

# Chapter One

**Monday, May 4, 2015.**

**Moscow, Russian Federation.**

Kathleen Houston Matches, an independent American financial advisor known for her radical views (such as favoring cohesive neighborhoods, local self-government, and the everyday interests of the common man), had just concluded a secret, late-afternoon meeting with the President and Prime Minister of the Russian Federation. Medium in height, trim, and confident yet feminine, she was attired in a modest, traditional woman's business blouse and skirt, and was adorned with a solid gold necklace, earrings, and bracelet. Her brunette hair framed a beautiful face with narrowly-spaced green eyes, a petite nose, and a perfect chin. She carried herself with the confidence and poise of the highly-placed Washington insider she had once been. At age fifty-two, she remained youthful due to her athletic discipline, which included running two marathons each year. Only two weeks earlier, she had placed fifth in her age category in the Big Sur Marathon along the California coastline – one of America's most challenging marathon courses due to its many steep hills.

On the top floor of the Russian White House, Moscow's towering white marble seat of government overlooking the Moscow River, the discussion had centered upon emerging plans to restructure the Russian economy in ways that would reward the common people at the expense of the fabulously wealthy. What they envisioned was neither enslaving Communism (under which wealth becomes concentrated in the hands of a few government oligarchs), nor rapacious modern Capitalism (under which wealth becomes concentrated in the hands of a few super-powerful international business elites). Rather, they had focused on an idea called Distributism, which has not really been tried except perhaps in the High Middle Ages: a sound, inflation-proof currency, the wide dispersal of wealth among the general population, and general economic freedom which rewards those who create real wealth (valued goods and necessary services) while placing strict limits on the parasitical class of "money changers" who produce no real wealth at all, but endlessly scheme to extract a percentage of the wealth which others produce.

Needless to say, Kathleen Matches was considered a "loose cannon" and "dangerous fringe agitator" in the hallowed halls of American financial control and political power. The Russian leaders were assimilating her uniquely ingenious ideas in secret, avoiding the turmoil and distractions that would result from an international press exposé of her presence in the seat of Russian power. Her ideas posed a direct threat to the moneyed interests that owned or controlled most of the world's mainstream publishers and news organizations. If the Russian leaders' developing program of social justice were known by those who currently held the money power, harsh steps would be taken immediately to stop the planning, and probably to impeach (if not assassinate) the offending politicians and their consultants.

Kathleen understood this, and thus accepted the need for strict Federal Security Service of the Russian Federation (FSB) security protocols.

It was now early evening, and as the private guest of the government, she was being transported back to her hotel by a presidential security staff driver. The meeting had been intense, and she looked forward to a leisurely ride through the Moscow night, with an experienced driver, in the black full-size SUV that afforded good views on all sides. She marveled at the elegant mix of old world Slavic masterpieces of architecture, amongst which were nestled modern structures still boasting a clear respect for tradition. There was very little of the “modern ugly” Bauhaus<sup>1</sup> architectural junk so typical of Western cities. The magnificent golden domes of the newly reconstructed Cathedral of Christ the Savior gleamed in the spotlights, and Kathleen began to think of how much better it was to be in Moscow now, under a democratic and increasingly business-friendly government, than in the days of Stalin, who dynamited the original cathedral to build a temple to Soviet man, and whose secret agents routinely forced hapless citizens into the maw of the Lubyanka prison, a place of torture and despair from which most of them would never emerge. How good it felt to be safe in the hands of a trusted FSB officer.

Kathleen noticed that the handsome young driver, not more than twenty-five, might, in a different time and place, have been her own son. She was about to engage him in conversation, to try to learn something about his hopes and dreams. But suddenly the SUV swerved sharply, and Kathleen, despite her seat belt and shoulder strap, was forcefully thrown onto the empty leather seat beside her. Tires squealed, and she felt herself pressed into the seat back as the SUV accelerated to a high speed. Then suddenly the vehicle lurched forward, as she heard and felt the impact of another vehicle pushing into the rear bumper. She tried to raise herself upright to see what was happening outside.

“Stay down, Kathleen!” advised the driver. “You must hide yourself!”

“But what ...”

“We are under attack by the Russian mafia. They work for whoever pays them well enough. They do not attack at random. We must assume that they know who we are.”

