

The Money Spell -- Chapter Three -- Old Gold

By Anna Von Reitz



"What a twisted web we weave....when first we practice to deceive." -- William Shakespeare

So far as I am concerned, all claims that the gold hoards of the world go back to King Solomon and one of his wives, are nonsense. The bulk of gold sitting around in caves and repositories is a byproduct of mining operations that vastly predate King Solomon.

Ironically, those ancient miners were not mining gold. They were mining quartz crystals that are found in tandem with veins of gold and silver. The "precious" metals weren't precious back then. The precious metals were slag, piled up and left behind as tailings -- hence Montezuma's attitude and amazement when the Europeans were so crazy for it.

In my opinion the King Solomon story --- the idea that the gold underlying Indonesia's history with gold came from Jerusalem by way of one of Solomon's favorite wives -- is just that: a story made up to explain something that people couldn't explain at the time, but which we can explain now.

The very ancient civilization of Angkor Wat is the source of the gold in Indonesia, no convoy from Jerusalem required. Like Montezuma, they didn't greatly value gold, either. They used it as a roofing material.

Everything that we know about the ancient mining operations that took place on every continent establishes the same set of facts. The object of the mining was all about harvesting crystals of various kinds. Quartz crystal mining resulted in precious metals being produced and left behind as tailings. Mining for diamonds, sapphires, rubies, and emeralds also produced precious metals tailings.

It was only much later in Babylon that this waste material, gold and silver, was used to create little round tokens representing bushels of wheat... that is, these first coins were used as warehouse certificates. Bring in a gold coin, get a bushel of wheat. Money was born and given value by the wheat. Not the gold.

Over time, people lost track of this simple "representational barter" and began using generalized gold tokens issued by goldsmiths that were assumed to have value "in trade" by weight of gold for a spectrum of goods, and gold started taking on value by association.

If you could trade a gold coin for a bushel of wheat, and you could trade a bushel of wheat for ten chickens, you could trade a gold coin for ten chickens. And so it went. Gold coins became very popular commodities, because by this process of value association, you could turn gold coins into whatever you needed at the marketplace. They were a lot easier to transport, trade, and deal with than ten chickens.

Unlike chickens gold coins don't die off, unlike wheat, they don't get damp and mold. Because of this durable quality, goldsmiths began touting their new product as something that could store value -- as if gold could store up value like a battery storing electricity.

This is obviously not so, but less thoughtful people accepted this idea that gold "stored up value against a rainy day" and began hoarding gold both in ingots and as coins. Royal stockpiles of gold were created, and soon, a material that was originally regarded as something akin to what plastic is today, began to be viewed as supremely valuable.

This turn of events (and beliefs) then led to gold becoming more and more scarce, and that scarcity coupled with ever increasing demand only made gold and gold coinage appear to be that much more valuable.

What has ensued can be described as an eight thousand year Mass Delusion. Those who benefited from gold being scarce made sure to hide as much of it as possible from the public eye and zealously promoted the idea that gold is a "store of value" and very rare, very scarce.

The Governors of the Bank of England and the Members of Parliament as late as 2010 were still claiming that less than 100,000 tons of gold had ever been mined in the history of the world. When their own records were used to debunk that estimate, they revised it upward to 140,000 tons --- when in fact there are billions (with a "b") of metric tons of gold already mined and far more is available and already located within the Earth's crust.

Gold does have some excellent properties that have come to light and which give it value in its own right in the modern world. It is an absolutely fantastic conductor of electricity and unlike silver or copper, it does not oxidize and corrode. There are numerous other applications in industry that will keep gold from returning to "byproduct waste" status no matter what beliefs people have about it in the years to come.

For now, let's just note the main points:

1. In the very ancient world, gold was regarded as a waste byproduct of crystal mining. We still aren't sure why the crystals were so valuable;
2. The use of gold coins to represent the value of a standard commodity (a known quantity of wheat) is what made gold appear to be valuable;
3. As people balanced the value of the wheat (and by association, the gold coinage) against other commodities, gold value (which was actually wheat value) was used to represent those other commodities by association;
4. Soon, gold coins were used to buy and sell all commodities, including labor;
5. This use of gold coinage to represent the value of commodities and labor made gold more scarce, which when combined with the idea that gold could "store value" --- which it really can't --- contributed to hoarding and hiding the amount of gold available;
6. These factors combined to create a system in which gold was hoarded, hidden, and speculated upon for generations, and led to huge stockpiles of gold being concealed by banks, governments, and private individuals who profited from making gold appear to be far more scarce than it actually is;
7. Belief in the value of gold has kept people from observing the value of other commodities which are in fact what give gold its perceived value in the first place. Push comes to shove, a bushel of wheat always has more actual value than a gold coin used to represent its value.
8. There is a Spectrum of Value involved in which the original commodities have more value than the gold coins used to represent them, and gold coins have more value than the gold certificates used to represent them in turn, and all three have more value than fiat scrip, which enters the speculative realm of credit, debt, and futures -- as in future values and future repayments.
9. The value of gold coins or any other "representation of value" is based on belief, as in religious belief. Note that fact for future reference.

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