

# FREEDOM'S *Phoenix*



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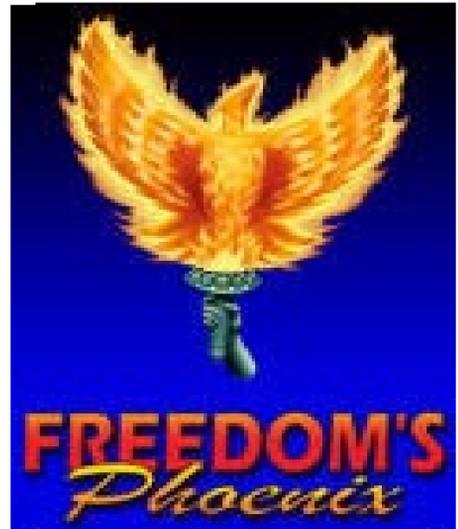
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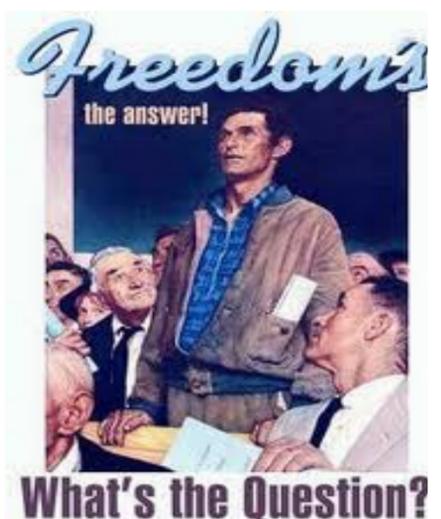
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# Freedom's Phoenix Digital Magazine viewing tips

By Nick Barnett

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**"WHERE THE GREAT MINDS OF THE MODERN FREEDOM MOVEMENT COME TOGETHER"**

## The Ninety Degree Revolution

By L. Neil Smith

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MOST people who think about such things recognize that over the past couple of decades, a communications revolution has occurred. Few appreciate just how profound and history-shattering that revolution is, or why the government -- which actually got the revolution started -- hates, loathes, and despises it, and would do anything to reverse it.

Depending on who's doing the talking, human beings have organized themselves in large groups -- bigger than extended families, tribes, or villages -- for almost 10,000 years (Catalhoyuk, in Turkey, dates to 7500 B.C.). Aside from the legendary oratory of the Greeks, the wailing of muezzins in their minarets, yodeling from the mountaintop to the valley, or "talking" drums in Africa, not much is known about mass communication until about 1000 years ago, when the predecessors of church bells -- flat plates or gongs -- began to be used, and the distinction became plain between lateral communications among ordinary people, and vertical communications: pronouncements "from on high" by authority.



These pronouncements were, quite literally, the big noise.

Because it was such a primitive, low-bandwidth medium, people had to be conditioned, by parents or priests, to respond to the bell appropriately, for morning prayers, midday prayers, evening prayers, weddings, funerals, or emergencies. Humanity -- at least in Europe -- became Pavlovian dogs, commanded by the one-note authority of the Church.

And so it went, for the next millennium. With few exceptions, every time there was an improvement in communications, it was an improvement in vertical communications, from the pinnacle



of authority downward. The printing press, initially, was used to print Bibles (although it was eventually the undoing of the Roman church). The military used semaphoric telegraph to convey strategic and tactical intelligence. Newspapers found a niche, passing government lies and threats along to a populace increasingly encouraged to read so they could receive their orders.

Letters to the editor were used to make dissenters seem like fools.

Then came radio, ideally suited for abuse by demagogues like Hitler, Mussolini, Churchill,

and Roosevelt. And then television -- and, exactly as it had been with the radio, there was no way of talking back to the florid, power-besotted faces filling the screen. They were talking to you, and had no intention of letting you talk back.



Sometime around the age of 10 or 11 (this would have been 1956 or 1957), I saw something that struck my imagination like a kitchen match. My dad was a US Air Force officer running aircraft maintenance at Torbay, a Canadian Air Force base we used because there wasn't any runway 20 miles away at Pepperrell, where my dad was officially stationed.

More or less permanently installed on the edge of the asphalt sat a big trailer, which held facilities for guiding aircraft to land in bad weather, of which we had plenty. There was an acronym; I don't remember what it was. Ground-Controlled Approach? GCA? Something like that.

An object inside that trailer looked a lot like one of those big old-fashioned receipt machines you used to see in retail stores, except that whatever you wrote or drew on its surface was relayed telephonically to the main control tower, half a mile away. And when the tower guys wrote back to you, a little arm with a pen darted out and duplicated -- in the individual's hand -- whatever they had written.

I coveted one of those damned thingies for the rest of my youth, never realizing the almost magical capacity it had demonstrated would be only a minor feature of the technology that was coming. It was only two-way, and it was, essentially, a closed circuit system -- exactly like the telephone -- but seeing it work filled my mind with wonderful possibilities.

Communication follows a predictable course of evolution. It begins with something big, expensive, and institutional -- like church bells -- but as time goes on, it gets smaller, cheaper, more widely spread, like the hand bell the schoolmarm used to get the kids back in from recess.

Despite their early humble beginnings in nickelodeon machines, movies were soon being exhibited to hundreds, or even thousands of people in vast entertainment palaces, and went from grainy grayscale to high-resolution, "glorious Technicolor, breathtaking Cinemascope, and stereophonic sound".



And 3D.

People could make their own movies, but it was tedious and expensive. When television came along, the only way to record it, at first, was to film it -- the process was called Kinescope -- but video tape was invented (it started out an inch wide) and the first private individual I ever heard of who had his own tape player was Hugh Hefner.

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The first blank VHS cassettes cost \$35 apiece. Betamax failed, not because of some conspiracy, but because its idiot makers never dreamed that people would want to use it to watch movies. Now, of course, I own something like a thousand movies on VHS and DVD, and I recently replaced my dead disk player with a Blu-Ray machine. From movie palace (with sticky floors and noisy patrons) to living room in just half a century.

Computers -- although their pioneers didn't realize they would ultimately serve mostly as communication devices -- followed the same course, from obscenely expensive boxes that filled several temperature controlled rooms and had thousands of vacuum tubes needing constant replacement by grad students going up and down the aisles between the various sections with shopping carts, to vastly more powerful and reliable items that will fit on your wrist -- or the back of a housefly.

Initially, computers were used in World War II to direct artillery fire. Afterward, scientists used them to solve problems that required thousands of computations. Businesses, especially banks, found them useful in the giddy days of punch cards, paper tape, and eight-inch floppies.

And just as the universities in those days were filled (and may still be) with boffins who thought they were too good to do their own typing, the bigwigs -- including the government -- who owned the computers didn't try to understand them. They simply hired young, badly-dressed, ill-groomed, and awkward young people to do it for them.

When a network was proposed, to facilitate communications between academia, government, and corporate America, the same "geeks" (as they came to be called) were hired to run that, too. And the minds that had used spare time on the banks' computers to play the primitive Star Trek game we grew to love, used this military-industrial-academic network to send each other dirty jokes and recipes for marijuana brownies.

The Internet had been born.

There was nothing Authority could do, even when they knew what was going on. They needed the 'net and the geeks whose domain it was too badly.

What nobody, not even the geeks, understood is that a fundamental social revolution was occurring, far more important than Gutenberg's printing press (which was ultimately responsible for events from the Protestant Reformation to the American war of Independence from Great Britain -- demonstrating that each time there's an improvement in communication, some sort of revolution has followed), more important, inexpressibly so, than the telephone, the radio, or the television, which were themselves a part of the old world now being turned on its ear.

For the first time in the history of civilization, vertical communication -- orders from the top down -- was being displaced, possibly even replaced, by lateral communication between ordinary people.



Topics could be discussed -- the philandering of politicians, the lack of qualifying credentials by presidents, the criminal behavior of banks, the evil of mindless wars waged against helpless populations -- that the old-style top-down media wouldn't have mentioned. Candidates deliberately ignored or mocked by the Old Media suddenly had a real chance.

Instead of being told what to think and say and do by largely self-appointed thugs, the products of a hopelessly corrupt political system, ordinary individuals were talking it over -- sometimes at the top of their cybernetic lungs -- among themselves in an environment in which, mimicking the core of libertarian ethics, it's impossible to initiate physical force. Thomas Jefferson would have loved it. Our third President's less-worthy successors detest it. All through her swinish husband's administration, Hillary Clinton muttered threats at the Internet, and Waco Willie himself opined that the Founders had "given" us too much freedom; maybe it was time to take some of it away.

West Virginia Senator, would-be television censor, and former Governor Jay Rockefeller has said that he believes we'd be better off -- meaning he'd be better off -- if the Internet had never been invented. It's petty obvious that moustache twirling comic book villains, like Harry Reid, Nancy Pelosi, Charles Schumer, and John McCain agree.

But the genie is out of the bottle and the toothpaste is out of the tube. More and more, vertical communication means less and less (Obama's recent State of the Union was the least-watched in history), while lateral communication continues to grow phenomenally and is often the only thing still holding our criminally mismanaged economy together.

Sure, they can shut off the Internet, at the cost of shutting down the entire phone system. Sure they can pass laws, which nobody is willing to obey any more. As we "speak" I hear rumors of alternative Internet infrastructure being devised that nobody can ever interfere with.

As surely as with the passage of human technology from flaked stone to bronze to iron to steel, the world has changed and it won't ever be changing back. The hypocrites who once said how nice it would be if everybody in the world could speak to one another now have their wish.



And most of them can't stand it.

But for us, the children of the American Revolution, it is a new beginning. 

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L. Neil Smith is the award-winning author of 33 freedom-oriented books, including [The Probability Broach](#), [Ceres](#), [Sweeter Than Wine](#), and [DOWN WITH POWER: Libertarian Policy In A Time Of Crisis](#).

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## That Was Quick

### By Charles Goyette

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IN addition to everything else, subscribers to Charles Goyette's [Freedom and Prosperity Letter](#) also get my twice a week podcasts, fast, up-to-the-minute comments about breaking events and news you should know about that affects our freedom and prosperity.

Charles Goyette's

**FREEDOM & PROSPERITY LETTER**

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It's like an early warning system for the things the governing classes intend to do to us. Let me give you the latest example.

It was just the other day that I noted the massive money printing that has been going on by central banks around the globe: The Federal Reserve, of course, but also the Bank of Japan, the People's Bank of China, the Bank of England, the European Central Bank, and even the Swiss central bank. Now all that money printing isn't without consequence. It eventually makes prices rise. So I thought I would give my subscribers a preview of all the sorts of things the governing classes do when we begin to feel pain from their legal counterfeiting.

And here's part of what I said on the podcast on Tuesday:

*"I want to give you a template that you can use to understand some of the typical things that happen in the face of those rising prices. First, consumers begin to complain about their inability to make ends meet as the household budget is squeezed. Their complaints grow louder and they begin asking politicians to do something."*

*"Of course the politicians already did do something. They spent money they didn't have and enabled the central bankers like the Fed to print money and cause prices to rise. But anxious to divert attention from their own malfeasance, the politicians begin looking for scapegoats: Maybe it's farmers, or speculators, or the rich or the poor or even foreign devils."*

What you need to know is that they'll find somebody else – anybody else – to blame for what they have done. House minority leader Nancy Pelosi wasted no time proving my Tuesday prediction right. The very next day, Wednesday, Pelosi issued a statement on rising gas prices. And she knew just who to blame.

Gas prices were going up, Pelosi said, because of all those evil speculators.

*"Independent reports confirm that speculators are driving up the cost of oil, hurting consumers and potentially damaging the economic recovery. Wall Street profiteering, not oil shortages, is the cause of the price spike. In fact, U.S. oil production is at its highest level since 2003, and millions of acres have been cleared for additional development."*

*"We need to take strong action to protect consumers from this speculation."*

Well, that really was quick! It's all the fault of speculators, right? Let's see. The Federal Reserve has virtually exploded the money supply. And I mean exploded. M2 money has grown by more than 30% since the recession began. It's up by 10% in just the last year. M1 is up by 20% in the last year. The monetary base is up by 25% in the same period.

Now, let me put it in simple terms that even members of the governing classes can understand. There's a lot more paper money around. That makes it worth less. It buys less.

But the governing classes have made things even worse than that. Not only is there a lot more paper money, but what have they done to the supply of oil? They have put a fear premium on the price of oil by constant saber rattling in the oil-rich Mideast and instituted a virtual blockade on Iranian oil. I'll go into detail on Iran and oil in the March issue of my [Freedom & Prosperity Letter](#).



