methods invariably strengthen that legitimacy. Voluntaryists seek instead to delegitimize the State through education, and we advocate withdrawal of the cooperation and tacit consent on which State power ultimately depends.

A Visit to Rhinegold

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tion on it said, "Good for one gold gram at Rhinemaiden Safekeeping Company, 'Guardians of the Rhinegold.'"

"That is my warehouse," said Mr. Solvent. "Anyone can redeem that token for a gram of gold at any time."

Mr. Sell showed me some other tokens. They bore labels of 50 centigrams, 25 centigrams, 10 centigrams, 5 centigrams, 2½ centigrams, 1 centigram, and ½ centigram. The first four had the same look of nickel about them that the 1-gram token had, decreasing in size along with the value. But the 2½, 1, and ½ centigram tokens were plain copper, brown like American pennies; and so were a little larger since they were easily distinguishable from the more valuable tokens.

COINS AND TOKENS

Thinking I was one up on them, I said, "I'm surprised at you folks. With your apparent fetish for intrinsic value, why don't you have silver coins?"

They each looked surprised, but then Mr. Solvent came to the rescue. "I think I understand your question. But I do not think you understand that tokens are not money. They should not have intrinsic value as gold coins do. A token is a money substitute, something you exchange for gold when you want to—just as your paper currency was once redeemable in gold.

"You would not think of printing money receipts on some special paper that was worth more than the money it represents. That would be a waste. The same thing is true for tokens. A one-gram token contains about one centigram's worth of copper in it. It is merely a substitute. If we put silver in the token, the value of the silver might be greater than the amount of gold it is meant to represent."

"But *we* once had silver in our coins in America."

"Ah yes," Mr. Product broke in. "I have read about that. And that is precisely why you continually had so-called 'coinage problems.' The silver in the 'coin,' as you call it, was often worth more than the so-called 'money' it was supposed to represent. And when it was, people would not use them; they would hoard them. As more were minted, they would disappear from circulation immediately."

"But the coins had intrinsic value."

"Yes, that was their problem. You cannot have two kinds of money circulating, gold and silver; one will always be worth more proportionately than the other and so will not circulate. Your government would try to force people to accept them at the same value; how silly."

"What is a 'government'?" Mr. Sell asked, but Mr. Product went on with what he was saying.

"If you offered me some silver, I would accept it—because silver is very valuable. But I would be calculating in my mind how much the silver is worth in terms of gold."

Seeing his question wasn't going to be answered, Mr. Sell shrugged and brought the rest of his money out of his pocket. In his hand was a wad of currency.

"And here we have money receipts. They are like tokens, exchangeable for gold but more convenient to handle in larger amounts."

He showed me the receipts. Many of them were from Mr. Solvent's warehouse. They were somewhat similar to U.S. bills—finely engraved (probably to discourage counterfeiting), had denominations on them from 100 grams to 1 gram, and also had pictures of men and women.

I leafed through them, looking at the unfamiliar faces—

probably the former presidents of Rhinegold, I thought—until I came across the face of *John D. Rockefeller!* And there was one of Andrew Carnegie.

"Yes, Mr. Browne," said Mr. Solvent. "I grace my money receipts with honored men to lend a sense of prestige to my warehouse. People in Rhinegold are very grateful to John D. Rockefeller for what he did to make gasoline inexpensive for our motor cars."

At my request, he explained the warehouse business. He stored gold, gold coins, and money receipts for people. He offered demand deposits—a pure storage function—for which customers paid a small fee. And he also borrowed gold from people by setting up time deposits—whereby customers left gold with him for specific lengths of time, for which he paid *them* a fee. He, in turn, lent the gold to others for larger fees. As he put it, he *was* a loan broker.

FOREIGN EXCHANGE

He also offered a foreign trade department—which I later realized was similar to a foreign exchange business. Mr. Sell imported products to be sold in his stores and he handled the transactions through Mr. Solvent.