The vehicle continued to lurch wildly and to maintain a high speed. Kathleen heard the driver calling on his cell phone, but she did not understand the Russian words. She did understand the terror in his voice, and the fright in his blue eyes that she could see through the rear-view mirror. Again there was an impact, and she felt the SUV jump – perhaps a curb – and begin to run down a steep embankment. Suddenly it stopped, spun to the side and rolled over. Shattered glass, grass, and small stones were flying everywhere. When the SUV came to rest Kathleen realized she was upside down, suspended by her seat belt, and for the

<sup>1</sup> An early Twentieth Century school of German architecture, heavily influenced by modernism, which emphasized matter-of-fact objectivity over emotional expressionism. Bauhaus buildings became widespread in Germany, the United States, Canada, and Israel. Many experienced it as a direct assault on tradition.

moment trapped. She could see her driver, unconscious and bleeding, also suspended. Immediately there were voices, whispering in Russian, and figures dressed entirely in black clothing and facemasks, roughly extracting her. She felt her cherished, well-worn Rosary ripped from her fingers and thrown aside. A gloved hand was placed over her mouth, and as she was dragged free of the vehicle her hands were forced behind her back and cuffed together. She was thrown over the shoulder of a burly man who trotted up the hillside and roughly threw her into the back seat of a black SUV not dissimilar from the FSB vehicle. As two of the men took their places on either side of her in the back seat, the wrecked SUV down the hill, in which she had been riding, exploded in flames. Immediately there were squealing tires and rapid acceleration, and then the first words in English, with a heavy Russian accent.

“Kathleen Matches, I believe. Yes. Welcome to Moscow by night. And to your worst nightmare.”

“Who are you? Why are you ...”

“We are the ones you must obey.”

“Did you kill my driver, that fine young man?”

“Quiet! We will do the talking now. Later tonight you will be told when it is your time to talk, and what very unpleasant things will happen to you if you don’t.”

“I’m a guest of the Russian government, and you’ll pay dearly for this!”

“Tsk, tsk, Kathleen. Surely you are not so naïve as to believe that an elected President holds the real power in a modern plutocratic nation like Russia? Money talks, here. Money is going to make you talk. Or if not, then you will talk because of the carefully calibrated and increasing amounts of pain which money is going to pay us to administer to you.”

As he chuckled, amused by his own dark humor, Kathleen felt her heart pound. She could see that they were entering into a district of rusted and abandoned warehouses along a canal far from downtown. There were abandoned trucks and cars, decrepit trash dumpsters overflowing and stinking, and vast dark regions between the occasional still-functioning streetlight. Suddenly the vehicle turned sharply into a commercial garage and the door then immediately began to close behind them. The vehicle lights were extinguished, and all was darkness.

She felt herself being pulled from the vehicle, thrown into a hard chair, and her ankles and wrists being lashed to the frame. Suddenly she was bathed in blinding light. She could hear voices talking at her – deep male voices in impeccable English with heavy Russian accents – but could see no one.

“American woman Matches! You have the audacity to come into our country and bring foreign ideas to our increasingly idealistic President. You are *not* welcome here. You have greatly angered some very powerful men, men who know what is going on in this country and who intend to control the future of Russia from their private and very secure sphere of operations. You are foolish and suicidal if you think you can change their

plans and remake the Russian economy.”

“I have no power here. It is the Russian President who will change things.”

“Indeed he might, if he should survive. Which is precisely why we are going to make you help us ensure he does not survive in office.”

“Don’t be silly, his security is world-class.”

“Oh? Then how is it that we knew all about your secret meeting with him today at the Russian White House?”

“You have no right to intervene in the President’s work for his people ...”

One of the men chuckled ominously.

“We represent the interests of big money. More wealth than you can imagine. Wealth that prefers to remain anonymous. It’s our job to make sure we always know everything.”

“Well, what if I refuse to help you?”

“A year ago, we would have just killed you. But now we need to see how much information you can give us.”

Two men dressed in black suits emerged from the bright light. Their faces were obscured behind black ski-masks. The one who had been speaking motioned to his companion.

“Kathleen Matches, this is Ivan. Ivan is an expert. He specializes in extracting critical information from even the most unwilling informants. You are going to inform him of the details of your meeting with the President.”

“The President is a good man, and he is my friend. I won’t betray his trust.”

“Ivan, please take her into your procedure room, and introduce her to some of the methods you can use to assist her in cooperating with us.”