But for now, it's sufficient to underscore that they've obstructed the supply of oil. And they've increased the supply of money. The value of the money goes down. The price of oil goes up. And they blame speculators for higher gas prices? Do they think the people are stupid?

And are they right?

Maybe they are. As far as speculators go, for everybody buying oil for future profits, somebody who thinks prices will move differently is selling. Let me say that again. For every buyer, there is a seller. Somebody makes a dollar; somebody else loses a dollar. But that is not allowed to get

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in the way of the governing classes' demagoguery.

Instead, they resort to the same sleight of hand over and over again, diverting attention from what they themselves have done. And it seems to work.

What can you say about people who can be this easily fooled? What can you say about your fellow citizens when the president they elected, President Obama, appoints an energy secretary who has made his position clear. Secretary Chu was explicit even before he took office. "Somehow," he said, "we have to figure out how to boost the price of gasoline to the levels in Europe." The energy secretary wants our cost of oil to go up and our standard of living to go down. And when it happens, it's the fault of speculators?

The Nancy Pelosi's of the world, and hundreds of other Republicans and Democrats like her, are perfectly predictable. Having spent years destroying American prosperity, they not only find scapegoats to blame as the crisis develops, they are ready to offer ways to make things much, much worse.

It's all predictable. I cover it all in the [Freedom & Prosperity Letter](#), my special subscriber reports, and in the twice a week [podcasts](#).

*"We need to take strong action to protect consumers from this speculation,"* said Pelosi.

And wait until you hear what happens when the governing classes start taking that "strong action." That's when things really start falling apart. 



For more information on Charles' Freedom & Prosperity service, click [here](#). Also, visit Charles' Facebook Page [here](#).

Charles Goyette's new book, [Red and Blue and Broke All Over](#), is due out March 15th, 2012.

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# Freedom Isn't Free... But You Can Buy It for a Bitcoin

## By Nick Saorsa

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IN the age of digital everything, it should come as no surprise that digital money is a big issue. Around the world, people are fed up with central banks and their

fiat currencies and are looking for other ways to conduct financial exchanges. You have probably heard of bitcoins, but do you really know what they are or have you ever thought about what a decentralized currency could mean for liberty?

Bitcoin is a form of digital currency. You can hold bitcoins in your digital bitcoin wallet and transfer them to other peoples' wallets for FREE. Your bitcoin wallet will, by default, reside on your computer. Just like any important file on your computer, you want to make sure that you have it in a secure place.

The safest place to keep a wallet full of bitcoins is on a computer or USB drive that is not connected to the internet. There are other ways of using multiple encryptions and practices of distribution of bitcoins to multiple wallets, but it can get very detailed and complicated. Check this out for more information.



It is not backed by a commodity (such as gold or oil), but acts as a commodity itself with the value of each digital coin being based on scarcity. Bitcoins come into existence through a process known as "mining." Mining is accomplished by running a bitcoin client on your computer. The client crunches through long math problems and every so often a cache of bitcoins is "found." Bitcoin was designed to have a maximum number of 21 million bitcoins in circulation and the rate at which bitcoins are mined is designed to drop off over time.

### Example - Bitcoin mining Set-Up:



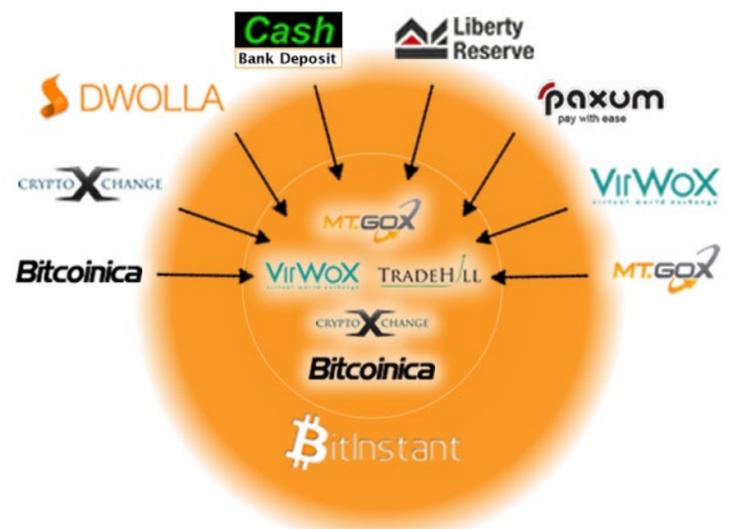
With the recent popularity spike in bitcoins, great developments have been made in the efficiency of mining bitcoins. It is possible to build a computer with multiple graphics cards that have incredibly fast processors and use the GPUs to mine bitcoins much faster than your standard PC. You can also buy into bitcoin mining operations and receive a smaller payout

when your sponsored miner uncovers a bitcoin cache. The popularity of the highest powered graphics cards has made them scarce on the market not for their initial intended use of playing video games or editing videos, but rather for bitcoin entrepreneurs looking to make some extra money.

Up until now and into the near future, the bitcoin mining process would net some lucky miner 50 bitcoins at a time. It was recently reported that 80% of these "easy bitcoins" have already been mined. After the easy coins are depleted, the mining cache will fall to 25 bitcoins per instance.

In the early days of easy mining, some people became rich with bitcoins, but there were very few ways to spend, sell or buy them. The bitcoin model highly favors early adopters as it will always get harder and harder to hit a bitcoin cache. Over the last year the price of bitcoins has been highly volatile with prices ranging from \$2 each to over \$30. Easy access to bitcoin exchanges, such as Mt Gox and Tradehill, have brought forth many innovations in how to spend bitcoins. Sites like [bitinstant.com](http://bitinstant.com) are making it even easier for consumers to obtain bitcoins by allowing you to deposit FRNs in a local bank and have bitcoins transferred to your bitcoin wallet.

**The System:** 1. You use the payment method of your choice 2. We charge a small fee to transfer your funds 3. Funds are deposited INSTANTLY!



You may be asking "Why would it be so hard to actually obtain bitcoins?" The bankster class is on to bitcoin and is doing what it can to stop its success. Last year, PayPal started seizing large amounts of money from bitcoin brokers' accounts. Some banks have refused to do wire transfers to purchase bitcoins. Both the government and the banks (what's the difference?) are scared, and they should be.

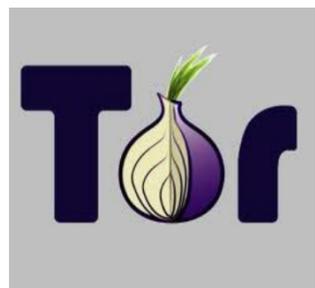
Since bitcoin was designed as an anonymous, encrypted currency, it is almost impossible to find out who is using them. There are ways to track FRN transfers to bitcoin warehouses and coordinate them with bitcoin transfers into wallets, but it is not an exact science. Better anonymity can be obtained by fencing bitcoin acquisitions through multiple wallets so that their trail can be lost.

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It is this anonymity that scares the current statist quo. With people trading freely in bitcoins the government is not able to take "their slice" of the income through taxes and the banks are unable to charge transaction fees. This has obviously ruffled some feathers, especially after black market swap meets began springing up last year.

One such online black market site is the Silk Road. The silk road is an online website where you can buy pretty much any drug imaginable. Silk Road is not accessible by a regular



web browser, you must use the TOR network and have the direct link to the hidden service. TOR is an anonymizing peer to peer proxying system original-

ly designed for people in oppressive regimes to communicate freely and safely with the outside world. There could be some security problems with TOR and rumor has it that nefarious government goons have their hands in some of it as it originally came from the Navy. Since the Silk Road operates as a hidden service, it's about as secure as you can get on the internet. If you would like to check out the Silk Road, you can get a TOR browser here and use the this link to visit the site: <http://silkroadvb5piz3r.onion/> (only works in a TOR browser).

In July of 2011, [Gawker](#) posted an article about the Silk Road which lead to a lot of media attention and aggrandizing by congress-critters in DC. Much hooting and hollering ensued. Not only was the Silk Road providing a marketplace for selling drugs, but they were using bitcoins as their sole means of transaction. An anonymous site using anonymous currency to provide black market services. Bitcoin was definitely on the radar but little was heard until recently.

Michael Suede of [LibertarianNews.Org](#) posted an article on February 16th, 2012 about a recent FinCEN ruling that could possibly be a gateway to government red tape used to start a war on bitcoins.

*"FinCEN thinks it has the authority to go after entities such as Mt. Gox that are located in Japan. Mt. Gox, along with all the other related institutions, such as SpendBitcoins.com that exchange Bitcoins for gift cards, or VirWox which exchange Second Life "Linden dollars" for Bitcoins would be subject to criminal sanction by FinCEN even if they have no physical presence in the US at all. It should be noted that these*

*are dictatorial decrees by FinCEN. No legislation has been passed that says FinCEN should be allowed to go after foreign businesses around the globe. FinCEN decided on its own that it has this authority."*

So with a dictatorial decree, FinCEN (the Financial Crimes Enforcement Network) could be making all bitcoin traders into criminals. Good thing the CONstitution is there to protect us and says that all laws have to be passed by congress... oh wait, never mind.

So what can an anonymous currency do for the cause of liberty? By using competing currencies and ignoring the Federal Reserve, people are striking at the root of the problem that is government. Without the monopoly of fiat money imposed by legal tender laws, the government cannot continue to print or issue worthless dollars when there is potentially something out there that holds value and is inflation proof. Of course digital currency is not the only answer and movements are springing up across the country in an effort to avoid the FED with precious metals, local currencies and barter.

People trading in bitcoins can purchase not only contraband, but services and every day goods as well. Services such as [spendbitcoins.com](#) provide a gateway to purchase items from Amazon and many other online retailers using your bitcoins. Of course, ordering something in the mail is hardly anonymous, but it just proves that bitcoins have real value. Using anonymous currency while not having to pay taxes and being able to keep your transactions away from the prying eyes of Big Brother can be seen as a net positive for privacy.



One of the key principles in anarcho-capitalism is to set up competing institutions to replace those forced on people by the government. Bitcoin may not be the answer, but it is most certainly a grand experiment. As people begin to realize that they do not need the governments permission to trade freely, the superstition of the state can be chipped away. 

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# Hooray for the Black Market!

## By Larken Rose

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ACHIEVING complete freedom requires both the mental ability to disobey would-be masters, and the physical ability to disobey would-be masters. One without the other will fail. For example, the fact that a population may be armed

is no check against tyranny if the people themselves cannot ever bring themselves to forcibly resist the acts of violent aggression committed by those who wear the label of "government." The physical ability to resist, without the mental ability, is worthless.

And so it is with economic slavery. If a population feels a moral obligation to pay tribute to a ruling class, then it doesn't much matter what avenues of "illegal" free trade are available to the people. But if the people understand self-ownership, and stop hallucinating something legitimate about the parasitic gang of crooks called "government," that's when alternative means of trade and cooperation come in handy.



The main reason modern tyrants want a cashless economy is so all wealth and commerce can be monitored and

controlled. In contrast, cash makes it easy for people to trade unseen and uncontrolled by the state--a practice which the parasite class demonizes using derogatory terms such as "under the table" and "black market," implying that trading without giving the masters a cut is a horrible sin. The tyrants preach this propaganda, well aware that the physical ability to trade freely, without the involvement of "government" thieves, does not pose a threat to the powers that be if the people are mentally incapable of disobeying or resisting the demands of an alleged "authority." That is why mental enslavement is ultimately far more important than physical enslavement.

However, as people start to escape the mental cage they've been trained into via authoritarian indoctrination, it also becomes important that they have the physical means to disobey, evade, resist, or otherwise defeat would-be control freaks and parasites. A huge part of that is finding a way for free people to communicate and trade beyond the eyes, tentacles and fangs of the beast called "government." I am certainly no expert on technologies such as communications encryption and electronic currencies, but even without knowing the details of how they work, the threat they pose to would-be tyrants of the world should be obvious.

Right now, it is easy for two people who know each other and live in close proximity to make small trades without the "government" parasites ever finding out, or being able to get a cut. Though something similar can be done via old-fashioned mail, it is much slower and somewhat less secure than in-person trading. What the internet and emerging commerce technologies will essentially do is remove the geographical

limitations on the "illegal" freedom already being exercised around the world. Of course, those who get rich off of stealing from others--namely, every "government" in the world--will continue to try to find new ways to spy on, regulate, and intercept communications and commerce. But in the end they will fail. Badly.