If Mr. Sell wanted to buy products from Germany, for example, he would get a price in German marks. But he kept no supply of German marks, so Mr. Solvent would check their value by determining the exchange rate between Swiss francs and German marks, and by getting a commitment from someone in Zurich to buy gold from Solvent's warehouse. That way, he could tell Mr. Sell exactly how much gold was required to buy the products he would then handle the exchange transactions for Mr. Sell.

"As an exchange broker, I guess you stock various currencies, too"

"Very little," replied Mr. Solvent. "We have some business selling currencies to Rhinegolders who intend to travel to other countries, but I just keep a small inventory. I would never want to have a large supply of this strange paper that fluctuates in value."

Then I remembered that gold had gone up in value recently—rising from \$35 per ounce to \$150 per ounce in just the past four years. When I mentioned this, Mr. Product replied, "Yes, you people have had some strange ideas about gold. Your authorities kept dumping it on the market for years—trying to make your paper currencies more valuable. How ridiculous."

"But we knew you couldn't do it indefinitely. And so most Rhinegolders restricted their purchases over the past few years, knowing things would change, holding onto as much gold as possible."

"We buy many things from other countries. You see, we do not produce many things here—some dairy products, a few cereals, potash, some agricultural products, a rather inferior quality of wine, and, of course, we have the power plant. So as long as you people had such contempt for gold, we would not buy very much from other countries. But *now*, now every gram of gold will buy about four times as much in foreign products. We are all far wealthier than we were four years ago; we are importing luxury cars, excellent French wines, and all sorts of other things we have always wanted."

"But if you're importing so much, business must be terrible here."

"Oh no. I suppose most people are taking it a little easy for a while. And why not? They are enjoying the fruits of past labor. But no one expects to live the rest of his life off your follies. Meanwhile, we are buying many things we have always wanted."

"But what about your balance of payments?" I asked. "It must be in terrible shape."

"What is balance of payments?" Mr. Sell and Mr. Solvent asked in unison.

"You don't know what balance of payments is? That's the comparison between your imports and exports. Right now, you're running at a deficit; it could ruin your money system."

"I do not understand," said Mr. Sell. "How could we run at a deficit? Our imports and exports are always equal; how can they be otherwise? No one is willing to give us anything without getting something in return. I do not understand what you mean by a deficit."

"I would look at it another way," said Mr. Solvent. "You could say that we always import more than we export. After all, an individual only exchanges when he gets back something of greater value than he gives up; otherwise he would not bother making the exchange. So, taking all our people as an aggregate, we always import things of greater value to us than we export. But then so do people of every other country. Is that what you mean?"

"No, that is not what he means," interrupted Mr. Product, the economist. "I've read about this balance of payments matter. It is really very simple. What they do in the United States is to buy on credit, in effect. They import products but do not pay for them with gold. Instead they give IOUs that are supposedly payable in gold—something like our money substitutes. But they issue far more IOUs than they actually have gold for.

"And so they are constantly besieged by creditors demanding payment in gold for the IOUs. As a result, they always hope they will export more food and cars and other things in exchange for other people's IOUs (or to get their own IOUs back), thus keeping foreigners from asking for the gold that is not there.

"We do not have that problem here, because we do not deal in that kind of credit. Everything we buy is paid for with something immediately—potash, cheese, any of our other products, or gold. So every import is simultaneously an export, too.

"Occasionally, someone pays for an import with one of Mr. Solvent's warehouse receipts—sort of the way you pay with 'dollars' (a strange term that denotes nothing specific). But any foreigner can exchange the receipts for gold in storage at the warehouse anytime he wants. And there is always gold there for every receipt; Mr. Solvent can prove it.

"So if everyone holding a receipt wanted to exchange it for gold at the same time, all the receipts would be redeemed. No one would be left out. The only problem might be that Mr. Solvent would have to hire a couple of extra clerks to handle the increased business that day."

"Ah, that would be no problem," said Mr. Solvent. "And if everyone took the gold they have stored with me, I would be able to take that vacation I have been putting off."

"But that's not true," I said. "You couldn't satisfy all the demands for gold. You've already told me that you've lent out some of the gold."