Kathleen was roughly handled, and soon found herself strapped into a modern dental chair. A painfully bright surgical light glared down from overhead. Her hands were forced onto flat glass plates alongside the arms of the chair, and were pressed flat against the glass with uncomfortable force by some sort of clamping devices. A nearby stainless steel table contained an array of instruments of surgical steel, clearly intended to be used to inflict pain. Her head was immobilized in a metal halo brace, her mouth was forced open with clamps, and what sounded like a high-speed dentist’s drill began to whine beside her ear. Ivan moved in close to her face and smiled menacingly through his mask.

“You are not going to like this. I don’t especially like doing it either. But it will make you talk.”

As the whirring sound intensified, she felt jabs of sharp pain in a left rear molar.

“My God!” she thought. “Help me to be brave.”

Then, suddenly, the drilling stopped.

“Alright, Kathleen,” said Ivan. “I believe I had your undivided attention just now.”

Kathleen shivered, noting his clinical coldness and utter lack of

compassion.

“Now that we have your attention, we are going to drop you off back at your hotel. If we contact you again for more information, you will understand the importance of cooperating.”

Her heart pounding, she felt a bit dizzy as she was roughly removed from the chair, bound at ankles and wrists, and tossed in the rear seat of another large black SUV. Immediately, three of the black-clad masked men jumped into the SUV, and it sped off into the Moscow night. In a few minutes she saw the bright lights of the Hilton Leningradskaya portico. The SUV came to a stop, she was lifted out onto the pavement still bound, and the SUV sped away.

Earlier that afternoon, Kathleen had been in the top-floor executive meeting room in the Russian White House, nestled along the banks of the Moscow River. The top officials of the vast Russian Federation sat across the table from two nervous Americans. Looking out across the metropolitan skyline, over the Kremlin’s ornate palaces and onion-domed churches, Kathleen Houston Matches, an independent (some said radical) economist, mused at how the outside world had finally brought Moscow to its knees by exporting the world’s worst rush-hour traffic jams. Seated beside her, Patrick O’Malley, founder of the New York-based GAME (Gold Anti-Manipulation Exponents), recalled how the Russian government had sent one of its top economic experts to GAME’s International Gold Conference in the Yukon back in 2005; and how, ever since, the Russian government had quietly shown real interest in the restoration of inflation-resistant gold-backed currency. It was ironic, he thought, to be seated here, as a paid consultant to Russian power, when his compatriots in the New York world of money and politics would not even give him an honest interview. In the U.S., any serious discussion of gold as money was officially suppressed, usually through mockery.

Patrick O’Malley, a former New England Patriots linebacker who had spent two decades as a precious metals financial advisor, was a big man who filled his medium gray Armani business suit with broad shoulders, bulging biceps, and a well-muscled chest atop a boyishly narrow waist. Towering six feet four inches tall, Patrick moved with athletic grace, and projected an aura of youthfulness despite a few strands of silver in his curly blond hair. His handsome face and blue eyes were striking, more so since Lasix surgery two years ago had eliminated the need for corrective lenses. His mind was brilliant, but his powerful and attractive physique served to enhance his credibility during the frequent financial media interviews. Patrick always went against the “party line” promoted by the big money that controlled the mainstream press, and always appeared to be fearless.

Across the table sat three Russian high officials: Russian President Vasily Alexandrovich Polzin, Prime Minister Daniil Yevgenyevich Mikhailov, and Stepan Mikhailovich Ivanov, Chairman of the Central Bank of the Russian Federation.<sup>2</sup>

<sup>2</sup> A guide to the pronunciation and meaning of Russian and other foreign names used in this story can

Polzin, who had temporarily yielded his position as President of the Russian Federation to his best friend Mikhailov for one term, due to Russian Constitutional term limits, had been re-elected handily in the presidential elections two years ago and once again officially held the ultimate reins of Russian state power, which he had never in practice relinquished. Vasily Alexandrovich, as he was known familiarly, stood five feet eleven inches tall, and was trim and muscular. Like his American friend O'Malley, his hair was blond and his eyes were blue. His face was noble but not truly handsome, and he was built more like a marathon runner than a linebacker. Vasily always dressed impeccably, in high-end Western business attire, and appeared a decade younger than his fifty-three years. A small scar on his right cheek bore witness to past street fights in his earlier days as a front-line FSB agent.

