**How to Get to a True Gold Standard**

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Today the economic crisis we endure is only the latest chapter in the century-long struggle to restore financial order, the success (or failure) of which is inextricably bound up with American prosperity and the promise of the American way of life.

Between 2009 and 2011, we experienced an emerging market equity and economic boom. At the very same time, we experienced sluggish growth in the United States despite $3.5 trillion of Treasury and Federal Reserve subsidies to the banking cartel and favored corporations.

How could this be? The vast Fed credit creation of 2008 to 2011 could not be fully absorbed by the U.S. economy. Real economic growth was pre-empted by the drive for solvency and debt repayment.

It is too easy to forget that the newly created money by the Fed primarily flooded into U.S. stocks, bonds and the dollarized world of commodities, rescuing and enriching the banker and speculator class.

Excess Federal Reserve credit and money also cascaded offshore, igniting a fall in the dollar, and the emerging market financial and economic boom.

Fed-created money is not associated with the production of new goods, services and equities. Therefore, during the global market period in which the Treasury and foreigners spend the newly issued central bank credit, total purchasing power must exceed the total value of available goods and services at prevailing prices. Prices must rise when total demand exceeds total supply.

Sustained monetary inflation is hidden from the vast majority of working people. Over many cycles, the social effects of inflation, financial disorder and the overvalued dollar have intensified inequality in America.

The prudent middle class on Main Street is dispossessed; the reckless on Wall Street, bailed out. Without incentives to increase true savings, new investment will continue to depend increasingly on bank debt, leverage and speculation.

Ours is the latest ugly chapter in a century of inflation and financial disorder. But, there is a historic American solution.

Historical and empirical data show that gold convertibility of the dollar, without reserve currencies, creates the least imperfect monetary standard, generating economic growth and price stability over the long run.