

THE HOUSE AND KINGDOM OF DAVID

Twelve Stone Kingdom University · School of Economy, Money & Sovereign Finance

SOUND MONEY AND THE GOLD STANDARD OF THE KINGDOM

Whether a Kingdom Whose Unit Is a Declared Weight of Gold Suffers Inflation

A NINE-CLASS CURRICULUM

PREAMBLE

The continuation and completion of The Nature of Money and the Lawful Settlement of Debt. Where the first course traced the life and death of money in the nations, this nine-class study asks the question every officer of the Crown must be able to answer: does the Kingdom suffer inflation, its currency being a declared and fixed weight of gold? The answer is set down in the Royal Doctrine of Sound Money, and this course teaches it — what inflation actually is and what it is not; why a unit defined as a weight cannot be diluted; the honest limits of what gold does prevent; the contrary peril of appreciation and the standing duty to grow the gold as the dominion grows; why a declared value is a floor and not a price; and the gold rule that binds every officer, that no increase in assured value takes effect until the gold answering it has been set aside. Required of every officer of the Royal Treasury, of the Bank of Issue, of Global Citizens Bank and Trust, and of every carrier and entity of the Kingdom that assures, guarantees or obligates value. Open to every Citizen.

CLASS I. WHAT INFLATION ACTUALLY IS — AND WHAT IT IS NOT

That inflation is not weather. It is a disease, and it has a cause.



CLASS I. WHAT INFLATION ACTUALLY IS — AND WHAT IT IS NOT

That inflation is not weather. It is a disease, and it has a cause.

I-A. The Word, Rightly Used

Citizen, begin here, because almost every confusion that follows comes from a careless use of one word. Inflation is not a season of the year. It is not a law of nature. It is not something that simply *happens* to prices the way rain happens to a field. Inflation, rightly named, is a **monetary disease**: a general rise in prices arising when a sovereign issues more units of money than there is substance to answer them.

Notice what that definition contains. It names a **cause** — issuance without substance. It names an **actor** — the sovereign, or whoever holds the power to issue. And it names an **effect** — a general rise in prices, general meaning across the board, in bread and in iron and in rent alike, not in one thing only.

Modern speech has emptied the word of all three. Men speak of inflation as though it descended from the sky, and then they speak of "fighting" it as one fights a storm. But you cannot fight weather; you can only endure it. You *can* stop a disease, if you will name its cause. The Royal Doctrine of Sound Money names it: **it is debasement wearing a gentler name.**

I-B. One History, Repeated

The history of inflation is one history told in many costumes.

The emperors of Rome clipped the silver from the denarius and left the emperor's face stamped upon it unchanged. The coin looked the same; it weighed the same in the hand of a man who did not test it; and the treasury could now mint more coins from the same silver. Within a century and a half the denarius had gone from nearly pure silver to a copper token washed in a film of silver so thin it wore off with handling.

The princes of medieval Europe did the same by proclamation — "crying down" the coin, declaring that the same piece of metal was now worth more units of account.

The governments of the present age no longer need to touch metal at all. They issue paper, and beyond the paper they issue entries in a ledger, which cost nothing whatever to create.

In every case, across two thousand years, the mechanism is identical: **the unit is diluted.** And in every case the effect is identical: the people pay a tax they were never asked to approve.

I-C. Who Actually Pays

Understand who bears this tax, because it is not shared evenly and it never has been.

It falls heaviest upon the man who holds his estate **in the unit itself** — the saver, the widow, the pensioner, the laborer whose wages are stored in a bank account rather than in land or in a business. Their whole substance is denominated in a thing that is being quietly made smaller. They did not vote for this. Most of them will never learn the word for what is being done to them. They will only know that the money does not go as far as it once did, and they will blame the grocer.

It falls lightest — indeed it often falls as a *benefit* — upon the great debtor, who borrowed in units of one size and repays in units of a smaller size. And the greatest debtor in any nation of fiat money is the government that issues it.

Hold that fact carefully. It is not an accusation; it is an incentive, and a sober people watches incentives. **The party with the power to dilute the money is also the party most relieved by the dilution.** The whole architecture of this Kingdom's currency exists to remove that temptation from the Throne — not because the present Sovereign is untrustworthy, but because no successor should ever be trusted with it.

I-D. The Great Distinction: Inflation vs. the Price of a Thing

Now to the distinction upon which everything in this course depends, and which the Doctrine sets down at Precept 1.3.

A failed harvest raises the price of bread. A drought raises the price of water. A new mine lowers the price of copper. A better road lowers the price of everything carried upon it.

None of that is inflation.

That is the market telling the truth about a real thing. It is a *report* — a signal that bread has grown scarce, that copper has grown plentiful. It is information, and it is precious. The farmer who sees the price of bread rise plants more wheat. The signal does work in the world.