Vasily Alexandrovich had undergone a profound change of heart during the past decade, and that was a large part of the reason for today's meeting. In his youth, he had been a staunch Communist, and through merit, educational achievement, and connections had become the head of the FSB, the Federal Security Service of the Russian Federation, which was the successor to the notorious KGB of the Communist era. The FSB combined the functions of multiple United States agencies: the CIA, the FBI, National Security Administration, Immigration and Customs Enforcement, Coast Guard, Border Patrol, Drug Enforcement Administration, and the Secret Service.

Vasily Polzin's grandfather had been personal cook to Stalin in several of his country estates, and his father had been a loyal Communist Party leader in the factory where he worked in a mid-sized industrial manufacturing town. A militant atheist, his father had replaced faith in God with belief in the inevitability of human progress through the dialectic of class struggle – in essence, the survival of the fittest. But Vasily's mother had been quietly tolerated as a deeply religious woman, a daily communicant in the Russian Orthodox Church. Forbidden to display icons openly at home, she nevertheless ensured that her children were baptized, and she had taken them – including young Vasily – to Russian Orthodox Church services regularly. Vasily had turned aside from the faith in his older youth and adulthood, as he advanced through the ranks of secular humanist society. He earned a degree in International Law with high honors at the state university in Leningrad (later restored to its historical name of Saint Petersburg), and was then taken into training by the KGB, the feared Communist secret police. In recent years the old KGB had been succeeded by the newer FSB, and Vasily had rapidly risen in its ranks and ultimately became the powerful head of the agency.

For perhaps three decades he had given little thought to God. But when his beloved wife narrowly escaped death in a serious motor vehicle accident, Vasily quietly took to wearing his old golden baptismal cross, which his mother had given him prior to her death; and he began to pray

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be found in the back of the book, just in front of the Bibliography.



daily. Sometimes he attended Russian Orthodox services; after the fall of the Soviet government, there was no longer much career risk in being privately religious, especially for a man already at the top of his agency. Three years after his wife's auto accident, his summer home burned down, and his family barely escaped with their lives. An icon of the Mother of God, which had hung in the dining room, survived miraculously unharmed amid the burned-out rubble of his former home. For Vasily this was a personal sign of Heaven's protection, and he went to Confession and received Holy Communion for the first time in decades. He became profoundly conscious of Mary's special maternal protection. He believed that the Holy Mother of God had saved his family from the fire in order to help him understand that She would one day also help Vasily to save Holy Mother Russia from the spiritual, cultural, and social ruination left behind by the seventy years of official atheism under Communism.

Then, just a few months ago, Vasily spent an evening in prolonged silent prayer, in a private chapel in Moscow's magnificent, recently rebuilt Cathedral of Christ the Savior. While he prayed he knelt in adoration before the Holy Mysteries, the real presence of the Body and Blood of Christ reserved in the ornate Tabernacle. It happened that the treasured Icon of Our Lady of Kazan, Protectress of Russia, which had been returned to Russia as a gift of friendship by Pope Leo Alexander II in 2004, was temporarily on display in the small chapel. As Vasily began studying the icon in the flickering light of the red lamp suspended above the Tabernacle, he perceived that She began to smile at him. He felt that a message was being infused into his very soul, that he must henceforth devote his high position as the most powerful man in Russia, and his exceptional gifts of intelligence and political skill, to seek the restoration of Holy Mother Russia to her proper role as an Orthodox Confessional State. He felt that he must strive to alter Russia's Constitution and laws until they would harmonize with the reign of Christ her rightful King. He knew this would mean pursuing true social justice, and he knew he would be powerless to act alone. He felt the Mother of God promising that She alone could bring Russia to a full spiritual conversion and restoration of Christian society, and that when She did, the whole world would marvel that Russia had once again become a great Christian power for the good of the world. Finally, he sensed that somehow, most mysteriously and beyond any circumstances he could foresee or imagine now, Holy Mary would someday cause the Pope of Rome, whose predecessor had returned this treasured icon, to help Russia become and long remain truly Orthodox.

