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The Fatal Flaw in Gold Bugs Thinking

I just finished reading an article in the Daily Bell (an electronic newsletter) which interviewed Jay Taylor, economist/philosopher/gold bug. This article revealed a fatal flaw in the thinking of Jay and most other gold bugs which I have met, read, and heard speak. What is this fatal flaw in their thinking?

As an appraiser with 40 years in the business of valuing all types of physical assets (mostly real estate, business assets, and personal property) I have discovered that the concept we call ‘value’ (\$price) is NOT intrinsic or inherent within any physical object. Why? First of all the concept of ‘value’ (\$price) is a derived phenomena (not a thing). From what source is ‘value’ derived? It is derived from my/your subjective consciousness (mind). Any concept and symbols (\$price) derived from my/your mind is NOT intrinsic (inherent) within an object (say like gold or bricks and mortar). The concept of intrinsic value (espoused by most gold bugs) to justify an increase in the value of gold over time (as Jay implied in this interview), is really not a true reality in time and space. Why?

To understand the concept of ‘value’ (\$price) one must also understand the nature of our fiat money...used in the valuation of a commodity like gold. Yes, gold is a physical commodity in time and space. It exists as matter/energy in time and space. And gold can be bartered in time and space for other physical commodities. It can also be used as a currency (money) if the market desires. However, the ‘value’ (\$price) of this metal is a derived phenomena from one’s consciousness (mind). This means that any ‘value’ derived for a commodity like gold is subjective (even if we price the metal in cardinal numbers (our current money symbols). Keep in mind that our money today (\$symbols) are created from the consciousness (mind) of our Central bankers (like Bernanke and company). These \$symbols are then inputted in a computer as electronic digits and then distributed electronically (most money

today consists of electronic or digital units). We then use these electronic symbols (\$1.00 and multiples thereof) to ‘value’ a commodity like gold.

Can the ‘value’ (\$price) of gold go to ZERO? Yes, it can. The dollar can collapse as a viable unit of ‘value’ and this would leave an item like gold without any \$price. What does this mean? This means that ‘value’ (\$price) of gold is not intrinsic within the item we call gold. Gold can eventually (via a hyper-deflationary or hyper-inflationary collapse of the dollar) go to ZERO. This has recently happened in the country of Zimbabwe which used the Zimbabwe dollar as their currency unit. What happens then? The gold itself remains as matter/energy (in time and space) and the \$price (derived from our consciousness) evaporates into NOTHING (our consciousness or mind is not a thing). Rather, our consciousness (mind) is our spirit within. Consciousness is a spiritual phenomenon distinct from space and time.

In conclusion, I would maintain that there is NO intrinsic value within an object like gold (or my/your house). Yes, the object (gold/house) remains after our currency (say the \$) no longer exists. Objects in time and space (like gold or my house) can and do assume a subjective ‘value’ thereafter (derived within a barter society). However, this subjective ‘value’ is unique to each person on this planet. Some may view gold as worthless (as future money) and others may view gold as a barter item. Some may even view gold as an ingredient for paving the streets. It’s all subjective once a currency unit (like our imaginary \$symbol) collapses in the near future. To assume that gold contains INTRINSIC value (another word for objective/timeless value) is not supported by history or human nature.

IMO gold does NOT contain any intrinsic (inherent) ‘value’ that can be objectively specified by any one person/society/culture. The key is to understand the derivation of ‘value’ from ones consciousness. The philosophy of dualism may help with the understanding of this issue. Dualism proposes that there are two distinct realms of reality...the realm which we observe (gold/house) and the realm which composes the observer (one’s subjective mind or consciousness). Each should be viewed as distinct realms of reality. Understanding the nature of consciousness may also help with this fatal flaw in the thinking of most gold bugs. Isn’t it time to recognize that gold and all metals need to return to nature where we discovered them and that ‘value’ is a derived concept of the mind? Watch as gold goes to ZERO in the not too distant future as our \$symbol gets destroyed. What will emerge from the new marketplace after this event? Will gold emerge as AU or What? Who will decide?

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