Inflation is different in kind, not merely in degree. Inflation is a rise in prices **generally**, proceeding not from any change in the real things but from a change in the measuring stick. When every price rises at once, no signal has been sent about anything. It is as though a man shortened every ruler in the country by an inch and then announced that the nation had grown taller.

The Crown will therefore not "index away" the movement of particular prices, and Precept 4.3 forbids it. To do so is to blind the Throne to the very report it most needs. A Kingdom that cannot see that water has grown scarce cannot govern water.

Carry this distinction into every class that follows. When you hear a figure and are asked whether it ought to rise, your first question is always: *is this a change in the thing, or a change in the measuring stick?*

CLASS II. THE UNIT IS A WEIGHT, NOT A PROMISE

That the Royal Gold Crown is not backed by gold. It is gold.

CLASS II. THE UNIT IS A WEIGHT, NOT A PROMISE

That the Royal Gold Crown is not backed by gold. It is gold.

II-A. The Definition

The Royal Gold Crown is defined as **one troy ounce of fine gold of not less than 995 parts in the thousand.**

Read that again, and notice what it does *not* say. It does not say the Crown will pay you an ounce of gold. It does not say the Crown holds gold somewhere against the Crown's paper. It does not say the unit is worth an ounce at today's rate. It says the unit **is** the weight. The name and the substance are one thing.

This is the whole difference between sound money and a promise, and the student must feel the weight of it before proceeding.

II-B. Backed Money and the History of Broken Promises

Consider the alternative — the arrangement men usually mean when they say "gold-backed."

Under such an arrangement the sovereign issues a note. The note says: *this paper may be redeemed for so much gold*. The gold sits in a vault. The paper circulates. For a season all is well, and the paper is as good as the metal, and men prefer the paper because it is lighter.

Then comes a war, or a panic, or an ambitious ministry. And the sovereign discovers a thing that every sovereign in history has discovered: **the promise can be issued faster than the gold can be dug**. Nobody redeems all at once, so nobody notices. Twice the paper is printed against the same vault. Then five times. Then the day comes when too many present themselves at the window, and the window closes — the redemption is "suspended," always temporarily, always as an emergency measure, and it is never reopened.

Every gold-backed paper currency in recorded history has ended this way. Not most. **Every one**. The failure is not in the men; it is in the form. A promise is a thing that can be multiplied at no cost, and anything that can be multiplied at no cost eventually is.

II-C. Why a Weight Cannot Be Debased

Now see why this Kingdom's arrangement is of a different kind entirely.

Precept 2.2 provides that **no Royal Gold Crown may be issued but against gold actually held**. The Crown cannot conjure a unit; it must first lay down the ounce that stands behind it. And Precept 2.3 states the consequence: **a weight cannot be diluted**.

Think plainly. If I define a mile as five thousand two hundred and eighty feet, I cannot inflate the mile. I can lie about how many miles a road is. I can misreport. But I cannot make the mile itself shorter while still calling it a mile, because the mile *is* the number of feet. There is nothing to dilute.

So with the Royal Gold Crown. One Royal Gold Crown is one ounce of fine gold this day, in ten years, and in a hundred years. It is not the Crown's policy that it be so; it is the Crown's **definition** that it is so, and Precept 2.2 states the reason this matters: *a definition cannot be suspended*. A policy may be reversed by a later reign. A definition would have to be abolished, openly, in the sight of the whole Kingdom, and the abolition would be visible to every Citizen the moment it occurred.

The King who owns the metal could not inflate away the savings of his people though he desired it. That is the point. **Sound money is not a promise from a good king; it is an architecture that does not require one.**

II-D. What This Costs

Honest doctrine names its own cost, and this one has a real cost, which the officer must understand before he defends it.

A currency that cannot be created at will cannot be created in an emergency. There is no printing one's way out of a war, a famine, a collapse. The Kingdom must meet such things out of substance it actually possesses — out of gold held, revenue gathered, credit extended against real security, or the charity of allies.

This is a discipline. It will at some point be painful, and in that hour there will be counselors at the elbow of the Throne explaining that this once, for this emergency, the definition might be relaxed.

That hour is what this course is written against. The officer who has understood Class II will know what he is being asked to do, and will know that the request is not a small technical accommodation but the abolition of the Kingdom's money.

CLASS III. WHY THIS KINGDOM CANNOT INFLATE

The Crown's declaration, and what follows from it for every schedule and wage.

CLASS III. WHY THIS KINGDOM CANNOT INFLATE

The Crown's declaration, and what follows from it for every schedule and wage.