It doesn't matter what "legislation" they pass, what fascist "crackdowns" they attempt, or how much they huff and puff. As long as there are wires running across the country, the programmers and inventors, the geeks and hackers, will leave "the authorities" in the dust. The question is not whether free people can win in a contest of technology and ingenuity. They can. The question is only, at what point will people realize that they own themselves, and have every right to do whatever it takes to outsmart, circumvent, disobey or resist those who wish to subjugate and enslave them?

Right now, small deals, albeit by the millions, happen quietly, "under the table." As the economy continues to fall apart, and as more people wake up to the insanity of authoritarianism, free, voluntary, "illegal" trade will spread. And it will become a self-accelerating process, both in terms of mental freedom and physical freedom. On the mental side, when a tenth of the people have outgrown the silly idea that there is something noble or useful about everyone surrendering a big chunk of what they earn (via "taxes") to a gang of corrupt politicians and thugs, that attitude will quickly spread. Likewise, on the physical side, when a tenth of the people refuse to pay tribute to the parasites, whether that refusal comes in the form of clandestine trading or overt disobedience, the ability of the parasite class to do anything about it will collapse, and the other nine tenths will figure out that they might as well stop complying as well, since the risk at that point will be almost none.



Again, mental liberation must come first, but that is occurring at an accelerating rate, and has been for several years now. As more and more people escape the cult of statism, and realize that mutually voluntary exchange is no sin, and bowing to tyrants is no virtue, the "black market" may quickly become the entire market. There may soon come a time when Joe Average goes online, hoping to find a good deal on something, finds the "government"-approved version--complete with regulation, taxation, surveillance, and continually devaluing currency--and then finds the "black market" version--private, untaxed, and far less expensive. Then Joe Average might just decide that he doesn't really need politicians in his life after all. When that day comes, the empire is toast. 🌸

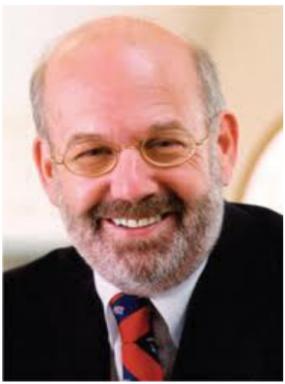
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## Why Austrian Economics Matters

### By Lew Rockwell

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ECONOMICS, wrote Joseph Schumpeter, is "a big omnibus which contains many passengers of incommensurable interests and abilities." That is, economists are an incoherent and ineffectual lot, and their reputation reflects it.

Yet it need not be so, for the economist attempts to answer the most profound question regarding the material world.

Pretend you know nothing about the market, and ask yourself this question: how can society's entire deposit of scarce physical and intellectual resources be assembled so as to minimize cost; make use of the talents of every individual; provide for the needs and tastes of every consumer; encourage technical innovation, creativity, and social development; and do all this in a way that can be sustained?



This question is worthy of scholarly effort, and those who struggle with the answer are surely deserving of respect.

The trouble is this: the methods used by much of mainstream economists have little to do with acting people, and so these methods do not yield conclusions that have the ring of truth. This does not have to be the case.

The central questions of economics have concerned the greatest thinkers since ancient Greece. And today, economic thinking is broken into many schools of thought: the Keynesians, the Post Keynesians, the New-Keynesians, the Classicals, the New Classicals (or Rational Expectations School), the Monetarists, the Chicago Public Choicers, the Virginia Public Choicers, the Experimentalists, the Game Theorists, the varying branches of Supply Sideism, and on and on it goes.

#### The Austrian School

Also part of this mix, but in many ways apart from and above it, is the Austrian School. It is not a field within economics, but an alternative way of looking at the entire science. Whereas other schools rely primarily on idealized mathematical models of the economy, and suggest ways the government can make the world conform, Austrian theory is more realistic and thus more socially scientific.

Austrians view economics as a tool for understanding how people both cooperate and compete in the process of meeting needs, allocating resources, and discovering ways of building a prosperous social order. Austrians view entrepreneurship as a critical force in economic development, private property as essential to an efficient use of resources, and government intervention in the market process as always and everywhere destructive.

The Austrian School is in a major upswing today. In academia, this is due to a backlash against mathematization, the resurgence of verbal logic as a methodological tool, and the search for a theoretically stable tradition in the madhouse of macroeconomic theorizing. In terms of policy, the Austrian School looks more and more attractive, given continuing business-cycle mysteries,

the collapse of socialism, the cost and failure of the welfare warfare regulatory state, and public frustration with big government.

#### High Points in the Austrian Tradition

In its twelve decades, the Austrian School has experienced different levels of prominence. It was central to the price theory debates before the turn of the century, to monetary economics in the first decade of the century, and to the controversy over socialism's feasibility and the source of the business cycle in the 1920s and 1930s. The school fell into the background from the 1940s to the mid-1970s, and was usually mentioned only in history of economic thought texts.



The proto-Austrian tradition dates from the 15th-century Spanish Scholastics, who first presented an individualist and subjectivist understanding of prices and wages. But the formal founding of the school dates from the 1871 publication of Carl Menger's *Principles of Economics*, which changed economists' understanding of the valuing, economizing, and pricing of resources, overturning both the Classical and the Marxian view in the "marginal revolution."

Menger also generated a new theory of money as a market institution, and grounded economics in deductive laws discoverable by the methods of the social sciences. Menger's book, said Ludwig von Mises, made an economist of him, and it is still of great value.

Eugen von Böhm-Bawerk was the next important figure in the Austrian School. He showed that interest rates, when not manipulated by a central bank, are determined by the time horizons of the public, and that the rate of return on investment tends to equal the rate of time preference. He also dealt a deadly blow to Marx's theory of capital and exploitation, and was a key defender of theoretical economics at a time when historicists of every stripe were trying to destroy it.



Böhm-Bawerk's greatest student was [Ludwig von Mises](#), whose first major project was the development of a new theory of money. The *Theory of Money and Credit*, published in 1912, elaborated on Menger, showing not only that money had its origin in the market, but that there was no other way it could have come about. Mises also argued that money and banking ought to be left to the market, and that government intervention can only cause harm.

In that book, which remains a standard work today, Mises also sowed the seeds of his business-cycle theory. He argued that when the central bank artificially lowers interest rates, it causes distortions in the capital-goods sector of the structure of production. When malinvestments occur, an economic downturn is necessary to wash out bad investments.

Along with his student F. A. Hayek, Mises established the Austrian Institute for Business Cycle Research in Vienna, and he and Hayek showed that the central bank is the source of the business cycle. Their work eventually proved to be

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most effective in combating Keynesian experiments in fine-tuning the economy through fiscal policies and the central bank.

The Mises-Hayek theory was dominant in Europe until Keynes won the day by arguing that the market itself is responsible for the business cycle. It didn't hurt that Keynes's theory advocating more spending, inflation, and deficits was already being practiced by governments around the world.

### Socialist Calculation

At the time of the business-cycle debate, Mises and Hayek were also involved in a controversy over socialism. In 1920, Mises had written one of the most important articles of the century: "Economic Calculation in the Socialist Commonwealth," followed by his book, *Socialism*. Until then, there had been many critiques of socialism, but none had challenged socialists to explain how their economy would actually work absent free prices and private property.

Mises argued that rational economic calculation requires a profit-and-loss test. If a firm makes a profit, it is using resources efficiently; if it makes a loss, it is not. Without such signals, the economic actor has no way to test the appropriateness of his decisions. He cannot assess the opportunity costs of this or that production decision. Prices and the profit-and-loss corollary are essential. Mises also showed that private property in the means of production is necessary for these prices to be generated.



Socialism holds that the means of production should be in collective hands. This means no buying or selling of capital goods and thus no prices for them. Without prices, there is no profit and loss test. Without accounting for profit and loss, there can be no real economy. Should a new factory be built? Under socialism, there is no way to tell. Everything becomes guesswork.

Mises's essay ignited a debate all over Europe and America. One top socialist, Oskar Lange, conceded that prices are necessary for economic calculation, but he said that central planners could generate prices out of their own heads, watch the length of lines at stores to determine consumer demand, or provide the signals of production themselves. Mises countered that "playing market" wouldn't work either; socialism, by its own internal contradictions, had to fail.

Hayek used the occasion of the calculation debate to elaborate upon and broaden the Misesian argument into his own theory of the uses of knowledge in society. He argued that the knowledge generated by the market process was inaccessible to any single human mind, especially that of the central planner. The millions of decisions required for a prosperous economy are too complex for any one person to comprehend. This theory became the basis of a fuller theory of the social order that occupied Hayek for the rest of his academic life.

Mises came to the U.S. after fleeing the Nazis and was taken in by a handful of free-market businessmen, preeminently Lawrence Fertig. Here he helped build a movement around his ideas, and most free-market economists acknowledge their debt to him. No one, as Milton Friedman has said, did as much as Mises to promote free markets in this country. But those were dark times. He had trouble finding the paid university post he deserved, and it was difficult to get a wider audience for his views.

During these early years in America, Mises worked to rewrite his just completed German-language treatise into *Human Action*, an all-encompassing work for English-language audiences. In it, he carefully reworked the philosophical grounding of the social sciences in general and economics in particular. This proved to be a significant contribution: long after the naive dogmas of empiricism have failed, Mises's "praxeology," or logic of human action, continues to inspire students and scholars. This magnum opus swept aside Keynesian fallacies and historicist pretensions and ultimately made possible the revival of the Austrian School.

### The Revival

Until the 1970s, however, it was hard to find a prominent economist who did not share the Keynesian tenets: that the price system was perverse, that the free market was irrational, that the stock market was driven by animal spirits, that the private sector could not be trusted, that government was capable of planning the economy to keep it from falling into recession, and that inflation and unemployment were inversely related.

One exception was [Murray N. Rothbard](#), another great student of Mises's, who wrote a massive economic treatise in the early 1960s called *Man, Economy, and State*. In his book, Rothbard added his own contributions to Austrian thought. Similarly, the work of two other important students of Mises, Hans F. Sennholz and Israel Kirzner, carried on the tradition. And Henry Hazlitt, then writing a weekly column for *Newsweek*, did as much as anybody to promote the Austrian School, and made contributions to the school himself.



The stagflation of the 1970s undermined the Keynesian School by showing that it was possible to have both high inflation and high unemployment at the same time. The Nobel Prize that Hayek received in 1974 for his business-cycle research with Mises caused an explosion of academic interest in the Austrian School and free-market economics in general. A generation of graduate students began studying the work of Mises and Hayek, and that research program continues to grow. Today, the Austrian School is most fully embodied in the work of the Mises Institute.

### The Core of Austrian Theory

The concepts of scarcity and choice lie at the heart of Austrian economics. Man is constantly faced with a wide array of choices. Every action implies forgone alternatives or costs. And every action, by definition, is designed to improve the actor's lot from his point of view. Moreover, every actor in the economy has a different set of values and preferences, different needs and desires, and different time schedules for the goals he intends to reach.

The needs, tastes, desires, and time schedules of different people cannot be added to or subtracted from other people's. It is not possible to collapse tastes or time schedules onto one curve and call it consumer preference. Why? Because economic value is subjective to the individual.

Similarly, it is not possible to collapse the complexity of market arrangements into enormous aggregates. We cannot, for example, say the economy's capital stock is one big blob summarized by the letter K and put that into an

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equation and expect it to yield useful information. The capital stock is heterogeneous. Some capital may be intended to create goods for sale tomorrow and others for sale in ten years. The time schedules for capital use are as varied as the capital stock itself. Austrian theory sees competition as a process of discovering new and better ways to organize resources, one that is fraught with errors but that is constantly being improved.

This way of looking at the market is markedly different from every other school of thought. Since Keynes, economists have developed the habit of constructing parallel universes having nothing to do with the real world. In these universes, capital is homogeneous and competition is a static end state. There are the right number of sellers, prices reflect the costs of production, and there are no excess profits. Economic welfare is determined by adding up the utilities of all individuals in society. The passing of time is rarely accounted for, except in changing from one static state to another. Varying time schedules of producers and consumers are simply nonexistent. Instead we have aggregates that give us precious little information at all.

A conventional economist is quick to agree that these models are unrealistic, ideal types to be used as mere tools of analysis. But this is disingenuous, since these same economists use these models for policy recommendations.

One obvious example of basing policy on contrived models of the economy takes place at the Justice Department's antitrust division. There the bureaucrats pretend to know the proper structure of industry, what kind of mergers and acquisitions harm the economy, who has too much market share or too little, and what the relevant market is. This represents what Hayek called the pretense of knowledge.

The correct relationship between competitors can only be worked out through buying and selling, not bureaucratic fiat. Austrian economists, in particular Rothbard, argue that the only real monopolies are created by government. Markets are too competitive to allow any monopolies to be sustained.