"Not *that* gold," he said. "I cannot lend gold that is covered by a receipt; that is dishonest. Two different people would be trying to spend the same money at the same time. The gold I lend is gold that is *lent* to me, not stored with me. No one who has lent gold to me has a claim upon it until the due date of the note I gave him. And before then, I will be paid back the gold by the person I lent it to. I could not possibly lend gold unless I have the exclusive right to it for a given period of time."

"That sounds like a very restrictive credit system to me. How can you stimulate business that way?"

"I do not understand. How would we have any more resources or workers by doubling the money substitutes? That is what would happen if I lent gold that someone else was spending with his receipts.

"All that is rather academic right now, anyway," he added. "No one has borrowed much gold the past few years. Everyone in Rhinegold knew the world's respect for gold would be increasing. As long as gold was being dumped on the market by your authorities, gold was buying artificially small amounts of things temporarily. So our friends have been waiting, saving as much gold as they could, waiting until it would buy much more. No one wanted to borrow money and spend it at relatively high prices and then pay it back when prices would be much lower. In fact, the price for borrowing money has been around one percent a year for several years now."

"You mean prices are dropping?"

"Of course, *you* price U.S. goods in dollars. Well, until recently an ounce of gold would buy only about 35 'dollars' worth of U.S. products. Now an ounce of gold will buy 150 'dollars' worth of U.S. goods. Four years ago, it would have cost Mr. Sell 400 grams to buy that American color TV set; now it costs only 100 grams. And that, of course, has also forced local prices to go down, too, because foreign products can be bought so cheaply now.

"In fact, to facilitate the lower prices, I have recently started issuing a 2½-milligram token. There are now some things that cost less than ½ centigram."

That sounded ominous to me. "Then you must be suffering a depression—if prices have dropped to one-fourth of what they were."

DEPRESSIONS?

"What is a depression?" asked Mr. Sell.

Calling upon my vast knowledge of economics, I said, "A depression is when you have to reduce your standard of living because of bad times."

"Oh yes, we had one of those," replied Mr. Sell. "During that ridiculous war you people had back in the 1940s. Most of the borders to other countries were closed and it seemed like nobody in any other country was producing anything of value. We could not buy automobiles from any other countries, for example; and we had to go without a lot of other things for several years. So we ate a lot of cheese and waited it out. Is that what you mean by a depression?"

"Well, sort of, I guess. I'm not really sure. Wars are supposed to be good for business. At least that's what my economics textbook said. But I mean a real depression—like we had in the 1930s."

"I know what you mean," said Mr. Product. "We had something like that just after the war. When the war ended, Rhinegold was overrun with tourists from the United States. They wanted to buy all sorts of things—potash, cheese, sight-seeing, even our cheap wine since the French had been producing very little for several years.

"You see, we were so glad to see people from the outside world again, we did not ask many questions. And they had stacks of money substitutes—your 'dollars'—which they said were 'good as gold.' So we took their word for it and accepted the dollars.

"When people took the money receipts to Mr. Solvent, he checked them out and found out that they were not as good as gold—not hardly. The people who had printed the receipts would not give you any gold for them; you had to get in a waiting line.

"So there we had given up a great deal of our production for something of much less value. We all suffered a bit from that—our standards of living went down for a while. It was like having worked for four years for nothing. That was our real depression."

"But wait a minute," interrupted Mr. Solvent. "We had another depression right after that, remember? When the people in Glitter City realized that the money substitutes were not exchangeable for real money, they had a big bonfire in the city square and burned all these phony receipts. The fire spread and a third of Glitter was destroyed by fire. It took some time to get back to normal living standards after that. So we have had two depressions—thanks to this funny money of yours."

WARS

Anxious to change the subject, I turned the conversation back to the war. "How in heaven's name did you manage to stay out of World War Two? Here you are right between Germany and France. Didn't the Nazis occupy Rhinegold while they were overrunning France?"