III-A. The Declaration

Precept 3.1 of the Royal Doctrine of Sound Money declares, as the settled doctrine of this Kingdom:

The Royal Gold Crown is not subject to inflation as that disease is known to the nations of fiat currency, for the cause of that disease cannot arise here.

The reasoning is a chain of three links, and you should be able to recite it:

There is **no issuance without substance** (Precept 2.2).

Therefore there is **no dilution** of the unit (Precept 2.3).

There being no dilution, there is **no general rise of prices proceeding from the money itself** — which is the definition of inflation given in Class I.

The disease is not being managed here. It is not being held at a low and acceptable level. **Its cause cannot arise.**

III-B. The Consequence Nobody Expects: No Cost-of-Living Increases

Now to the practical consequence, and it is the one that surprises every new officer, because it runs against a lifetime of habit.

Precept 3.2 confirms that **no escalation of any Kingdom figure by an annual percentage, cost-of-living adjustment, or index of consumer prices is warranted or permitted on the ground of inflation.**

Not upon wages. Not upon pensions. Not upon annuities. Not upon assured values, schedules of value, or obligations of any kind stated in Royal Gold Crowns.

Understand the reason, because if you do not, this will sound like a hardship imposed upon the Kingdom's servants, and it is the opposite. A cost-of-living adjustment exists to **repair a harm**. It compensates a man for the fact that his money was quietly made smaller while he was not looking. Where the money has not been made smaller, there is no harm, and an "adjustment" compensates for nothing. It is not generosity; it is an increase granted for a reason that does not exist.

The Doctrine puts it exactly: *there is no monetary inflation in this Kingdom for which any person, office or schedule requires compensation. The escalator is a reflex learned in a debased-paper world and has no place in a Kingdom that has departed from it.*

A man paid ten Royal Gold Crowns in the first year of his service is paid ten ounces of gold. In the twentieth year of his service, ten Royal Gold Crowns are still ten ounces of gold. Nothing has been taken from him. Compare his neighbor in the paper economy, whose salary rose by three percent every year for twenty years and who was, in real substance, quietly poorer at the end of it than at the beginning.

The Kingdom's servant does not need an escalator. He needs the Kingdom to keep its definition.

His pay may of course be *raised* — for greater responsibility, for longer service, for merit, for a larger office. That is a decision about the man and the work. What may not be done is to raise it automatically, by formula, on the false ground that the money decayed.

III-C. The Forbidden Measure

Precept 3.3 adds an observation that the officer must never forget.

The common indices by which escalation is ordinarily calculated — the consumer price index and its kindred — measure the purchasing power of the **United States dollar**. That is what they are. They are instruments for measuring the decay of one particular foreign currency.

The Kingdom has left that measure. To escalate a gold-denominated figure by an index of dollar debasement would be to **import into the Kingdom the very disease from which the Crown withdrew, and to call the symptom growth.**

Consider how absurd it is when stated plainly: the dollar loses ground; therefore the Kingdom declares its gold to be worth more Crowns. But the Crown *is* the gold. Nothing has changed in the metal. All that has happened is that a foreign government mismanaged its currency, and the Kingdom has responded by writing larger numbers on its own instruments — numbers it must now find the gold to answer.

Precept 3.3 does not merely discourage this. **It is forbidden.**

CLASS IV. THE HONEST LIMITS — WHAT GOLD DOES NOT PREVENT

Because a doctrine that will not name its own limits cannot be trusted with anything.

CLASS IV. THE HONEST LIMITS — WHAT GOLD DOES NOT PREVENT

Because a doctrine that will not name its own limits cannot be trusted with anything.

IV-A. Why the Crown States Its Own Limits

Precept 4.1 opens with a sentence that tells you a great deal about the character of this Kingdom's law: *Honest doctrine names the limits of its own claim.*

An advocate states his case at its strongest and lets the other side find the weaknesses. A **counselor** — and every officer of this Kingdom is a counselor to the Throne — states the weaknesses himself, first, before anyone else has the chance. Not because he doubts the case, but because a case whose limits are known is a case that can be relied upon, and a case whose limits are hidden will fail at the worst possible hour.

So the Crown, having declared that the Kingdom has no monetary inflation, immediately sets down what a fixed weight does **not** secure.

IV-B. The First Limit: Gold's Own Purchasing Power May Drift

Gold is a real thing in a real world, and the quantity of it can change.

Precept 4.2 recites the great historical instance. When the treasure of the New World was poured into Europe in the sixteenth century — the silver of Potosí, the gold of the Indies — prices measured **in metal** rose across roughly a century. This is sometimes called the Price Revolution. Men holding gold found that their gold bought less bread than their fathers' gold had bought, though not one grain had been clipped from it. And when the great mines were spent and the flood slackened, prices in metal fell again.