Another example is the idea that economic growth can be manufactured by manipulating aggregate demand curves through more and faster government spending considered to be a demand booster instead of a supply reducer or government bullying of the consuming public.

If the hallmark of conventional economics is unrealistic models, the hallmark of Austrian economics is a profound appreciation of the price system. Prices provide economic actors with critical information about the relative scarcity of goods and services. It is not necessary for consumers to know, for example, that a disease has swept the chicken population to know that they should economize on eggs. The price system, by making eggs more expensive, informs the public of the appropriate behavior.

The price system tells producers when to enter and leave markets by relaying information about consumer preferences. And it tells producers the most efficient that is, the least costly way to assemble other resources to create goods. Apart from the price system, there is no way to know these things.

But prices must be generated by the free market. They cannot be made up the way the Government Printing Office makes up the prices for its publications. They cannot be based on the costs of production in the manner of the Post Office. Those practices create distortions and inefficiencies. Rather, prices must grow out of the free actions of individuals in a juridical setting that respects private property.

Neoclassical price theory, as found in most graduate texts, covers much of this territory. But typically, it takes for granted the accuracy of prices apart from their foundation in private property. As a result, virtually every plan for reforming the post-socialist economies talked about the need for better management, loans from the West, new and different forms of regulation, and the removal of price controls, but not private property. The result was the economic equivalent of a train wreck.

Free-floating prices simply cannot do their work apart from private property and concomitant freedom to contract. Austrian theory sees private property as the first principle of a sound economy. Economists in general neglect the subject, and when they mention it, it is to find a philosophical basis for its violation.

The logic and legitimacy of "market failure" analysis, and its public-goods corollary, is widely accepted by non-Austrian schools of thought. The notion of public goods is that they cannot be supplied by the market, and instead must be supplied by government and funded through its taxing power. The classic case is the lighthouse, except that, as Ronald Coase has shown, private lighthouses have existed for centuries. Some definitions of public goods can be so broad that, if you throw out common sense, everyday consumer goods qualify.

Austrians point out that it is impossible to know whether or not the market is failing without an independent test, of which there is none outside the actions of individuals. The market itself is the only available criterion for determining how resources ought to be used.

Let's say I deem it necessary, for various social reasons, that there be one barber for every 100 people and, as I look around, I notice that this is not the case. Thus I might advocate that a National Endowment for Barbers be established to increase the barber supply. But the only means for knowing how many barbers there ought to be is the market itself. If there are fewer than one per hundred, we must assume that a larger number is not supposed to exist by any reasonable standard of efficient markets. It is not economically proper to develop a wish list of jobs and institutions that stands apart from the market itself.

**Externalities**

Conventional economics teaches that if the benefits or costs of one person's economic decisions spill over onto others, an externality exists, and it ought to be corrected by the government through redistribution. But, broadly defined, externalities are inherent in every economic transaction because costs and benefits are ultimately subjective. I may be delighted to see factories belching smoke because I love industry. But

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that does not mean I should be taxed for the privilege of viewing them. Similarly, I may be offended that most men don't have beards, but that doesn't mean that the clean-shaven ought to be taxed to compensate me for my displeasure.



The Austrian School redefines externalities as occurring only with physical invasions of property, as when my neighbor dumps his trash in my yard. Then the issue becomes crime. There can be no value-free adding-up of utilities to determine subjective costs or benefits of economic activity. Instead, the relevant criterion should be whether economic actions occur in a peaceful manner.

Another area where Austrians differ is how the government is supposed to go about the practical problem of correcting for market failures. Grant that somehow the government can spot a market failure, the burden of proof is still on the government to demonstrate that it can perform the task more efficiently than the market. Austrians would refocus the energy that goes into finding market failures to understanding more about government failures.

But the failure of government to do what mainstream theory says it can is not a popular subject. Outside of the Public Choice schools, it is usually assumed that the government is capable of doing anything it wants to do, and of doing it well. Forgotten is the nature of the state as an institution with its own pernicious designs on society. One of the contributions of Rothbard was to focus Austrians on this point, and on the likely patterns interventions will take. He developed a typology of interventionism, and provided detailed critiques of many kinds of interventions and their consequences.

### The Fortune Tellers

The question is often asked, in James Buchanan's famous phrase, What Should Economists Do? Mainstreamers answer, in part: forecast the future. This goal is legitimate in the natural sciences, because rocks and sound waves do not make choices. But economics is a social science dealing with people who make choices, respond to incentives, change their minds, and even act irrationally.

Austrian economists realize that the future is always uncertain, not radically so, but largely. Human action in an uncertain world with pervasive scarcity poses the economic problem in the first place. We need entrepreneurs and prices to help overcome uncertainty, although this can never be done completely.

Forecasting the future is the job of entrepreneurs, not economists. This is not to say that Austrian economists cannot expect certain consequences of particular government policies. For example, they know that price ceilings always and everywhere create shortages, and that expansions of the money supply lead to general price increases and the business cycle, even if they cannot know the time and exact nature of these expected events.

### Government Numbers

One final area of theoretical concern that distinguishes Austrians from the mainstream is economic statistics. Austrians are critical of the substance of most existing statistical measures of the economy. They are also critical of the uses to which they are put. Take, for example, the question of price elasticities, which supposedly measure consumer responsiveness to changes in

price. The problem lies in the metaphor and its applications. It suggests that elasticities exist independent of human action, and that they can be known in advance of experience. But measures of historical consumer behavior do not constitute economic theory.

Another example of a questionable statistical technique is the index number, the prime means by which the government calculates inflation. The problem with index numbers is that they obscure relative price changes between goods and industries, and relative price changes are of prime importance. This is not to say the Consumer Price Index is irrelevant, only that it is not a solid indicator, is subject to wide abuse, and masks highly complex price movements between sectors.

And the Gross Domestic Product statistic is riddled with composition fallacies inherent in the Keynesian model. Government spending is considered part of aggregate demand, and no effort is made to account for the destructive costs of taxation, regulation, and redistribution. If Austrians had their way, the government would never collect another economic statistic. Such data is used primarily to plan the economy.

### Public Policy

For Austrians, economic regulation is always destructive of prosperity because it misallocates resources and is extremely destructive of small business and entrepreneurship.

Environmental regulation has been among the worst offenders in recent years. Nobody can calculate the extraordinary losses associated with the Clean Air Act or the absurdities associated with wetlands or endangered species policies.

However, environmental policy can do what it is explicitly intended to do: lower standards of living. But antitrust policy, in contrast to its stated policy, does not generate competitiveness. Such bogeymen as predatory pricing still scare the bureaucrats at Justice, whereas simple economic analysis can refute the idea that a competitor can sell below his cost of production to take over the market and then sell at monopoly prices later. Any firm that attempts to sell below the costs of production will indefinitely suffer losses. The moment it attempts to raise prices, it invites competitors back into the market.

Civil rights legislation represents one of the most intrusive regulatory interventions in labor markets. When employers are not able to hire, fire, and promote based on their own criteria of merit, dislocations occur within the firm and in labor markets at large. Moreover, civil rights legislation, by creating legal preferences for some groups, undermines the public sense of fairness that is the market's hallmark.

There is another cost of economic regulation: it impedes the entrepreneurial discovery process. This process is based on having a wide array of alternatives open to the use of capital. Yet government regulation limits the options of entrepreneurs, and erects barriers to the exercise of entrepreneurial talent. Safety, health, and labor regulations, for example, not only inhibit existing production, they impede the development of better production methods.

Austrians have also developed impressive critiques of redistributionism. Conventional welfare theory argues that if the law of diminishing marginal utility is true, then total utility can be easily increased. If you take a dollar from a rich

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man, his welfare is slightly diminished, but that dollar is worth less to him than to a poor man. Thus redistributing a dollar from a rich man to a poor man increases the total utility between the two. The implication is that welfare can be maximized through perfect income equality. The problem with this, say Austrians, is that utilities cannot be added and subtracted, since they are subjective.

Redistributionism takes from property-owners and producers and gives, by definition, to non-owners and non-producers. This diminishes the value of the property that has been redistributed. Far from increasing total welfare, redistributionism diminishes it. By making property and its value less secure, income transfers lessen the benefits of ownership and production, and thus lower the incentives to both.

Austrians reject the use of redistribution to stimulate the economy or otherwise manipulate the structure of economic activity. Increasing taxes, for example, can do nothing but harm. A shorthand for taxes is wealth destruction. They forcibly confiscate property that could otherwise be saved or invested, thus lowering the number of consumer options available. Moreover, there is no such thing as a strict consumer tax. All taxes decrease production.

Austrians do not go along with the view that deficits don't matter. In fact, the requirement that deficits be financed by the public or foreign bond holders drives up interest rates and thus crowds out potential private investment. Deficits also create the danger that they will be financed through central-bank inflation. Yet the answer to deficits is not to increase taxation, which is more destructive than deficits, but rather to balance the budget through necessary spending cuts. Where to cut? Anywhere and everywhere.

The ideal situation is not simply a balanced budget. Government spending itself, regardless of deficit or surplus, should be as small as possible. Why? Because such spending diverts resources from better uses in private markets.

We hear talk of this or that "government investment." Austrians reject this term as an oxymoron. Real investment is taken on by capitalists risking their own money in hopes of satisfying future consumer demands. Government limits the satisfaction of consumer demands by hampering production in the private sector. Besides, government investments are notorious wastes of money, and are in fact consumption spending by politicians and bureaucrats.

### Money and Banking

Mainstream economists hold that the government must control monetary policy and the structure of banking through cartels, deposit insurance, and a flexible fiat currency. Austrians reject this entire paradigm, and argue that all are better controlled through private markets. In fact, to the extent that today we have serious and radical proposals for having the market play a greater role in banking and monetary policy, it is due to the Austrian School.

Deposit insurance has been on the public mind since the collapse of the S&L industry. The government guarantees deposits and loans with taxpayer money, and that makes financial institutions less careful. Government effectively does to financial institutions what a permissive parent does to a child: encourages poor behavior by eliminating the threat of punishment.

Austrians would eliminate deposit insurance, and not only allow bank runs to occur, but appreciate their potential as a necessary check. There would be no lender of last resort that is, the taxpayer in an Austrian monetary regime, to bail out bankrupt and illiquid institutions.



Much of the Austrian critique of central banking centers around the Mises-Hayek business cycle theory. Both argued that the central bank, and not the market itself, is responsible for the cyclical behavior of business activity. To demonstrate the theory, Austrians have undertaken extensive studies of many historical periods of recession and recovery to show that each was preceded by central-bank machinations.

The theory argues that central-bank efforts to lower interest rates below their natural level causes borrowers in the capital goods industry to overinvest in their projects. A lower interest rate is normally a signal that consumers' savings are available to back up new production. That is, if a producer borrows to build a new building, there is enough savings for consumers to buy the goods and services that will be made in the building. Projects undertaken can be sustained. But artificially lowered interest rates lead businesses into undertaking unnecessary projects. This creates an artificial boom followed by a bust once it is clear that savings weren't high enough to justify the degree of expansion.

Austrians point out that the Monetarist growth rule ignores the "injection effects" of even the smallest increase in money and credit. Such an increase will always create this business-cycle phenomenon, even if it works to maintain a relatively stable index number, as in the 1920s and 1980s.

What then should policy makers do when the economy enters recession? Mostly, nothing. It takes time to wipe out the malinvestment created by the credit boom. Projects that were undertaken have to go bankrupt, employees mistakenly hired must lose their jobs, and wages must fall. After the economy is cleansed of the bad investments induced by the central bank, growth can begin anew, based on a realistic assessment of the future behavior of consumers.

If the government wants to make the recovery process work faster if, say, there is an election coming up there are some things it can do. It can cut taxes, putting more wealth into private hands to fuel the recovery process. It can eliminate regulations, which inhibit private-sector growth. It can cut spending and reduce the demand on credit markets. It can repeal anti-dumping laws, and cut tariffs and quotas, to allow consumers to buy imported goods at cheaper prices.

Central banking also creates incentives toward inflationary monetary policies. It is not a coincidence that since the creation of the Federal Reserve System, the value of the dollar has declined 98%. The market did not make this happen. The culprit is the central bank, whose institutional logic drives it toward an inflationary policy just as a counterfeiter is driven to keep his printing press running.

Austrians would reform this in fundamental ways. Misesians advocate a 100% gold coin standard in deference to the history of what the free market has chosen when permitted, and also an end to fractional-reserve commercial

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banking, and the abolition of the central bank; Hayekians advocate a system where consumers select currencies from a variety of alternatives, among which paper currencies. The two are not necessarily in conflict, and both points of view regard central banking as the most problematic feature of the current regime.