"They tried to," said Mr. Product. "A large band of soldiers in tanks moved in and said that Glitter City was now under Nazi occupation. That is, they tried to say it, but they could not find anyone to listen to them. They posted signs on the buildings and went looking for something called the 'City Hall' to take over the government."

"Then what happened?"

"You see, we do not *have* a government. No one here respects *any* authority except his own self-interest and the self-interest of any person with whom he might have some intercourse."

"By the way, what is a government?" asked Mr. Sell.

Ignoring him, Mr. Product went on with his story. "So that meant *they* would have to set up a government. They sent home for more troops; but since no one here had any concept of what a 'government' is, it meant they could control us only if they had one policeman for every Rhinegoldder. At first, they tried stationing a soldier on every corner with a tommy gun—but people just went on about their own business.

"Finally, they realized they would have to have 160,000 soldiers here to guard 160,000 Rhinegolders. And for what? Just to say they had conquered a little country of 1,000 square miles. That did not make sense—even to them. So they stole some cheese and went on to France."

"That's very inter—"

"Wait, that's not all. In 1945, it happened again—sort of. Then the American soldiers came. They had even *more* tanks and soldiers than the Germans had. They rode into town and a man in uniform with some artificial silver stars on his shoulder stopped me on the street and said, 'Take me to your leader.' So I took him home and introduced him to my wife.

"Well, either I had misunderstood or *he* misunderstood, because he threatened to shave my head and denounce me as a collaborator. Fortunately, he changed his mind—but I do not think he ever really comprehended our way of life here, and I certainly do not understand his.

"So after a couple of days, they stole some cheese and headed into Germany."

DEMOCRACY

This was all a little too much for me to grasp. "But *you must* have a government. Who decides when prices get too high or how much is a fair profit?"

"What is a government?" insisted Mr. Sell.

"We all decide such things," said Mr. Product.

"Oh," I said. "You mean you vote on such questions."

"I guess you could say that. I vote when I buy something. I am telling the seller that his price and profit are not prohibitive. If enough other people also vote for the product in that way, the seller keeps offering it. If not, he is voted into changing his prices or doing something else for a living. Is that what you mean?"

"No, but we'll set that aside. Even if you don't want a government to control your economy, you *have* to have one for national defense. If nothing else, that's a necessity."

"I disagree with you. In fact, I see it to be exactly the reverse. If we had a government running our economy, we would survive. We would have to put up with the recurring price distortions of inflation and the inevitable depressions that you people take for granted. Our standard of living would go down considerably with such a government running our lives, but—as I said—we would still survive somehow.

"But the one thing we could not tolerate would be a government responsible for our defense. Depressions are bad enough—but *wars!* Wars that send our people off to fight the personal battles of some stupid politician; large shares of our production taken away from us to buy guns and fortifications; bombs raining on our cities. I am surprised that you imagine that we would want that."

"But how do you defend yourselves?"

"By minding our own business. Oh, we have had other people wanting to conquer us a few times. But a nation is conquered only when the government surrenders; then the people surrender. A people who do not respect any authority but themselves have no one to surrender for them. That means they would each individually have to surrender. No conqueror has the resources to waste trying to conquer 160,000 different and individual enemies.

Each time the foreigners have come to make war, they have left soon enough. And yes it is true that they killed a dozen people or so before they left. And we *all* mourned—because I doubt that there is a single person in Rhinegold who does not consider such deaths to be senseless.

But fortunately we did not have a government. If we had, the 'great' ruler would have called for blood and vengeance 'on behalf of an injured nation.' He would have drafted half the population and sent *thousands* off to die. If a dozen people killed is such a tragedy, then why bring on the even greater tragedy of thousands killed?

"No thank you, Mr. Browne, no national defense for us. It is too dangerous."

PROPERTY

I could see it was time to change the subject again.

"Tell me about your industry. I notice you have a pretty impressive power plant on the river. If you have no government, how was it built?"

Mr. Sell handled that one. "By production, of course. Some people worked, saved their money, and invested it in the building of the power plant—hoping enough people would want the electricity to make the investment pay off."

"But such things as power plants are too expensive to be built with private money. That's why governments always have to put up the money."