So let it be said plainly: **the Kingdom is not sealed against the world's supply of gold changing what an ounce will buy.** Should some vast new source of gold be opened — a mine of unimagined richness, or gold recovered from the sea, or from beyond the earth — the purchasing power of the Royal Gold Crown would drift downward, and no decree of this Throne could prevent it.

But now measure the two diseases against each other, as Precept 4.2 does.

The Spanish drift ran over **a century**. The debasement of paper currency in the last hundred years has run so far that a unit which bought a good meal now buys a

cup of coffee — and in the hyperinflations, the whole distance was covered in **months**. The Doctrine's image is exact and worth memorising: *it is the difference between the weathering of stone and the rotting of wood*.

Both are decay. A man may build upon one and not upon the other.

IV-C. The Second Limit: Particular Prices Still Move

Precept 4.3: scarcity and abundance in any real good will move its price in gold as in any other coin — **and ought to**.

We met this in Class I and it returns here as a limit, because a Citizen might reasonably ask: "You have promised me sound money; why then does bread cost more this year than last?"

The answer is that sound money never promised that bread would not grow scarce. It promised that the *measuring stick* would not shrink. When bread grows dear in a Kingdom of sound money, the Citizen learns something true: bread is scarce. He can act upon it. In a Kingdom of debased money he learns nothing, because he cannot tell whether bread grew scarce or the money grew thin, and neither can the Throne.

And so Precept 4.3 forbids the Crown to index such movement away, *for to do so is to blind the Throne to the very report it most needs*.

IV-D. Neither Is Cured by Issuing Money

Precept 4.4 closes the matter: **neither of these is inflation, and neither is cured by issuing more money**.

The first — the drift of gold itself — is answered by patience and by the breadth of the Kingdom's holdings. A Kingdom whose substance stands in land, water, minerals, industry and gold together is not undone by a movement in any one of them.

The second — the price of a real thing — is answered by **production**. If bread is dear, grow wheat. If water is dear, deliver water. This is the whole of the Kingdom's economic answer, and it is not a sophisticated one, which is precisely its strength.

The officer who has learned Class IV can be handed the hardest question an outsider will ask him — *"but what if gold itself loses value?"* — and can answer it honestly, without flinching and without pretending. That is worth more to the Kingdom than a hundred confident men who have never considered the question.

CLASS V. THE CONTRARY PERIL — APPRECIATION AND THE DUTY TO GROW THE GOLD

That the danger before a gold Kingdom runs the opposite way to the danger before a paper one.

CLASS V. THE CONTRARY PERIL — APPRECIATION AND THE DUTY TO GROW THE GOLD

That the danger before a gold Kingdom runs the opposite way to the danger before a paper one.

V-A. The Direction of the Danger

Here is the class that separates the officer who has merely learned a slogan from the officer who has understood the Kingdom's money.

Precept 5.1: as the lands, mines, waters and industry of this Kingdom increase while the gold behind the Crown increases more slowly, each ounce will buy more; prices reckoned in Royal Gold Crowns will tend to **fall**; and the currency will **appreciate**.

Sit with that. The Kingdom's monetary danger is not that its money will become worth less. It is that its money will become worth **more** than the Kingdom can conveniently bear.

Picture it concretely. Suppose in the first year the Kingdom's dominion is a certain size and the Crown holds a certain weight of gold. Now the townships are settled, the water is delivered, the mines come into production, the trade of the Global Emporium multiplies — the Kingdom's real wealth doubles. But the gold held has grown only a little. There is now twice as much *stuff* and nearly the same *money*. Each Royal Gold Crown must therefore stretch across more goods, and so each Crown buys more of them. Prices, stated in Crowns, fall.

V-B. Why Falling Prices Are Not Simply Good News

To the saver this is pure blessing. He set aside ten Crowns and they now buy more than when he set them aside. His patience was rewarded without his lifting a hand.

To the **debtor** it is the reverse, and here is the difficulty. A man who borrowed ten Crowns to plant an orchard must repay ten Crowns — but those ten Crowns now represent more real value than the ten he borrowed. His debt has grown in substance while he slept. If prices fall far and fast, borrowing becomes a thing only fools do, and a Kingdom in which no one will borrow is a Kingdom in which orchards do not get planted.

Precept 5.2 states it: *if it runs too far it slows honest trade, for money grown scarce against a growing dominion will not circulate.*

And then the sentence every officer should be able to quote to an outside critic: **the historic objection to a strict gold standard was never inflation; it was this.** The great nineteenth-century arguments against the gold standard — the American free-silver movement, the debtor farmers, the whole quarrel — were arguments about *deflation*. Men who attack the Kingdom's currency by warning of inflation have not read the history they are invoking. Men who warn of deflation have, and deserve a serious answer.