### The Future of the Austrian School

Today, Austrian economics is on the upswing. Mises's works are read and discussed all over Western and Eastern Europe and the former Soviet Union, as well as Latin America and North Asia. But the new interest in America, where the insights of the Austrian School are even more sorely needed, is especially encouraging.

The success of the Ludwig von Mises Institute is testimony to this new interest. The primary purpose of the Institute is to ensure that the Austrian School is a major force in the economic debate. To this end, we have cultivated and organized hundreds of professional economists, provided scholarly and popular outlets for their work, educated thousands of graduate students in Austrian theory, distributed millions of publications, and formed intellectual communities, most notably at Auburn University and the University of Nevada, Las Vegas, where these ideas thrive.

Every year we hold a summer instructional seminar on the Austrian School called the Mises University, with a faculty of more than 25, and top-flight students from around the country. We also hold academic conferences on theoretical and historical subjects, and the Institute's scholars are frequent participants at major professional meetings.

Transaction Publishers co-sponsors the Institute's scholarly [Quarterly Journal of Austrian Economics](#), the only quarterly journal in the English-speaking world devoted exclusively to the Austrian School. Transaction also publishes some of our books. The Austrian Economics Newsletter is written and edited by and for Austrian School graduate students. The Free Market applies Austrian ideas to issues of government policy.

The Mises Institute assists students and faculty at hundreds of colleges and universities. We have a program for visiting fellows to complete dissertations, and for visiting scholars to pursue new research, as well as our major center for graduate students. At Auburn, the Institute's Austrian Economics Workshop explores new areas of history, theory, and policy, and the weekly colloquium brings students and faculty together to apply Austrian thought within an interdisciplinary context.

New books on the Austrian School appear every few months, and Austrians are writing for all the major scholarly journals. Misesian insights are presented in hundreds of economics classrooms all over the country (whereas just 20 years ago, no more than a dozen classrooms presented them). Austrians are the rising stars in the profession, the economists with the new ideas that attract students, the ones on the cutting edge with a pro-market and anti-statist orientation.

Most of these scholars have been cultivated through the Mises Institute's academic conferences, publications, and teaching programs. With the Institute backing the Austrian School, tradition and constructive radicalism combine to create an attractive and intellectually vibrant alternative to conventional thought.

The future of Austrian economics is bright, which bodes well for the future of liberty itself. For if we are to reverse the trends of statism in this century, and reestablish a free market, the intellectual foundation must be the Austrian School. That is why Austrian economics matters. 

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*Llewellyn H. Rockwell, Jr., ([rockwell@mises.org](mailto:rockwell@mises.org)) is the founder and chairman of the Ludwig von Mises Institute. This essay is based on a lecture he presented at the [Heritage Foundation](#).*

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## Moving Precious Metals Internationally—the Essentials

### By Mark Nestmann

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Recently, I've received a number of questions from readers about moving gold and precious metals internationally. It's been awhile since I've discussed this topic, so I thought this might be a good time to address it.

**Q.** Why should U.S. citizens or residents consider storing precious metals overseas?

*A. Depending on your personal circumstances, and the manner in which you hold the metals, keeping them outside the United States may provide significant asset protection if you are named in a judgment. In addition, if the U.S. government were to order the confiscation of gold and silver, as it did in 1933, metals kept offshore might be better protected than those held domestically.*

**Q.** What is the best way to move metals overseas, especially if you own large quantities?

*A. I like the idea of using a company like ViaMat. They take care of everything including the customs and tax declarations, if any, both out of the USA and into another country. If you move it yourself have to be very careful because no matter what the law is and no matter what spoken or written assurances you have, there's no guarantee that you won't be harassed either leaving the United States, passing through an airport in another country, or going through Customs when you get to your final destination. However, with careful preparation this is possible.*

*Another option in certain cases is a like-kind exchange under Sec. 1031 of the U.S. Tax Code. A 1031 exchange may be appropriate if you're converting from physical possession to allocated storage to overseas storage, from coins to bars to exchange traded funds, from gold to silver, etc. The major issue is that you cannot make a direct conversion from a domestic asset to an offshore asset, or vice-versa. However, there are some workarounds possible to deal with this issue.*

**Q.** Do you recommend any particular shipping agents?

*A. Brinks or ViaMat are both bonded and in the business of shipping metals worldwide. ViaMat offers secure offshore storage in Switzerland as well.*

**Q.** What if you want to transport the metals yourself?

*A. There are no guarantees. For large quantities, it's best if you appoint an import agent to handle everything for you. You will generally post a bond through the agent payable to the customs agency in whatever country you are bringing the metals into. The bond covers whatever taxes are due (if any) plus the agent's fee. You bring in the metals, present the paperwork from the import agent to the customs inspector, and then take the metals to wherever you want to store them.*

*Or you can make two trips. Make your first trip with just one or two coins or bars. Declare the coins (if required) when you leave the United States and when you arrive in your destination country and see what happens. While you're*

*there, find out from the Customs officials themselves what the import requirements are. If necessary, find an agent to represent you when you bring in a larger quantity.*

**Q.** I've heard from one source that metal detectors used at airports do not detect gold bullion coins. Is this true?

*A. I'm not an expert on metal detectors but it is my understanding they identify metal by detecting electrical conductivity. Gold is one of the most conductive metals, so I don't see why airport metal detectors wouldn't be able to identify gold bullion coins or any other form of gold.*

**Q.** Where are the safest countries to bring in gold? What is the maximum amount you can import without needing to make a declaration?

*A. I would declare the gold no matter how much you are bringing in, but especially if it has a value more than \$10,000 or the equivalent in foreign currency. Switzerland is one of the safest countries in which to import gold. There is no import tax on most forms of gold, near-zero corruption, and there are secure tax-free storage facilities at the Zurich airport.*



**Q.** When you move bullion coins internationally, do you value them according to their face value or their market value?

*A. It depends. When you export gold from the United States, for instance, you declare it on a Treasury form by face value (but ask a Customs agent to make sure he/she agrees) if that value exceeds \$10,000 and on a Census form by market value if the value exceeds \$2,500. Your metals may be confiscated and you may be liable to fines/imprisonment if you don't fill out both forms.*

*Reporting obligations and customs duties on imports of precious metals into a foreign country may be based on face value or spot value. There is no consistency. In many cases, you'll pay whatever value-added tax would apply if you purchased the metals in that country. Silver and platinum are subject to VAT by more countries than gold, and VAT on coins is imposed more often than on bars.*

**Q.** Do you have any other suggestions?

*A. Yes, the newly-updated fourth edition of my book [The Lifeboat Strategy](#) contains an extensive discussion on moving metals out of the United States. To learn more about this book, [click here](#). *

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# The Role of Currency in the Digital Age

## By Tom Westbrook

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THE role of currency has changed over the years, but is typically defined as a “medium of exchange.” Currencies have evolved over time out of a necessity as a result of commerce. When people produced items that were bulky or may have had a limited shelf life, they would trade them for things that were easy to carry and kept well or remained durable. These items could then be traded at a later date for items that were actually needed. Gold and silver typically worked well because they were valuable and durable. Over time money changers learned techniques to cheat and exploit people out of the value of their currency. Eventually governments learned that they could control populations by controlling the currency that the people found themselves dependent on. Today, by far, the majority of currencies are issued by government fiat. This means that the government decrees that the currency has value and it is so--despite the fact that the currency holds no intrinsic value.



### Currency as a pyramid scheme

Imagine a world where debtors are rewarded and savers are penalized. Imagine a society where young people live a life of excess on borrowed money (and are turned into debt slaves) while seniors are required to live on less and less with each passing year. If you can imagine such a world, then you are most likely imagining a world that is very similar to the one in which we currently live. In this world, the purchasing power of the saver is reduced as a result of the expansion of the debt bubble while the debt of the debtor shrinks. Eventually the saver gets tired of being penalized for saving, and follows in line with the debtor. The result is a direct wealth transfer from the savers to the debtors. The ponzi scheme comes to an end when there are no more savers left to exploit. It has been said that if you subsidize something, you will get more of it. The result is that we have a country that was once a wealthy nation that now is a nation of debtors.



Most of us understand how the credit system works. If you pay your bills on time, then you will have good credit, and you can then get a good rate on your loans. It seems fair enough, right? But in fact, having good credit moves you up one rung on the pyramid. Once there, you will have an advantage over those with bad credit and begin to collect the proceeds from inflation. This results with the ability to purchase products on credit while the dollar still has value and then repay the debt on those items with a dollar that has been diminished in value.

At the top of the pyramid of course, is the Federal Reserve who creates debt out of nothing and charges everyone else interest. It then sells this debt to the banks who then create more debt out of nothing and charge interest. These banks then pass this along to corporations and consumer debtors. Everyone along the way receives a kickback via inflation as long as the debt bubble is expanding. Of course once the debt bubble bursts, then the jig is up and the ponzi scheme comes to an end. The tax payers will then bail out the to-big-to-fails and the people and small businesses will go bankrupt. Those who understand how the process works, get in early and get out before the collapse. They then come back and buy everything up on the cheap.

### Central Banking - The End of Capitalism

Of course the ideal place to be in the pyramid is to be at, or near, the top where you can create money out of nothing and charge everyone else interest. But if you are not privileged enough to be there, then the next best place to be is to have a best friend who creates debt out of nothing who will give it to you for next to nothing.

Imagine that you are a business owner, and you have a competitor across town. There's nothing wrong with a little bit of friendly competition, after all you are confident that you have a better quality product and a lower price. Now imagine that your competitor has a very good relationship with his banker who just happens to create money out of nothing. Now imagine that this banker gives large amounts of this newly created debt to your competitor at a very low interest rate. Now you can image that your competitor will open up stores all around you to encroach into your market segment. Now you can also imagine that your competitor will reduce his prices and sell them at a loss because he doesn't really need to make money-- it's going to be a long time until he needs to pay back his cheap debt and he can always continue borrowing more. Meanwhile you are no longer able to compete and are forced to go out of business. Of course, once the well connected competitor has a monopoly on the product in your area, quality will go down and prices will go up!

If you have ever wondered why there are so few mom-and-pop businesses left in your neighborhood and so many franchises everywhere, NOW you know the answer. When there are only a few businesses left that are being held by a few monopolistic national corporations, this is not capitalism but crony capitalism or quasi communism. It certainly isn't traditional capitalism that this country was founded on. You can have capitalism or you can have central banking, but you CANNOT have BOTH.

### The Digital Currency R3volution

There is good news, though. It's that the digital currency r3volution has already begun and is

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well underway. The growth of online sales has grown exponentially since the year 2000 and is currently growing at an annual rate of 3.4%. The trend is moving from credit based transactions (down to 43% in 2012 from 59% in 2007) to debit based transactions (up to 30% in 2012 from 26% in 2007) as well as other payment methods (up to 30% in 2012 from 15% in 2007).

There are different types of digital currencies. There are fiat currencies based on a dollar credit like Paypal; there are currencies based on a dollar debit like Dwolla; and there are currencies based on an independent fiat currency like Bitcoin. Bitcoin is a revolutionary idea because the rules of fiat money creation is built into the logic of the peer-to-peer computer software therefore limiting the creation of money and creating a level playing field with no central banker. The risks are that it is still a fiat currency and subject to market speculation and manipulation.

Superior to Bitcoin, in my opinion, are digital precious metal currencies. With these, typically the precious metal is held in an offshore vault and a balance can be held in the precious metal. This eliminates the devaluation of your wealth while enabling trade. Examples are: GoldMoney, CentreGold, iGolder, e-gold, LibertyReserve and many more and growing. The downside with this is that the precious metal in the vault could always be stolen by government entities--as was the case with the LibertyDollar. It's important that the vault that holds your precious metal is in a stable and trustworthy country. For a full list of digital gold currencies [click here](#).



Another indispensable part of the digital currency is the currency exchange. Currency exchanges enable the conversion from one type of currency to another. This allows for currency competition and flexibility. The number of currency exchanges are growing rapidly. For a full list of currency exchanges [click here](#).

### The Goods Are The Currency

A digital currency typically is thought of as computer digits representing a physical currency. A digital FRN, for example, is thought of as

representing a paper FRN. A digital gold currency would represent a weight of an amount of gold. But if gold is a commodity, then why couldn't a digit represent other types of commodities. In other words, in the digital world, why do we even need a fixed arbitrary currency such as gold? Why can't the digits represent the goods themselves, that are then traded?