"I do not know what is this thing you keep calling a 'government,' but I know one thing: If the people of Rhinegold are not rich enough to have the money, starting a government is not going to make them any richer."

"Well then, let's talk about your other industry. I've seen some large farms. Who owns them?"

"Some of them are owned by local residents. And a few

of them are owned by Germans. They do very well with them, too. I understand Herr Dorado made quite a profit last year."

"Doesn't that bother you—Germans coming in here, buying up valuable property, making money on it, and taking the profits out of the country?"

"I do not understand; why *should* it? Evidently, the local people do not consider the property as valuable as the Germans do or they would offer prices that would buy them out. As for 'taking profits out of the country,' how can that hurt us? They only make their profits by offering something in return. They get the gold; we get the food we want. And when we sell something we produce, we get gold in return—or we don't do business. What is the problem?"

"No problems, I guess. Well, I see the time is getting late. So we'd better break up this very informative meeting so you can get back to your businesses. I appreciate your taking the time to tell me about your rather strange money system. It's really quite quaint, though a bit primitive."

"What is primitive about it?" asked Mr. Product. "We have no shooting wars, no trade wars, no balance of payments problem, no inflation, no depressions of the kind you take for granted, no borders really (just the borders of other countries), no one to prevent us from buying what we want from whomever we want at whatever price we can agree upon, no one to tell us what we can produce, what we can own, whom we can deal with. If that is primitive, I would rather be primitive than have to face the problems inherent in your contrived, 'sophisticated,' controlled economy."

MONEY

I had been clearly outflanked and out-argued. They'd pushed me into an intellectual and ideological corner. It meant that I had to bring up the one thing that, out of courtesy, I'd wanted to avoid. I didn't want to bring it up, but they'd forced the issue. I *had* to raise the ultimate argument—my *coup de grace*.

"All right, you've just made the most telling point about your system. Everything you think is so good about your system has to do with money. *Money!* That seems to be all you ever think about, all you can talk about. You're so preoccupied with money, where's the aesthetic interest, the spiritual concerns, the higher order of things that you have no time for because of your preoccupation with money? This is the most materialistic society I've ever seen."

They all looked surprised; clearly I'd gotten to them. Then Mr. Product spoke.

"Money? You think we are preoccupied with money. You invite us to lunch and ask one question after another about money—and then think that *we* are preoccupied with money. How very funny.

"We talk about money because you insist upon it. You have taken us away from our pleasures, our aesthetic enjoyments, and—yes—our businesses, because you, my friend, are the one who is totally absorbed in the subject.

"Why are you writing a book about money? Only because your own money system is in such terrible straits. If it worked right, you would be writing about something else. Our money system works precisely because no one ever sat down and invented it. It simply evolved over hundreds of years as thousands of individuals just did what was in the self-interest of each.

"We never became so preoccupied with money that we tried to invent it out of paper in a vain attempt to have more than we have earned.

"As a result, we *understand* money. We know what it is and we know what it is not. It is simply some commodity of

such accepted value in the community that an individual is willing to hold it while he waits to purchase something else with it.

"And because we understand money and earn a lot of it, we are rich. And do you know what that means? It means we do not have to be preoccupied with it. We are free to enjoy many things in life that you cannot enjoy because you are too absorbed trying to figure your way out of the dilemmas *your* primitive money system has caused.

"We live fruitful lives here because we are not so pompous as to believe we know what is best for other people. So we do not take the earnings of one person to give to another we 'judge' to be more deserving.

"Mr. Solvent here gave up the matinee at the opera this afternoon to indulge your preoccupation with money. And Mr. Solvent regrets that—not because opera is culture but because opera is enjoyment.

"You talk of materialism as 'opposed' to spiritual and aesthetic values. But there is no opposition between them. What I have just said about money and the lack of the need to be preoccupied with it was not meant to disparage money. Quite the contrary.