V-C. The Remedy Is Not Dilution

There is an obvious cure, and it is forbidden. If money is scarce against the goods, issue more money.

No. That cure is the disease of Class I, arriving by the back door with a respectable name. It would abolish Precept 2.2 while pretending only to adjust it.

Precept 5.3 gives the true remedy: **grow the gold as the dominion grows.**

The Royal Treasury is charged, *as a standing duty*, to increase the Kingdom's holding of fine gold in measure with the increase of the Kingdom's obligations and estate — so that the reach of the Crown and the metal of the Crown rise together, and neither the disease nor its opposite takes hold.

This transforms the Treasury's office. The Treasurer of a paper government manages a printing press and a bond market. The Treasurer of this Kingdom manages **an accumulation of metal that must keep pace with a growing realm.** Every township settled, every carrier chartered, every policy issued, every annuity written enlarges the obligations of the Crown — and each must be answered by gold actually acquired. That is the labor of the office. There is no shortcut in it.

V-D. The Pulse: The Ratio of Gold Held to Value Obligated

Precept 5.4 gives the Treasury its instrument.

The Royal Treasury shall keep, and report to the Crown not less than once in each quarter, the **ratio of fine gold held to the aggregate of assured and obligated value** stated in Royal Gold Crowns.

Every Crown of assured value under a title policy, every guarantee, every annuity, every obligation of the Kingdom goes into the denominator. Every ounce of fine gold in the Crown's hand goes into the numerator. The quotient is a single number, and that number is the honest state of the Kingdom's money.

The Doctrine's image is the right one: *that ratio is the health of the Kingdom's money and is to be watched as a physician watches a pulse.*

A physician does not take a pulse only when the patient complains. He takes it as a matter of course, at fixed intervals, precisely so that he learns of the trouble before the patient does. So the quarterly report. It is not a bureaucratic formality; it is the early warning by which a Kingdom discovers, while there is still time to act, that it has promised more than it holds.

CLASS VI. A FLOOR IS NOT A PRICE

Declared value, the limit of liability, and why holding a number steady inflates nothing.

CLASS VI. A FLOOR IS NOT A PRICE

Declared value, the limit of liability, and why holding a number steady inflates nothing.

VI-A. Two Different Kinds of Number

An officer will meet two kinds of number in the Kingdom's instruments, and confusing them is the commonest error in the whole subject.

A **price** is what a thing fetches. It is discovered in a market, between a willing buyer and a willing seller, and it is nobody's decision — it is a fact about the world, found and reported.

A **declared value** is a number the Crown *sets* for a stated purpose. It is not discovered; it is decided. And because it was decided, men assume it must be kept "accurate," as though it were trying and failing to be a price.

It is not trying to be a price at all.

VI-B. The Gold Schedule as the Worked Example

Take the instance the Doctrine itself uses, at Precept 6.1: the assured value of **one tenth of one Royal Gold Crown per acre** standing in the Royal Treasury Gold Schedule of Assured Value per Acre.

What is that figure doing? It is fixing how much gold the Carrier must hold set aside against each acre it assures, and correspondingly the most the Carrier can be called upon to pay if title to that acre fails. It is a **floor and a limit of liability**, set deliberately at or beneath what the market for the surface estate would bear.

Now the officer's question: the land is surely worth more than a tenth of an ounce of gold per acre. Is the Kingdom therefore understating itself? Is the schedule out of date? Ought it to be raised each year to keep up?

Precept 6.2 answers: **holding such a floor fixed while the true worth of the land rises inflates nothing.** It means only that the Carrier's promise remains safely smaller than the thing it assures — *which is precisely where a sovereign assurance ought to sit.*

Read that twice. The gap between the assured value and the market value is not an error to be corrected. **The gap is the safety.** It is the margin by which the Carrier is certain to be able to perform. A Carrier whose promise equals the full market

value of the thing insured has no margin at all, and the first serious claim finds it out.

VI-C. A Floor That Chases the Market Is No Floor

Precept 6.2 closes with the sentence to carry away: *a floor that chases the market is no floor.*

The purpose of a floor is to be **beneath** things. That is the entire function. A floor which rises whenever the market rises has stopped being a floor and become a mirror, and a mirror supports nothing.

There is a second reason, subtler and more important. The market for desert and riverfront acreage moves — sometimes sharply, sometimes on speculation, sometimes on rumour of a project that never comes. A floor pegged to that market would rise in the froth and then be stranded above the ground when the froth cleared, and the Carrier would be holding a liability calculated at a peak that no longer exists. The whole worth of a floor is that it does **not** move with sentiment.