Rather than have a gold or silver backed currency, the currency could be backed by goods that are sitting in a warehouse. This would be far more efficient than having gold sitting in a vault that never gets used for anything practical. For example, what if I produced t-shirts, I could put a sell order for a pallet of t-shirts. A retailer could buy the t-shirts at wholesale and resell them at a profit. The 'receipt' for the t-shirts could then be traded many times before they are actually redeemed by the end user allowing the t-shirts to act as an intermediary currency. Any other product could be used as a currency, as well, in the same manner. This would distribute the value of the 'currency' and store the wealth of the market in the products themselves, removing the inefficiencies and security risks of having to store gold or silver.

The technology that we have today will enable many new things to come. Imagine the number of computers that the characters that you are currently reading passed through between the tips of my fingers and the retina of your eye. This computer computational power is not going away anytime soon and can be exploited to implement all types of digital currency technologies that will make us more free and self-reliant in the years to come.

As you can see, with technology, we are only limited by our imagination. I believe technology will bring us many new and wonderful things in the near future that will lead us to more freedom much like the internet has brought us the freedom to exchange information freely. It all begins by changing the way we think about the role of currency in the digital age. LET THE CHANGE BEGIN! 

Visit Tom Westbrook's webpage at [Liberty-Trade.net](http://Liberty-Trade.net) - where you can trade using sound money for a sound future.

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# Wallet Voting - Using Silver to Change the World

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## *THE MONEYLITH in Monument Valley, AZ*



**I. Ross Edwards from [DontTreadOnMeme.com](#) talks about the Silver Dime Card Project while showing off some card designs, plugging the new silver apps, and showing off some clever new t-shirts at Liberty Forum.**

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**III. The Moneyolith Is Here**  
The first silver dime card dispensary

*Click on Image Below to View Video:*



**II. Moneyolith- The Dawn of Money - Silver Dime Card Dispensing Machine**

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[Freedom's Phoenix - Wallet Voting Edition](#)

Chronicling silver dime card projects, silver calculator app, and the moneyolith.



**IV. 2012 the Year of Don't Tread On Meme**  
New video teaser for a gang of silver related projects coming in 2012

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## Collection of Videos Detailing the Benefits of Gold and Silver

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**The Debt Collapse - The Case for \$20,000 Gold**  
*Mike Maloney on The Economic Crisis*

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**Financial Services Hearing Highlights**  
**Feb 29 2012 -**

***Congressman Paul gives and opening statement and questions Federal Reserve Chairman Ben Bernanke on Gold, Silver and Inflation (Holding A [Silver Circle Coin](#))***

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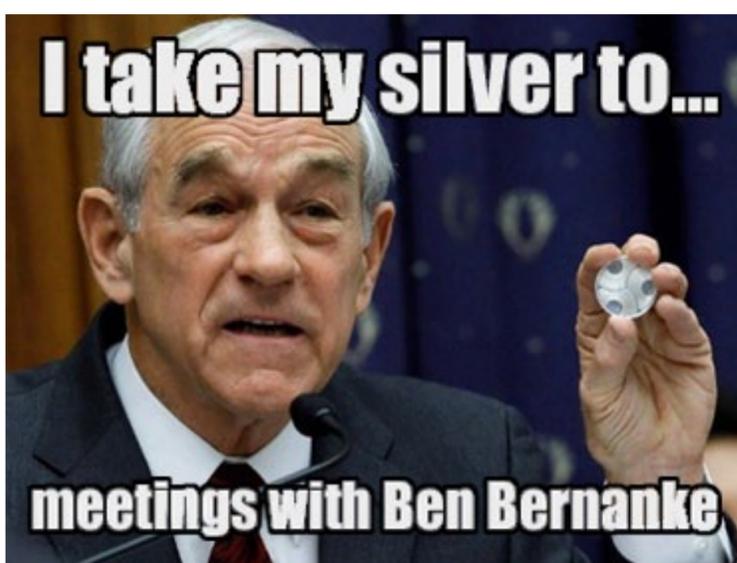


***Little did anyone know it at the time, but Ron Paul was holding up a 1 oz. Silver Circle Round!***



***From Silver Circle:***  
This is no handy working of Photoshop. During Ben Bernanke's testimony to the Committee on Financial Services yesterday,

Congressman Ron Paul responded to the Chairman's typical Keynesian explanations by showing the world and Congress what real money is. While speaking, Ron Paul lifted up a shiny, one troy ounce Silver Circle!



News sources everywhere including Forbes, and many from the liberty community, ran with the story. However the round was mentioned many times incorrectly. Some referred to it as an "American Eagle" and others a "Buffalo". We are here to set the record straight. Ron Paul laid the sound money smack down on Bernanke by showing him a Silver Circle Round from our upcoming film.

**On the [03-02-2012 Delcare Your Indpendence with Ernest Hancock radio show](#), Megan explains how Ron Paul got the coin he displayed.**



We gave Ron Paul a one-ounce round last January when we met him in Houston, TX at a Ludwig Von Mises event. We told him about the film and the Rebels from the movie. He must be carrying it around in his pocket!

We're so honored to have the champion of sound money and presidential candidate, Ron Paul, holding our movie's silver. We hope to touch lives and inspire others to become educated on sound money, much like Dr. Paul has. So if you are reading this Dr. Paul, thank you so much!

If you are interested in buying a Silver Circle, visit our store at [www.SilverCircleMovie.com/Store](http://www.SilverCircleMovie.com/Store) or find us at our next event <http://www.silvercirclemovie.com/events/>

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### Ron Paul In "Why Gold & Silver?" Movie

*"The one characteristic of a country that debases its currency, and goes to a paper currency - the currency always self destructs, it always ends." - Ron Paul -*

*The Fed is private. Their anonymous shareholders are busy counting their dividends as they print the world economy into oblivion. "It's the biggest scam that has ever been perpetrated, it's amazing that we've gone along with this for close to 100 years." - Mike Maloney:*

**Click Image Below to Watch Video:**



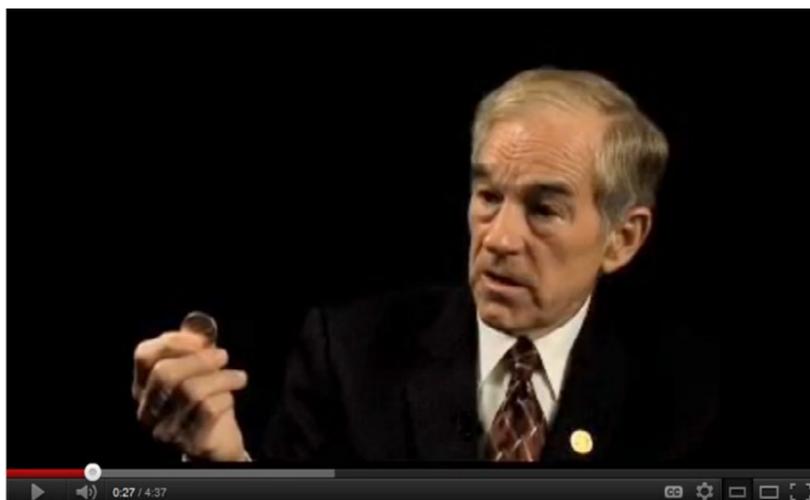
### Ron Paul's Words of Warning From 1983 to 2008 -

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Ron Paul is interviewed by Michael Maloney of [GoldSilver.com](http://GoldSilver.com) - Discuss monetary policy, the US constitution, the Federal Reserve

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Why Gold & Silver? FULL MOVIE - **Click Image Below to Watch Video:**



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# Piracy 101

## By Nick Saorsa

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THE mainstream media would have you believe that piracy is a low brow deed only committed by teeny boppers, script kiddies, and college kids. The MPAA and RIAA refers to pirates as "thieves." The US government has drawn conclusions that link piracy to supporting terrorism. So which one is it? It doesn't matter what you label it, it has some really cool technology behind it.

Over the past century, many middlemen have been made rich by distributing content. These middlemen are a relatively new aberration, as "intellectual property" was not always enforced by the guns of the state. Sure, the CONstitution mentions patents, but that doesn't make it a natural, human right. "Intellectual property" would not exist without the support of the state. There are many great works out there disputing the legitimacy of "intellectual property" and I would refer you specifically to Stephan Kinsella's "[Against Intellectual Property](#)" which happens to be available on the internet for free.

These middlemen are the driving force behind the technology of piracy. Without the RIAA and MPAA attempting to tell you how to use your property, the genius underground would not have to push their limits.

*Just so we have a very basic understanding of how the internet works, I want to clarify a few things for you. The internet is NOT the World Wide Web. The web is just one of many protocols that run on the TCP/IP stack. There are over 65,000 ports that can be used for the transmission of data, your computer only uses 1 to initiate a web page request. You can run multiple connections to the same port. Different protocols run on different ports. I'm going to be describing some of these protocols and the applications that are used to interact with them. These tools listed below are OUTSIDE of the web.*

Way back in the day, before the World Wide Web, the internet still existed... many people just wouldn't recognize it. Before web browsers, people communicated through terminal applications and accessed such internet services as IRC (Internet Relay Chat), Gopher (a sort of data warehousing system), FTP (File Transfer Protocol), Usenet which used the NNTP (Network News Transfer Protocol) and even email. Since the rise of the web browser, we've seen the popularization of Peer To Peer (P2P networks), cloud storage and anonymous file hosting services.

[IRC](#) was one of the first protocols to gain massive popularity as a place to obtain pirated works. IRC servers are easy to access if you have the proper software and a little bit of know-how. IRC servers host channels (pretty much the same thing

as a chat room) where people can join and talk about whatever they want. For instance #cisco on EFNet is where network engineers used to go and talk about Cisco routers, but now it's full of gloating [ass-hats](#) that will ban your entire IP block for asking a question. Channels are not necessarily open to anyone, and you can create whatever channel you wish. If you have ever visited the [Free Talk Live webcam/chatroom](#), you've seen #LRN on MIXXnet as that is what they are using behind their chat module.

Once a channel is abandoned (the last person leaves a channel), it can be reborn and taken over by anyone; so people wrote scripts to make sure that their channels were never abandoned. If the wrong person ever received administrative powers to the channel (known as ops), the channel could be taken over and held hostage. Nerd drama. Someone needed to come up with a way of keeping the ops privileges for their own channels and bots hit the scene.

The invention of bots was a significant milestone. Bots are scripts that pretend to be people on IRC. While they started off as simple placeholders, they quickly developed into autonomous overlords of the IRC underground. You are able to issue commands to a bot that you control by direct messaging it instructions. Bots can also be set to automatically provide its owner, or a group of friends, with voice or ops privileges.

IRC is famous for being full of egotistical and power hungry people that will relentlessly attack you, or ban you... and the same goes for their bots. Say the wrong thing and be banned from a channel forever. I'm not getting into a private property argument here, just take it as a warning if you will.

Whenever there is a group of people, it is likely that they want to communicate and share ideas. That is one of the driving forces behind so called "piracy." If I just heard a great song and I want to share it with a friend, then I'm going to find a way. If the man says I can't, that just means I get to try harder, and that's what gave rise to the IRC CCTP file sharing protocol.

After joining a specific channel on IRC, you can communicate directly with bots. They will send you a list of files they are serving and you can request packages of software. Often times, these bots are running on home computers so the transfer speed is slow due to the uplink bottleneck on the server side... however, there are some incredibly fast CCTP servers that can feed as much information as you can take. The slower servers would tend to put you in a queue were you would have to wait for the people in front of you to finish their transmission. If you were patiently waiting your turn to download a requested package and there was another IRC user that had access to a botnet, they could flood your connection with ridiculous amounts of identity (and other types) of requests that would get you dropped from the server and lose your place in line. Oh, the joys of IRC.

Predating IRC by nearly two decades is the age old Usenet system. Usenet was originally developed to share text based messages between systems that could not keep a constant connection running. Over time, the protocols ran on Usenet developed the ability to encode binary information. This simply means that you can post more

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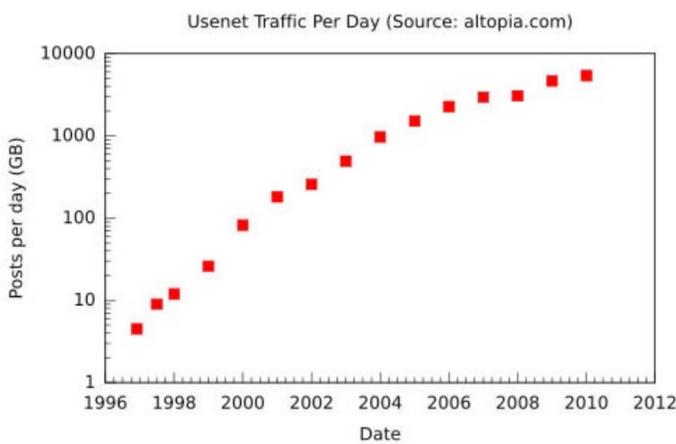
# #irc

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than text... files like pictures, software and music could now be shared.