Prime Minister Daniil Yevgenyevich Mikhailov, a long-time friend of Vasily Alexandrovich, was not so religious. They had bonded as best friends during the decades of their youth and middle age, when both were powerful Communist Party apparatchiks and neither gave much thought to religion. Although Vasily had changed spiritually, Daniil Yevgenyevich had not. Daniil stood five feet eight inches, with black hair, dark brown eyes, and a neatly-trimmed beard. At age fifty-two, his hair and beard were flecked with gray, adding an aura of wisdom to

his boyishly handsome politician's face. He had been trim and fit all his life, but was just beginning to show signs of middle age; and his belly protruded just a bit above his narrow waist. Unlike many of his childhood friends, Daniil remained married to his high school sweetheart. But like many of the fiscally fortunate, philosophically unformed elites who ruled his generation, he loved hard rock music, fast cars, and was an aficionado of the pseudo-scientific anti-religious writings of Richard Dawkins and Christopher Hitchens. His favorite bands included Led Zeppelin, Black Sabbath, Pink Floyd, and the Rolling Stones. He had never been to church. He believed in human progress through social planning and education. He was an avid swimmer and weight lifter, and in his youth had excelled in martial arts and wrestling. Daniil Yevgenyevich did not hope for life after death, and found such an ancient superstition curious, much like fairy tales of princes and sorcerers from olden times. But he was loyal to his native Russia, and to his best friend who now had replaced him (by their mutual agreement) as President. Although Vasily held the ultimate power as President, Daniil felt he could temper Vasily's increasing weakness as a religious man, and help keep Russia on the reasonable modern course of human social progress.

Stepan Mikhailovich Ivanov, Chairman of the Central Bank of the Russian Federation, was an appointee of Polzin. He stood five feet six, had a rounded belly and a balding pate, and sweated profusely when nervous. The hair of his temples and beard was graying, and a hint of a double chin suggested that his age was over fifty. In his youth Stepan Mikhailovich had been an economic aide under Boris Yeltsin, and had worked at economic ground zero as Russia had shifted from a centrally controlled Communist economy to a modern free-market state. Over the years he had become increasingly aware that economic freedom was only a charade, and that powerful hidden forces controlled international finance and politics in ways not seen or understood by most people, even most politicians.

"My esteemed colleagues," began President Polzin, "may we come to order. I want to introduce two distinguished guests who sit across our table this afternoon: On the left is Kathleen Houston Matches, renowned internationally in private circles of independent wealth as one of the most original and creative economic minds of our generation. Formerly the Assistant Director of a United States federal government department, she ran afoul of the moneyed interests that manipulate the Western governments for their own profit and power, and has been extensively engaged in self-defense against malicious litigation at no small cost to her personal fortune. She runs a consulting firm that seeks to develop methods of helping broken, bankrupted economies rebuild themselves from the ground up through real freedom and cooperation beginning at the local level. Her real genius is to argue that government is most often the problem rather than the solution when it comes to building just and fair economic structures that broadly benefit the common man while not excessively enriching the elites. To this end, she of course argues that a sound currency with a stable long-term value is a prerequisite. But she



also asserts that the people at the local levels of power must be encouraged to return to the old virtues that caused civilization to prosper: the values of Christianity, which built upon the noble foundations of ancient Greek philosophy and ancient Roman law.

“On the right is Patrick O’Malley, founder of GAME, the Gold Anti-Manipulation Exponents, based in New York City. His tireless effort to expose the US-government-linked manipulation of world gold markets by major private banks has been remarkable. His associates have well-documented, clear proof of market manipulations affecting not only precious metals but world stock exchanges as well, with insider trading increasingly benefiting an exclusive club of politically-connected super-wealthy elites. The real victims are all the common people who work and produce, who scrimp and save, only to find the value of their savings and investments gutted by those whose wealth is already obscenely vast. He is no friend of the politically connected, but as a former National Football League linebacker he can handle himself quite well in a dark alleyway.”

“Just like you, Mr. President,” quipped Patrick. “An old KGB ‘tough guy’ who still wrestles at the gym every week!”

The President smiled at this obvious reference to his athleticism. “Personal fitness is a virtue,” he noted, “but like all virtues, we are called to put them at the service of the greater good for our motherland. The FSB has used extreme care in ensuring Patrick O’Malley’s and Kathleen Matches’ safety, as they have quietly come to Moscow to share their wisdom with us.”

The President stood up, and began to pace about the room.

“My friends, the world has been staggering through an unprecedented Global Financial Crisis – dubbed the ‘GFC’ by the press – for the past two decades. Seated at this table are several individuals with an unusually clear and precise idea of how things came to be so. We understand that it was through the enthronement of personal greed and the worship of money – ‘mammon,’ if you will – in high places and in many nations. My conviction is that the root cause of the GFC was that former Christendom, both in the East and in the West, turned its back on Christ and His ‘hard sayings.’ The gross financial dishonesty that followed was merely the logical result of this fundamental loss of Christian moral restraint. Instead, a pre-Christian tribal mentality arose: the idea that only oneself and one’s family and friends mattered, and that the vast expanse of humankind was of no consequence and in general was quite dispensable. Some elites even began to talk about the desirability of vastly reducing the world’s population, forgetting that it is innumerable little people who work and thereby produce – and not those who manipulate numbers behind desks in big banks – who bring real wealth into being.