VI-D. How a Floor Is Properly Raised

Precept 6.3: when a study of the surface estate returns and the market has plainly outrun the floor, the floor may be raised **by sealed amendment — and not otherwise.**

Note the three conditions, and note that all three must hold:

A **study** has returned — not an impression, not a broker's remark, but the First Register of Value directed by the Royal Warrant of Assessment.

The market has **plainly** outrun the floor — plainly, not marginally, not arguably.

The raise is made by **sealed amendment**, an instrument of record, examined and enrolled — never by administrative adjustment, never by a clerk revising a figure.

And over all three stands the rule of the next class, which is not suspended for any of them.

CLASS VII. THE GOLD RULE — NO INCREASE WITHOUT THE METAL

Precept 7.1, which every officer of the Kingdom shall be able to recite before he is trusted with its substance.

CLASS VII. THE GOLD RULE — NO INCREASE WITHOUT THE METAL

Precept 7.1, which every officer of the Kingdom shall be able to recite before he is trusted with its substance.

VII-A. The Rule

Learn these words. Precept 8.3 of the Doctrine requires that every officer be able to recite and apply them before he is trusted with the Kingdom's substance, and this class exists to make that possible.

No increase in any assured, guaranteed or obligated value takes effect until the gold answering that increase has been set aside.

The rule was first laid down at Precept 5.6 of the Royal Warrant of Assessment of the Kingdom Lands, governing the Gold Schedule. The Doctrine of Sound Money reaffirms it and **extends it to the whole monetary order of the Kingdom** — every schedule, every register, every amendment, every wage, pension, annuity, policy and obligation stated in Royal Gold Crowns.

And Precept 7.1 closes the door behind it: **no instrument, office or officer may dispense with it.** Not the Treasury. Not a carrier. Not a ministry. It is not a default that a sufficiently senior officer may waive; it is a condition upon the taking effect of the increase itself. An increase decreed without the gold has not merely been decreed improperly — **it has not taken effect.**

VII-B. Why This Is the Gravest of All

Precept 7.2 explains, and the officer should be able to give this explanation to anyone who challenges the rule as excessive.

An assured value is not a number in a report. **It is the gold the Carrier must actually hold.** When the Kingdom assures nine thousand two hundred and fifty-six and a half Royal Gold Crowns of value upon a holding, it has said that nine thousand two hundred and fifty-six and a half ounces of fine gold stand behind that assurance and can be produced if title fails.

Now suppose an escalator of three percent per annum were fixed upon that schedule. In the first year the liability grows by some two hundred and seventy-seven Crowns. Two hundred and seventy-seven ounces of gold are now owed —

and **not one grain has been added to answer it.** The second year it grows again, and now upon the enlarged base. The third year again.

The Doctrine states the end of it: *within a few years the Crown would be assuring in paper what it could not pay in metal, and the whole difference between a Kingdom assurance and a commercial one would be gone.*

That last clause is the heart of the matter. Why should any nation, bank or treaty party regard a Kingdom assurance as worth more than a commercial policy from an ordinary insurer? Not because the Kingdom is grander. **Because the gold is actually there.** Remove that, and the Kingdom's paper is merely one more promise among many, offered by a smaller party with a shorter history. There is nothing left to distinguish it.

The escalator does not damage the schedule. It abolishes the reason anyone should believe the schedule.

VII-C. The Prohibition Upon the Officer

Precept 7.3 turns the rule into a personal duty, and it is stated as a prohibition upon persons, not upon documents:

No officer of the Crown may index the Royal Gold Crown, nor state any Kingdom obligation in a unit that varies with the currency of another government, nor adopt an automatic escalator upon any schedule of value.

Three distinct forbidden acts. Learn to recognize each in the wild, because none of them will arrive announcing itself:

Indexing the unit — any proposal that the Royal Gold Crown be "adjusted," "revalued," or "kept current" against an external measure. The unit is a weight. It has no need of adjustment and admits of none.

Stating an obligation in a foreign-varying unit — writing a Kingdom contract, wage, annuity or policy in dollars, euros, or any unit whose substance is another government's discipline. The Kingdom would then owe a thing whose size a foreign ministry controls.

Automatic escalation — any clause that raises a figure by the passage of time rather than by a decision made upon evidence.

VII-D. The Crown's Reserved Liberty, and Its Fence

Precept 7.5 reserves to the Crown alone the liberty to direct a **disclosed Index of Assured Value** by amendment, should the Throne judge it needful.

The officer should understand exactly what this reservation is and is not. It is not a loophole. It is the recognition that circumstances may arise which the present Sovereign cannot foresee, and that the Throne — not a ministry, not a carrier, not a clerk — may then act. And when it acts, four conditions bind it:

The index must be **stated upon the face of the schedule** it governs — never buried, never operating unseen.