Even though the Usenet platform was capable of handling binary information, the technology to take advantage of the feature was not common. It would take the leap to a broadband world to make Usenet reach its potential for sharing files. In the 1990s, most ISPs provided Usenet access to their subscribers. It wasn't until the early 2000s that ISPs saw the bandwidth being consumed over Usenet and started to either severely cripple their Usenet offerings or completely remove it all together.



Usenet servers are typically designed in a way so that every Usenet server has ever Usenet posting. This consumes a massive amount of data and a huge pipeline must be dedicated to moving so much data. [For instance](#), in 1996, the average daily volume on Usenet was 4.5 GB. By the year 2000, Usenet servers were seeing daily volume in excess of 80 GB. For January of 2012, Usenet daily volume was 9.29 TB per day. That's TERABYTES, with a "T." That is a LOT of data.

As ISPs dropped their support of Usenet, a new business model emerged to fill the market need. Premium Usenet service providers are now available and can provide as much information as your downstream connection can handle. As people began to worry about their ISP tracking what they were doing, the premium Usenet service providers began offering encrypted connections for another premium price.

SSL encrypted connections use advanced algorithms to shield the actual content of what is being passed through the internet to your computer. Of course, the ISP can still see that you are connected to a Usenet server, but they can't tell what you are downloading. With the competition in the Usenet provider field, SSL encrypted connections are now available with unlimited bandwidth for less than \$15 per month. [Here is a nice primer on how to get started with Usenet.](#)

Usenet is still very active (see the daily transfer numbers above) and has lead to a lot of great, innovative software development. In order to connect to a premium Usenet provider, you have to have a Usenet client. In the past, these would cost you around \$20 (which was easy to get around), but now, the open source community has created [SABNzbd+](#) (commonly just called "SAB"). SAB runs on Linux, and windows and there is a forked version named Hella for Mac OSX. SAB is the mission control station for your Usenet downloads as it communicates directly with the Usenet server. It also has an open and robust API which means people can write add-ons or scripts that increase its abilities. And since it is open source, it leaves room for a lot more innovation.

One of these innovations is called [SickBeard](#) (which also works with torrents). SickBeard is

like a Tivo/PVR for the internet. You can subscribe to TV shows and as they become available, they are automatically downloaded by SAB. The only limit to how many shows you keep is your hard drive space. You can tell SickBeard to grab standard definition or HD content and it is highly customizable and you never have to worry about DRM ruining your viewing experience. SickBeard has been on the scene for several years and is still being actively developed.

Another great add-on to the SAB project is a new up and coming application named Headphones. Headphones is like SickBeard, but for music. You can add an artist to your watch list and any time they have a new album come out, Headphones will just grab it and send it to SAB. Headphones is a relatively new software package and it is still being actively developed and improved.

And to finish out this group of incredible Usenet applications we have [Couch Potato](#). Couch Potato watches for movies and automatically downloads them when they are available. If there is an amazing movie that you want to see ASAP (and don't mind a low quality version), you can tell CP to just download a CAM (low quality video camera recording from inside a movie theater)... but you can also let CP know that you want to replace that version with a DVD Rip when it is available. Couch Potato has been around for a few years as well and is still being actively developed... just at a slower pace.

A major milestone was reached in 1999 when Napster came on the scene. Napster was the first of many Peer to Peer (P2P) networks that made sharing files a team sport. If you had music on your hard drive, you could share it with the world. One of the major down sides to Napster's model was the fact that it relied on a centralized server to do indexing. You could not find data without connecting to a Napster server.

This centralized system would be the downfall of the original Napster. The "intellectual property" rights holders of the music being "infringed" were able to go after a single entity. By July of 2001, the RIAA was successful in taking Napster offline, but the flood gates had been opened. Napster was the first, but it would not be the last. Grokster, Kazaa, eDonkey2000, Gnutella and other sharing software would come and go, but a new technology was coming... one without a central server to be taken offline.

Enter Bit Torrent.

Bit Torrent was first introduced in July of 2001 and within a year, was one of the new standards for internet piracy. While the technology was not specifically designed for sharing copyrighted material, it was soon synonymous with the act. By 2002, The Pirate Bay was online which is a single website that tracks torrents and makes it easy to find whatever you want.



So, what exactly is a torrent? A torrent is kind of like a road map to help you find something. The torrent is just a step by step list of places to look for a certain file. It would point you towards many different "trackers" that would then help you link up with people all over the world to download a single file from multiple people.

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This "many to one" approach is what made bit torrent so popular. With previous iterations of P2P systems, like Napster, you were often stuck downloading a single song from a single sharer. If the sharer had a slow uplink speed, your download speed would be slow. With bit torrent, you can pull the same file from many sharers at the same time and increase your download speed.

The RIAA and MPAA, as well as their European counterparts, went after The Pirate Bay. They were able to take it offline briefly, but it just came back stronger and better than before.... but there was still a centralization issue left to address with the bit torrent protocol. In order to get the torrent roadmap to the files you were seeking, you had to somehow obtain the map. Torrent trackers were also a weakness that had to be dealt with.

The next solution was for [magnet links](#). Magnet links are not all that new having hit the scene in 2002, but they will be used for the foreseeable future in connecting to P2P networks. Instead of having to download the torrent road map, you simply need a hashed security string and your bit torrent client will take care of the rest. On [February 28th, 2012](#), The Pirate Bay switched to only supporting Magnet links.



## The Magnet Bay

Now, The Pirate Bay does not need to host torrent files and can just provide a hashed equivalent. " Since it refers to a file based on content or [metadata](#), rather than by location, a magnet link can be considered a kind of [Uniform Resource Name](#), rather than the more common [Uniform Resource Locators](#). Although it could be used for other applications, it is particularly useful in a peer-to-peer context, because it allows resources to be referenced without the need for a continuously available host."

Since The Pirate Bay has switched to using magnet links, their entire site has greatly reduced in size. You can now download an exact copy of

the entire website... and it is only 90 MB. That's right, a roadmap to the largest collection of culture ever assembled fits on a [zip drive](#) that came out in 1994.

Bit torrent is not 100% safe to use. People have been sued for downloading TV shows, movies, and music through P2P networks. One of the downsides of bit torrent is that when you are downloading from multiple people at a time, one of those people could be the MPAA or RIAA... and they are tracking what IP addresses connect to their system. There are ways around this by using a [torrent proxy](#), but they typically slow down your transmission speeds. There are also programs you can run on your computer that maintain a black list of IP address known to be tracking its users. These "intellectual property" traps could loosely be referred to as "[honey pots](#)."

These programs and protocols are by no means a definitive list. Many other mainstays are still in use. One of the most notable, and still used for high level distribution between "[release groups](#)" that run the piracy scene, is FTP, or File Transfer Protocol. A pirate FTP server is usually kept secret as it is not only a centralized place for storing and distributing files, but it also hosts a user database of everyone connecting. Since bandwidth can be a premium, only a limited number of users can be connected at one time. While these are all minor to mild issues, the big red flag gets thrown on FTP sites because they can be taken down in minutes by a "rights holder" sending a stern letter to an ISP. It is that reason alone that FTP has not been more prevalent in the piracy of the 21st century.

So... where will the urge to share ideas take us next? If I knew that, I wouldn't be here. The market will provide whatever is needed to meet consumer demand. As regulatory agencies attempt to broaden their reach and police the globe over "intellectual property rights" the technology will develop to circumvent their precautions. Nothing drives a young mind like being told they are not allowed to do something... so I urge you, big bad government types, keep trying, you're only going to make your fall much more painful as people world-wide lose respect for your claims on how they use their own property. 

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## Build Your Own PC

### By Powell Gammill

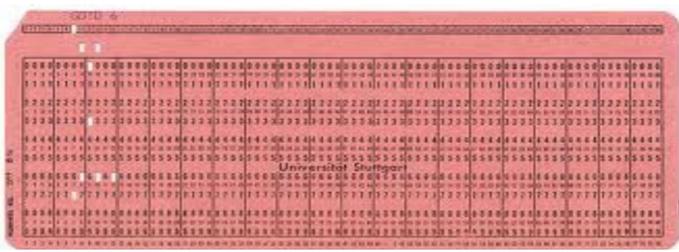
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COMPUTERS are an essential activist tool for creative ideas and communications. Used to access the Internet, they allow fairly unfettered access to the planet. Used to edit audio, images and video and broadcast the result to

the planet, they have become the new printing press...actually they can assist in printing too. They are both ubiquitous, and commodity items and their miniaturization may eventually doom them to the scrap heap of history.

But for now they are still bloody useful tools. And they are so simple to build...which is what this article is about.



A little personal history: In 1976, I started playing around with mainframe programming in a FORTRAN programming class in college on the mainframe computer. I found a very crude but at the time state of the art word processor on the mainframe that had the most incredible option ever invented . . . a spell checker! I was hooked.

There were personal computers (PC) around then--I saw my first Apple II in 1979 (\$16,000)--but saw no great use for one at the time for myself which after all is what a "personal" computer is for. Fast forward to 1981, IBM in a panic that their main competitor Xerox would soon release a PC to the public creates its own competing product in nine months flat! Due to time constraints imposed upon the engineers they are forced to do something IBM **never** did, use open standards to develop the PC since they do not have time to create proprietary standards. Little did the IBM engineers responsible realize they were creating a watershed event and sealing IBM's doom.

In August of 1981, IBM releases their first PC1 to a fairly yawning world. But using open standard components unlike their competitors allows both IBM PC clones to be developed by other manufacturers who add their own inventiveness to encourage buying of their PCs but also allows third parties to develop plug in modules (expansion cards and **all** PC parts ) of each PC component that will work (usually) interchangeably in all IBM compatible PCs. This open standardization has fortunately continued to this day to the point where Apple now uses PC compatible parts and proprietary hardware has virtually disappeared. Plus incompatibility issues are now fairly rare and usually soon corrected.



In late 1983, I see my first IBM compatible PC, a DEC (Digital Equipment Corp.) Rainbow 100 that came with a wood accented "desktop" case and two full height actual floppy

drives capable of storing a massive 360 kilobytes of data apiece. You booted up using a floppy containing the Microsoft DOS operating system (OS) in the A: drive which would load

itself into and run as best it could in the PC's memory. You removed the OS disk if needed and ran a program application disk in the A: drive. You could save data to the other drive. If the operating system found it needed to load another part of itself into memory to continue running the app it would send notice that the operating system disk needed to be temporarily placed back in the A: drive. Fun times.

But what an app! I saw my first personal computer word processor, Wordstar, that was far superior to any mainframe word processor I was using and it had my favorite option: a spell checker. Suddenly I had a desire to get a PC for myself.

In 1984, my major professor in whose PC was installed a proud new acquisition: A massive--for the time--5Mb Seagate full height marvel of a hard drive. He let me watch its installation. When he opened up this mysterious PC case, I realized two things that still hold true today.

One, a PC is made up mostly of air. That is correct. The case was mostly empty---in part this allows heat to dissipate away from the electronics. It also allows plenty of room for adding things.

Secondly the PC is made up of only a few plug in parts. Now-a-days, nine components (see list below) to be exact, with one or more optional additions. 'Why, anyone could assemble this.'

In 1984, the **entry** level price for a PC was \$5,000! I sure didn't have that kind of money. But how expensive were the parts I wondered?

I found a magazine, *Computer Shopper*, a massive monthly postman crippling 800 page thick 11" x 17" tabloid that was little more than an advertising catalog in the days before you could go online. In the very back were the cheap ads from Asian immigrants who set up west coast and east coast businesses and imported PC parts from Taiwan. Looking for the cheapest stuff I could find, I was able to assemble a PC including a monochrome monitor and a keyboard (what is a mouse?) for around \$800. If I had any brains--which I didn't--I would have started manufacturing the darned things which would have easily paid for my graduate education.

So, building your own PC can save you money?

Back then it could. Now a days you can buy a discontinued or refurbished PC from an outlet store for \$300 that includes a monitor, mouse, speakers, keyboard, 90 day or even occasionally a 1 year warranty and a Windows 7 operating system for \$300. \$500 can get you a new PC. You can't compete with that buying parts! Additionally both low cost laptops and high priced smartphones are greatly eating away at desktop PC sales. So why would you want to build your own PC?

In these times of failing economic times, being able to repair and upgrade your own PC makes sense. Paying someone nearly the cost of your old PC to repair it makes no sense at all. The best way to learn is to design and build your own. It will fill you with confidence that you know what is inside your PC. And in the coming days repairing and upgrading your own PC is a good skill set to have.