“We who hold power in modern nations do not really receive it from the people. That is just a silly modern myth originated by deistic European philosophers who rejected the laws of the true God. Power does not arise from the people through some imaginary ‘social contract.’ It descends from the throne of God, and those who deign to take hold of it, however

the people may select them, will one day render an account to God for the uses which they have made of that power. We are warned of how Pontius Pilate boasted of his power either to release Jesus of Nazareth or to have Him crucified. But our Lord Jesus Christ admonished that temporal Roman ruler thus: ‘You would have no power over Me at all, unless it had been given to you from above.’”<sup>3</sup>

Prime Minister Mikhailov attempted to suppress a smirk, as he stared up at the ceiling, waiting for this embarrassingly inappropriate religious digression to end. But all the others at the table were visibly moved, and President Polzin continued:

“Our mission, then, is to begin to devise a new world financial system, beginning in Holy Mother Russia. Then, by virtue of its integrity, justice, and innate appeal, it will naturally spread out to other nations who, like us, will want to embrace true liberty: the freedom of honest, stable money and the wide distribution of wealth and prosperity. Freedom from greed, freedom from enslavement to avarice. The glorious freedom of widespread human generosity informed by the teachings of Christ the lawgiver. Some historians have argued that such conditions prevailed to the greatest extent when Christendom flourished, in the high Middle Ages. That is because such a system can only work well when the majority of the people are sincerely Christian, as they were at that time.

“So you see, my friends, it will not be enough to devise a promising economic plan. We also need to think about how to get Russia to once again be Christian. And that will be the most daunting task of all. I am praying daily, asking the Mother of God to intercede with Her Divine Son for our spiritually impoverished nation, so that Holy Mother Russia, Her Protectorate, may undergo a miraculous conversion. May it come to pass one day that the whole world will know that, through Holy Mary, Russia – formerly spreading her errors among all nations as the Communist exponent of secular humanist atheism – has once again come to her senses, and now sits, as an eager pupil, at the feet of Jesus, Her Divine Son, Christ Our King!”

Daniil Yevgenyevich, the Prime Minister, could bear it no longer. He was beginning to regret the personal loyalty that had moved him to allow the transfer of the reins of power from himself back to Polzin at the last election. “Vasily Alexandrovich,” he admonished, “you are beside yourself with religious fervor. Some people might say that too much praying is making you mad!”<sup>4</sup> Do not forget that it was just such religious superstition and foolishness that brought down the Romanov dynasty. And it will bring you down too, unless you cease preaching and resume your proper role as the elected president of a modern secular democracy!”

“Relax, my friend. I have no ‘mad monk’ such as Rasputin, waiting in the wings to beguile me.”<sup>5</sup> As President I take no direct orders from the

<sup>3</sup> John 19:11.

<sup>4</sup> Acts 26:24.

<sup>5</sup> Grigori Yefimovich Rasputin was a Russian “starets” (wandering holy man) who befriended and manipulated the last Tsar and Tsarina of Russia – partly because of his apparently preternatural ability

Church. I know that we must work as if everything depends upon us. That is why we are beginning this series of intensive and very secret planning meetings. But we must also pray hard, because in reality everything depends upon God.”

Chairman Stepan Mikhailovich Ivanov of the Central Bank of the Russian Federation had been assigned to present to the group a review of modern economic history. His lecture was entitled “Why Free Markets Require a Sound Currency.” He explained that, after the final destruction of the last vestiges of an international gold standard by United States President Nixon back in 1971, “free markets” could no longer in any sense be truly free, because the value of the international medium of exchange – the United States dollar – was now subject to endless manipulation and obfuscation by hidden powers.