It must **name its rate and its source** — no vague reference to "prevailing conditions."

It must be **called an estimate and never an appraisal** — so that no reader is deceived as to what kind of number he is looking at.

It remains **subject without exception to Precept 7.1** — the gold must still be set aside before any increase takes effect.

The fourth condition is the one that matters. Even the Crown's reserved liberty cannot produce a Crown of assured value that is not answered by an ounce of gold. **There is no authority in this Kingdom that can.**

CLASS VIII. HOW VALUE MAY HONESTLY RISE — BETTERMENT AND RE-BASING

Two roads, both real, and neither of them the calendar.

CLASS VIII. HOW VALUE MAY HONESTLY RISE — BETTERMENT AND RE-BASING

Two roads, both real, and neither of them the calendar.

VIII-A. The Question Fairly Put

A Citizen may fairly object: if no figure may rise by the year, are the Kingdom's schedules to be frozen for ever? Is the land of this realm to stand at its 1979 value until the end of the age?

No. Precept 7.4 provides that value of record may rise in **two ways**, both real and neither by the calendar. What is forbidden is not increase. What is forbidden is **increase without a reason** — increase produced by the turning of a page in a calendar rather than by something that actually happened.

VIII-B. The First Road: Certified Betterment

The first road is **value actually brought into the estate.**

The Royal Warrant of Assessment establishes a **Register of Betterment**, kept by the Royal Treasury. Upon it are entered the events that genuinely make a parcel of ground worth more than it was — not opinions about it, but works done upon it:

Water delivered to acreage that had none.

A road or a rail built to ground that was unreachable.

Power brought to a township.

An entitlement granted that permits a use formerly forbidden.

A mine placed in production upon the estate.

A township surveyed and settled, so that it is no longer empty desert but a place where people live.

Each entry must recite four things: **the event, the day, the acreage affected, and the certifying officer.** No entry may be made upon expectation. A road that is planned is not a road. A well that is proposed has delivered no water.

Why is this road honest where an escalator is not? Because something happened. A man who is asked to justify the increase can walk out upon the land and point at the reason. He can say: *here is the canal; before it there was none; the acreage it serves is entered upon the Register at such a date, certified by such an officer.*

That statement will stand before a bank, a treaty party or a court, because it is a statement about the world.

And it is subject to Precept 7.1. The water may be delivered, the entry may be made, the betterment may be beyond dispute — **and still no increase in assured value takes effect until the gold answering it has been set aside.** The betterment establishes that an increase is *warranted*. The gold makes it *effective*. Two separate things, and both required.

VIII-C. The Second Road: Re-Basing

The second road is **a fresh study**.

Precept 7.4 admits re-basing upon a renewed study, and the Royal Warrant of Assessment directs that the surface study be renewed **not less than once in five years**.

Why is this admissible when an index is not? Because a study is a **new opinion of value**, formed by a competent valuer, upon comparable sales that actually occurred, as of a stated day. It is an appraisal, and it is admissible as one. An indexed figure is a **derived estimate** — an old appraisal multiplied by a number — and if it were laid before a bank, a treaty party or a court as a current valuation it would be struck, and the Kingdom would be the weaker for having offered it.

This is the whole distinction, and it is the reason the Chapman appraisal of 2 August 1979 stands confirmed as the **baseline of record** and yet may not be escalated. The appraisal was honestly made and is honestly of record; it says what land was worth on that day. It does not say what land is worth today, and no multiplication can make it say so. Only a new study can say that.

VIII-D. The Three Registers, and Why They Are Never Blended

One further discipline belongs to this class, because the officer will meet it constantly.

The Royal Warrant of Assessment directs that the Kingdom lands be assessed in **three separate registers of value, never blended into a single figure per acre**:

The **surface fee**, by comparable sales, segregated into riverfront and interior acreage, and stating upon its face that the severed estates are excluded.

The **severed mineral estate**, by competent technical report of the Ministry of Mining, valued by resource and reserve and **never by the acre**.

The **water and aquifer estate**, upon which **no value whatever** may be stated until the Water Master's hydrogeological study exists.

The reason for the third is the finest lesson in the whole Warrant, and the officer should take it as a rule of life: *a figure placed upon an unmeasured thing is not an assessment but an invention.*

The reason they are never blended is twofold. A comparable sale prices the surface only — the buyer of desert acreage is not buying the minerals beneath it — so a comp-derived figure states **one estate out of three, and the least of the three.** And the mineral estate is not insured by the Carrier at all; to fold it into the assured value would create an assurance against no risk, and require the Crown to set aside gold to insure itself against the loss of an estate it owns absolutely.