"There are people here who go to church quite often. But I doubt that anyone of them thinks that Bibles are printed on paper by prayer. Nor do men like Mr. Solvent believe that operas are reproduced on gramophone records by aesthetic meditation. Those things are accomplished by effort, by productivity, by a sound understanding of what money is—so that one's limited resources are not used up chasing after pieces of paper that have no durable value.

"When your country learns what money is, your people will be able to produce so well that the aesthetic and spiritual endeavors of your country will no longer be so expensive that you cannot afford them.

"I advise you to become so preoccupied with money that you learn to understand it, and to earn it, so that you can finally become preoccupied with something else."

When he finished, I said, "Well, I respect your position. Of course, I don't have to accept it. Especially since my president said last week that everything will be much better next year—after the new controls have had a chance to work.

"And gentlemen, I appreciate your taking this time to talk with me." As I shook hands with each of them, I said, "Thank you, Mr. Brian Sell; thank you, Mr. I. M. Solvent; thank you Mr. G. N. Product. Oh, one other thing, Mr. Product; do you mind my asking what the initials G. N. stand for?"

He looked at me a bit surprised and said, "Why no; they stand for Gerald Nathan. Why do you ask?"

"Oh, no special reason. Thank you very much."

And so I left Rhinegold and headed back to the warm, reassuring, comforting homeland where I could deal with things I understood—strikes, food shortages, exchange controls, etc.

When I arrived, the customs official asked me, "Do you have anything to declare? Any money over \$5,000? Any gold? Anything else?"

I thought of the 10-gram gold coin I'd bought on my way out of Rhinegold, which was now hidden in my shoe; I cleared my throat and said, "Er, no, not a thing. Uh, that is, except for some cheese."

[Reprinted with permission from HOW YOU CAN PROFIT FROM A MONETARY CRISIS, Chapter 13, New York: Bantam Books, 1975.]

A Definition of Freedom

By Julie Watner

Freedom is a mental condition—a condition of the spirit. All of us are free, if we but choose to acknowledge it. To borrow from Rose Wilder Lane, freedom is control of self. The essence of your “self” is your mind, soul, and spirit. We all are always free to change our thoughts, improve our knowledge and understanding, change our attitudes and beliefs—the inner part of each of us. We do need more folks to recognize that they already are FREE!

Liberty is a condition of the physical body: the absence of physical restraints. We seek liberty to use our resources, time, intelligence, and energy in the most beneficial (to us) way.

A productive, healthy society of freedom- and liberty-minded individuals is not to be confused with a libertine one. The conditions of liberty and freedom, above all, require individual responsibility in every phase of life. Each of us must take the consequences of our actions, good and bad. This is not easy, especially with our Big Brother the State standing by to present at least the illusion of “help” with every aspect of our lives.

Because the root of the problem (irresponsibility) is so ingrained, trying to convince others to live the freedom ideas through slogans, speeches, and hype is usually short on results. At best they provide the spark which causes an individual to seek out new

information.

The “library of freedom”—books, pamphlets, newspapers, and magazines—not only documents man’s quest from ancient times forward, but also is an important, longer lasting way to spread the word and fan the spark of interest into a flame.

But “plain-Jane” and unexciting as it sounds, I believe the most effective way to spread the freedom idea is to educate ourselves and raise our children to be honest, knowledgeable, confident, responsible lovers of freedom—to light a single candle. If each one of us lights another candle, and each of those follows suit, the freedom ideas will grow from a quiet bonfire to a WILDFIRE engulfing everything in its path.

Living in an environment of liberty and freedom is akin to being a parent—it is the best of times; it is the worst of times. With neither can you ever relax your vigilance, there is always work to be done, you are always being called upon to exercise new skills, and improve upon old ones. There is a tremendous amount of worry involved, also discouragement and uncertainty. On the other hand, it is hard to convey to a non-parent, just as to a statist, the joys, rewards, exhilaration, and satisfactions that make the responsibilities worthwhile. You just have to have faith, jump in, and DO IT!

[Editor’s Note: This essay was the winner in a contest sponsored by The Customer Company. The stated object of a one-page essay was to define freedom and suggest the best way to implement it.]

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