As head of the Russian central bank, Ivanov had begun to understand that Russia and other honest nations must break free of the stranglehold of corrupt Western private banks, and help to establish a truly free and vigorous international market system based on the only reliable system of debt settlement ever known: gold, sometimes supplemented by silver. Back in 2005, Polzin had sent Ivanov to the International Gold Conference held in the Canadian Yukon. The event had been organized by GAME’s Patrick O’Malley, who now sat as a guest at this very table. Stepan Mikhailovich reviewed the amazing, politically incorrect facts he had learned at that conference:

“The abandonment of the gold standard in 1971 was the root cause of the massive unemployment which plagued the once-industrialized world. It was not that economists lacked the intelligence to understand this: they feared for their jobs if, by saying so, they should displease the great financial and geopolitical interests who desired to preserve the status quo. From after World War II until 1971, all nations had sought to maintain a near-balance between their imports and their exports. If they could manage to export a bit more than they imported, they could accumulate a certain amount of financial reserves in the form of gold bullion, real money.

“At the Bretton Woods conference, near the end of World War II, it had been agreed that the United States dollar would be exchangeable for gold at the fixed rate of \$35 per ounce. Any nation that held United States dollars as reserves could exchange them for real gold, on demand, at any time. Because of this option, the United States dollar could function as a suitable reserve behind all other currencies in the world, as it indirectly meant they were all backed by gold. This in turn meant that all nations traded on a level playing field that kept them honest about their balance of payments – all except one, that is: the United States.

“There was nothing to stop the United States from creating as many dollars as it wished, out of nothing. And by doing so, the United States could endlessly import more goods than it exported, and pay for the difference not with real gold but with paper dollars.

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to heal their son from attacks of hemophilia. Often called a “Mad Monk,” he is widely viewed as having been a debauched religious charlatan whose emotional power over the Tsarina in particular brought fatal discredit down upon the Russian monarchy.

“The danger always was that some nations might eventually become wise to this scam, and begin to redeem their United States dollars for gold to such an extent that the United States would start to run out of physical gold. By 1968 the United States was, in reality, bankrupt – because it had long since gotten into the bad habit of buying much more than it sold. In early 1968 the effort to keep the price of gold at \$35 per ounce failed at the London Gold Pool. So, later that year, the United States Congress dropped the rule that the Federal Reserve Bank had to hold ‘Gold Certificates’ (certifying there was gold on deposit in federal vaults) to back at least one-fourth of the Federal Reserve Notes that had been issued. The United States faced two choices: (1) it could devalue its currency, by raising the official \$35-per-ounce United-States-dollar price of gold, but this would soon make foreign goods noticeably more expensive to Americans, and would therefore be politically disastrous at home; or (2), the United States could unilaterally refuse to continue honoring its pledge, made at Bretton Woods in 1944, to exchange other nations’ dollars for gold bullion at a fixed price upon demand. Since the United States was the unrivaled military superpower of the Western world, with troops stationed in nearly every nation, it could exercise the second option with impunity.

“So, on August 15, 1971,<sup>6</sup> with Charles de Gaulle’s France calling America’s bluff by demanding physical gold in exchange for France’s United States dollars, President Nixon was forced to ‘close the gold window.’ No longer could a United States dollar be redeemed for any form of ‘real money.’ The United States Constitution, which authorized only Congress to coin money, was now officially dead. The United States Coinage Act of 1792 had defined gold and silver coins of specific weights and purities as the United States currency, with the dollar specifically defined as 24.1 grams of pure silver. Until 1964, the Federal Reserve Bank issued paper currency clearly labeled as ‘silver certificates.’ These could be exchanged at any bank, anytime, for actual silver dollar coins.

“But in 1971, the United States citizenry, innocent victims of stealth financial mismanagement by their leaders, were not asked whether they wished to finally abandon such constitutional money. Back in 1965, American citizens had already lost the use of coins made of 90% real silver, when 40% silver coins were substituted by stealth. After 1968, silver certificates were no longer redeemed for anything except ‘Federal Reserve Notes,’ made of paper. Then in 1970, coins of base metal, containing no silver at all, were substituted for precious metal coins. Americans were now simply told that ‘progress’ required this change. The ‘barbarous relics’ of gold and silver were said to be incompatible with modern advanced economic systems. So, for the first time in recorded human history, international trade balances were to be settled in ‘floating’ currencies not backed by (or exchangeable for) anything of intrinsic value. They came to be called ‘fiat’ currencies, after the Latin word meaning ‘let

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<sup>6</sup> Perhaps the irony of finally putting honest money (gold) to sleep on the Orthodox Feast of the Dormition, (when Our Lady “fell asleep” and was assumed into Heaven) was not lost on the minions of hell.

it be' – since the United States government was simply now saying, of a worthless piece of ornately-printed paper, 'let it be worth one dollar,' and likewise a fictitious face value was assigned to worthless base-metal 'fiat' coins. All other countries of necessity followed the United States' lead in issuing worthless currencies and coins.