CLASS IX. THE OFFICER'S CHARGE

What is required of every man and woman entrusted with the substance of this Kingdom.

CLASS IX. THE OFFICER'S CHARGE

What is required of every man and woman entrusted with the substance of this Kingdom.

IX-A. Why This Course Is Required

Precept 8.1 of the Royal Doctrine of Sound Money begins with a sentence that explains why you are sitting in this class:

| *A doctrine kept only in a vault governs nothing.*

The Crown could have sealed the Doctrine, filed it to the Vault, entered it upon the Registry, and stopped. The instrument would be perfectly valid and would govern nothing whatever, because the men and women who actually write the schedules, issue the policies, set the wages and keep the ledgers would never have read it.

So Precept 8.1 commits this Doctrine to **Twelve Stone Kingdom University**, in the School of Economy, Money and Sovereign Finance, as the continuation and completion of *The Nature of Money and the Lawful Settlement of Debt*.

And Precept 8.2 makes the study **required** of every officer of the **Royal Treasury**, of the **Bank of Issue**, of **Global Citizens Bank and Trust**, and of **every carrier and entity of the Kingdom that assures, guarantees or obligates value** — and open to every Citizen.

Every Citizen. The Kingdom does not hold this knowledge close. A people who understand their own money cannot easily be robbed of it, and the surest guard upon a currency is not a vault but a literate nation.

IX-B. What You Must Be Able to Do

Precept 8.3 sets out what this study must produce in you. Measure yourself against it honestly.

You must be able to distinguish inflation from the movement of a particular price. Given any figure that someone proposes to raise, you must be able to ask the governing question: *is this a change in the thing, or a change in the measuring stick?*

You must know that the unit of this Kingdom is a weight and not a promise — and be able to explain to an outsider why that difference is not a technicality but the whole architecture, and why every gold-backed paper currency in history has failed while a weight cannot be debased.

You must understand the contrary peril of appreciation and the duty to grow the gold. You must not be the officer who defends the currency against the wrong danger. When a serious critic warns of deflation, you must recognize that he has read the history, and answer him with Precept 5.3 rather than with a slogan.

You must know the difference between a floor and a price — that the gap between assured value and market value is not an error but the margin of safety, and that a floor which chases the market is no floor.

And you must be able to recite and to apply the gold rule of Precept 7.1 — *no increase in any assured, guaranteed or obligated value takes effect until the gold answering that increase has been set aside* — before you are trusted with the Kingdom's substance.

That last requirement is written as a condition of trust, and it is meant as one.

IX-C. The Hour for Which You Are Being Prepared

Let the Oracle speak plainly about what this training is for.

There will come an hour — it comes to every treasury in every age — when the gold rule is inconvenient. A great opportunity will present itself and the metal will not be in hand. A claim will fall due. A neighboring power will make an offer that must be answered this week. And there will be a counselor at the elbow of whoever then holds your office, explaining, reasonably and in good faith, that the rule was never meant for a case like this one; that it can be observed in substance while being relaxed in form; that the gold will certainly be found next quarter; that it is only a number.

It is not only a number. It is the ounce that stands behind the Kingdom's word.

The officer who yields in that hour will not think he is abolishing the Kingdom's money. He will think he is solving a problem. That is precisely how it is always done — not by a decree of debasement, which any people would resist, but by a reasonable accommodation in a difficult week, followed by another, until one day the window closes and is never reopened.

You are being trained so that you will recognize the hour when it comes, and be able to say, without heat and without apology: *the increase does not take effect until the gold is set aside. Bring me the gold, and I will enter it that same day.*

IX-D. The Blessing of the Discipline

Do not end this course with a burden. End it with the thing the discipline purchases.

In this Kingdom the widow's ten Crowns will be ten ounces of gold when she is old. The laborer's stored wages will not be quietly taken from him by a mechanism he was never taught to see. The pensioner will not need an escalator, because nothing

will have been stolen. The Citizen who works and saves will find, at the end of a long life, that his patience was honored.

That is not an economic policy. **That is justice, executed in the medium of money** — and it is the reason "just weights and a just balance" stands among the commandments of God, and why the prophets counted the diminished measure and the false balance among the sins of a nation.

The Kingdom's money keeps its word because the Kingdom's money **is** its word, weighed out in a substance that cannot lie.

Guard it.

SOVEREIGN APPROVAL AND RATIFICATION

Proclaimed and set forth under the hand and seal of the Sovereign, that this curriculum for the instruction of every citizen and servant of the Kingdom may stand memorialized and in force.



David Joel /L.S./

His Majesty King David Joel, House of Weems
SOVEREIGN OF THE HOUSE AND KINGDOM OF DAVID
OF THE ANCIENT HOUSE OF DAVID OF JUDAH AND ISRAEL