"The former order and harmony among free-trading nations of the world now began to unravel. There was no longer any fixed limit on the expansion of global credit, and so global credit began to expand exponentially until it reached a practical limit around 2010, triggering the Global Financial Crisis or 'GFC.' The doctrine of 'free trade' – all nations being able to buy desired goods wherever they are cheapest – had been developed in an earlier world, under the British Empire, where the sole means of payment for any trade imbalances was gold.

"During the reign of the British pound sterling, a form of the gold standard, there was no inflation for more than one hundred and fifty years. That meant that wealth remained widely distributed among the population, and any one who saved even a little gradually saw his wealth increase. People in our day can hardly imagine such a world!

"Under the gold standard, most payments for trade were made not in gold, but in real goods and services, mutually exchanged through trade. But in that world, no nation could afford to allow the value of its imports and exports to differ by too much, as the difference would have to be paid in real gold. Since a relative balance was always thus preserved between world trading partners, very little gold was actually needed to settle international accounts.

"But once the gold standard was removed, 'globalization' suddenly ceased to be an international blessing and instead became a highly destructive curse: it resulted in the de-industrialization of the West and the transfer of manufacturing power to Asia, where labor was much cheaper. Under the gold standard, Asia could only sell as much to the West as it bought from the West. Therefore, Asia could not undercut Western manufacturers simply by endlessly exploiting its own populations through slave-labor low wages.

"But, once off the gold standard, as long as the West could engage in endless credit expansions, it could hide the ultimate worthlessness of its paper currencies. Year after year, it could then buy much more from Asia than Asia was buying from the West. And for some decades this massive imbalance of trade went on unabated. But by 2010, the Global Financial Crisis had hit, and the sovereign states of the West were finally seen to be nearing bankruptcy.

"The forty-year attempt to run the world on false money (fiat currency), without ever honestly settling imbalances of payments, was coming to an end. The world was teetering on the brink of vast geopolitical destabilizations, and we began to see that Russia needed to prepare for a very different economic future."<sup>7</sup>

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<sup>7</sup> Key ideas in this presentation must be credited to Hugo Salinas Price, "The Gold Standard: Generator and Protector of Jobs", posted June 16, 2010 at [www.lemetropolecafe.com](http://www.lemetropolecafe.com).

An animated discussion followed, in which it was generally agreed that a sound, gold-backed currency would be a prerequisite to any new monetary system that would remain just, over time, for the common man. Governments, like households, would then be forced to budget with honesty and transparency. The need for politicians to overspend in order to buy votes in modern democracies was also noted, and was contrasted with monarchy in which decisions could be based on the long-term good of the kingdom and its people, rather than on the short-term perspective of the next election.

Suddenly an elegant pre-revolutionary grandfather clock chimed, indicating it was time for the adjournment of this first meeting. It was announced that the next meeting would be held three days hence at a private hunting preserve about thirty kilometers north of Moscow. Biometric hand scans were required for admission to the compound, so once inside, absolute security was assured. There would be no public announcement of this meeting or of the presence in Russia of Kathleen Matches and Patrick O'Malley. This evening the Americans were to be transported, in separate secure government vehicles, back to their historic landmark hotel, the Moscow Hilton Leningradskaya.<sup>8</sup>

Before departure, a toast to Russia was held, with top shelf vodka for all. Then, FSB specialists arrived to escort each of the Americans to a different underground parking location, and then out of a different ramp into the pandemonium of Monday evening Moscow traffic. In twenty uneventful minutes, O'Malley was back in his hotel room. He rang up Kathleen's room, several floors distant, but there was no answer. Well, no reason to be concerned, he surmised. After all, she was safe with top presidential security agents. She had probably convinced them to take her shopping. He would get a good night's sleep, and see her in the morning to begin planning for the next meeting.

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<sup>8</sup> The Moscow Hilton Leningradskaya is a famous Moscow landmark, one of seven elegant "wedding cake" skyscrapers erected under Stalin to enhance the beauty of the capital city skyline. For a description and photos visit the Hilton Hotels website (Hilton.com) and select Moscow, Russian Federation.