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Also, you can assemble your PC from parts you want rather than what someone selected for you. There is a reason the big box boys like Dell, HP, Gateway and Lenovo can sell a PC so cheap. One, they buy in volume, guaranteeing parts manufacturers of purchases in lots of 10,000 or more. That merits a serious discount.

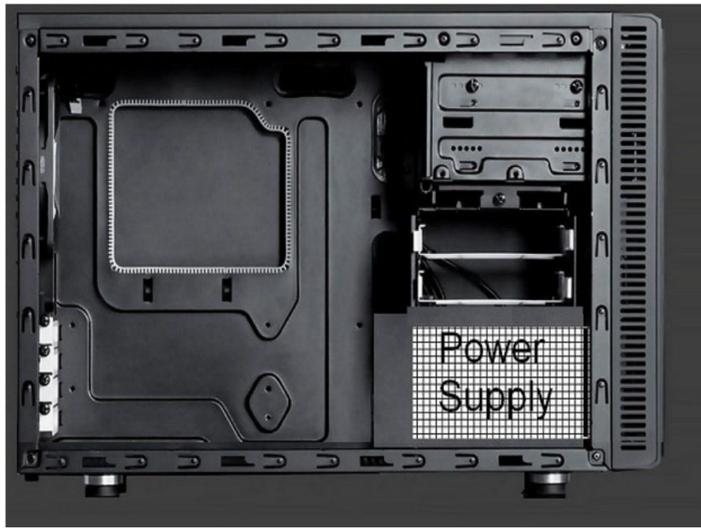
Secondly they buy cheap, dare we say substandard parts that just get by the warranty period. Like their power supplies.

For the average user-- and that is well over 90 percent of you--you don't play powerful 3D games and you don't render long videos. A simple desktop model will serve you for many years. In my opinion, such a PC should be replaced every seven years due to technology improvements, but I still see people happy chugging along on eleven or twelve year old fossil PCs. You don't need much computing power to surf the web, watch videos, send emails or write documents. The very good news is that modern components are very powerful without buying the latest and greatest parts. They are also very reliable if you are willing to spend a little more money.



ATX is two standards. One applies to power supplies and currently is designated by ATX12V, while the other is the

ATX standard for the motherboard (and computer case). There is an micro-ATX or u-ATX standard for motherboards (and case) which is the same except the motherboard (and case) is shortened to four expansion slots maximum



over ATX's seven. There is a smaller motherboard standard called mini-ITX that is ATX compatible in that it's single expansion slot, four mounting holes and read I/O ports line up and are therefor compatible with the ATX standard.

So what are the nine parts needed to build my box?

**1. Computer Case (ATX; ATX motherboards are too big to fit micro-ATX or mini-ITX cases, but the smaller motherboards will fit in the bigger standard cases).**

Many cases are now tool-less. They will hold parts in place without screws. Few are completely screw less but tool free is pretty convenient. A case can be functional or a statement of the owner. It can allow hard drives to be instantly swapped out. It can have a myriad of interface ports...or these peripherals interfaces can be later added to one of the cases' drive bays. It can have a carrying handle. Modifications and art work to be found are endless. Just make sure the motherboard you buy will fit the case.

The case is usually designed to direct air and shed heat. It pulls in cool air from low and typically the front of the case, past the hard drives

then any video card finally rising up past the motherboard circuitry to the CPU and then being exhausted through the upper back of the case through a case fan and/or PSU.

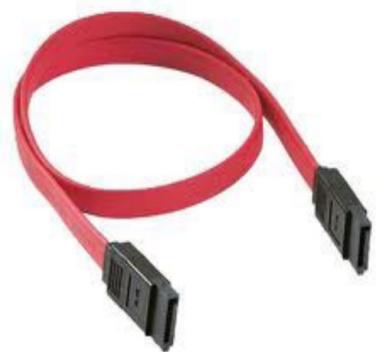
**2. Power Supply (ATX12V revision 2.x or EPS standard, both are mutually compatible and indeed merging).**

Width and height are standard as is spacing of the four mounting screw holes.. Length (depth) [jutting into the case] can vary from 140mm to 230mm. Spend the money and buy a good one with at least 400W. Unless you plan on adding a powerful GPU (video) card, 400W is plenty. Quality creates less problems down the line and can be reused in a future system. I usually recommend a 80Plus qualified power supply which means at least 80% of its power is going into the PC and only 20% or less is waste heat. They are always built of better stuff.

Some power supplies are "modular" meaning their individual cables plug in. This can reduce cable clutter inside the case with unneeded cables left off, but can allow a cable to come loose if the PC gets transported or moved. There will be a number of power connectors including a motherboard connector, an extra four and/or eight pin CPU power connector to plug into the motherboard near the CPU, possibly one or more six and/or eight pin expansion card auxiliary power connectors (PCI-E), SATA power connectors, Molex (4-pin) connectors (for old drives and fans) and maybe even an old tiny Berg (4-pin) connector for the vanished floppy drive. A good quality PSU should have a manual available on its manufacturer's tech support web site. Expect to spend \$45 (on sale) to \$80 for a good one.

**3. A shiny I/O (input/output) port back plate that will come with the motherboard if you buy a retail box.**

[Usually the retail box version includes one or more SATA cables (you will need two), motherboard installation drivers and motherboard manual on a CD.] This I/O plate will be pushed into the back of the case. While not very professional looking you can run without this plate in the case. Will potentially allow RFI (radio frequency interference) to leak out of the computer case interfering with other electronic devices.



I prefer to assemble the above three items first. Open the cover on the case (read case instructions). Put the rear I/O (input/output) ports back plate (back panel) in first. Be careful not to cut yourself on the sharp tabs. Then put the power supply (PSU) in using four screws to secure on the back of the case. There are now only two thread types of screws used in a PC (three if you count the ones used to secure case fans whose huge threads are made to grip into the fan's plastic). The same thumbscrews that will seal a case shut can be bought and used to fasten the PSU as well as to secure expansion cards and hard drives, precluding the need for a #1 Phillips screwdriver.

**4. Motherboard (must support CPU and memory type) - has many functions embedded upon it.** Those early PCs had to have a lot of expansion cards added to them to add functions to the PC. Most of these functions have blessedly now moved onto the motherboard which

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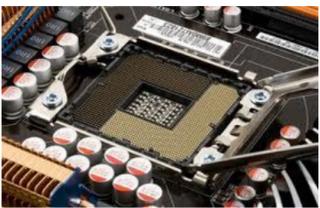
Continued from Page 27 - Build Your Own PC



reduces overall cost and actually increased the speed of the functions in many cases. Current things to look for: Make sure the motherboard supports the CPU you are buying. Every motherboard manufacturer's tech support site contains a "CPU support list" for each motherboard. If the CPU is not on the list it is not going to run. USB3 is the new standard and it seems to be as popular as the ubiquitous USB2. Look for it present on the motherboard. Look for onboard video graphics if you do not need a video card. A recent twist...Intel has embedded video graphics onto its Core i3 and i5 CPU line. Most compatible motherboards will support this but maybe labeled no onboard graphics when in fact it is onboard graphic just supplied by the CPU instead. AMD has done the same with its latest socket FM1 motherboard/CPU (they are calling this an APU) line. SATA3 (aka SATA 6Gb/s) support is also a nice option if you want to install a SSD (see below) drive. I like motherboards to have four memory slots (or more) and the ability to support at least 16 gigabytes (GB) of memory (RAM...DDR3 in this case) for future RAM expansion. Motherboards should come with at least one Gigabit speed Ethernet port, I rather like smaller micro-ATX motherboards and cases for the size as I rarely use any of the four expansion slots, the onboard sound is as good if not superior to all but the \$200 area of sound cards.

Before buying it is a good idea to visit the motherboard manufacturer's support site and see how well their online support is or their motherboards and specifically your motherboard. [The standard of motherboard support is found on ASUS, Gigabyte and Intel motherboard tech support sites.] By downloading and reading the manual before purchase you can not only find out what parts are recommended for the motherboard but whether the motherboard is capable of doing what you want it to do for many years to come.

This is important because Intel motherboards come in several socket designations. Intel's CPUs are socket specific. So they will only work on one socket type. In this case "socket 1155" is the most contemporary for the typical user. Only socket 1155 CPUs will work in socket 1155 motherboards. And even then not all socket 1155 CPUs will work---hence the CPU support list.



AMD makes their sockets backward compatible with older CPUs for the most part (the new socket M1 is an exception). But even they have their CPU support list. AMD's current sockets are called AM3+ (plus) and FM1.

**5. CPU (Intel or AMD) - multiple cores, 64-bit Intel and AMD CPUs are not compatible.** You choose one or the other and the motherboard to go with it. Frankly a dual core CPU is still plenty for most uses and a triple core a bit of insurance for applications that can take advantage of them in a year or so. But for the most

part it looks like both manufacturers are going towards four cores as their standard bearer.

AMD has two primary models for their AM3/AM3+ socket; the Athlon II and the Phenom II. The primary difference is the Phenom II has a third level onboard memory cache (L3) added. There is a performance gain, but not much of one for most uses. If the price is significant don't be afraid to go with the Athlon II. The latest AM3+ CPUs (the Zambezi group) have been a huge performance disappointment. Far-ing really no better than their older Phenom II counterparts. I have a hard time recommending spending the money despite my love of AMD.

Intel on the other hand continues to kick butt with its CPU releases, and their CPUs at matched prices with their AMD counterparts are probably offering more performance for the dollar. I pretty much recommend them now unless their is something AMD offers that Intel doesn't that you want or you get a good deal.

Such is potentially the case with AMD's FM1 socket offerings. You get the best onboard video graphics offered in a CPU or motherboard beating out the Intel i5 by a fair bit. It also has native support for SATA 6Gb/s and USB3 built into the CPU while Intel and the rest of AMD's line still uses off board third party manufacturers to supply the support chips on the motherboard. This should result in greater throughput (speed). They call these CPUs APUs. Either way they seem very good for corporate and frankly most users over a long period of use. But I still find them pricy when all parts are added together. Plus unlike other CPUs that pretty much can use almost any speed of DDR3 RAM without a performance hit (or gain), the APUs are optimized for more expensive DDR3 RAM running at 1,833MHz speeds.

**6. Heat sink/fan (HSF) - thermal paste, cools the CPU, fan speed usually controlled by motherboard/CPU thermistor if fan is plugged into the appropriate spot on the motherboard.**



Usually the HSF comes with the CPU if you order the retail box and not the naked OEM (original equipment of manufacturer) version which will only save you maybe \$10 and does not have a three year warranty on the CPU like the retail box version does. A third party heat sink/fan will cost you more than that. There will be a gray coating on the bottom of the heat sink. This is a waxy thermal paste. Don't disturb it. It will melt and seal any air pockets between the heat sink and CPU surface to promote uniform cooling. It is very necessary. If you ever remove the heat sink you **must** remove the thermal paste using just water or 70% alcohol and apply new paste per directions. I currently recommend [Arctic Silver's Ceramique 2](#) because it is cheap and does the job well.

**7. Memory (RAM) - currently [DDR3](#)**

Currently sticks of RAM are pretty much all DDR3. DDR4 is being made in limited quantities and will come out soon but motherboard nor CPU that support this new specification have not been released. DDR2 is still readily abundant and available for upgrading old PCs. RAM is dirt cheap right now. Dirt cheap. Virtually all RAM carries a lifetime warranty.

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I usually assemble the motherboard, CPU, HSF and RAM **outside** the case on a towel folded four layers thick or on corrugated cardboard (you can use the box the motherboard came in) surface. This prevents scratching from the solder points on the bottom of the motherboard, damage to the solder points, is a non-conductive surface and provides a bit of cushion.

Motherboards are secured to the case on "stand-offs" which are usually brass parts that screw into the case by hand. Match each hole in the motherboard to a standoff. Once you have all of them screwed into the case, put the motherboard on a nonconducting surface. You should have read the motherboard manual. It is quite informative. Pull the (zero insertion force) lever found on side of the CPU socket straight up. There are markings on the CPU (consult both motherboard and CPU manuals) and motherboard socket that help to align the CPU with the socket. There is only one correct orientation out of four possibilities. The CPU should easily and readily drop in and seat without any effort (hence the term zero insertion force socket). If it doesn't something is wrong back off and reread directions and try again. Bending a pin or motherboard pin voids the warranty and may doom the CPU. AMD CPUs use pins to mate to the socket while Intel sockets contact pins on the motherboard socket. Once seated lower the ZIF lever back in place and secure under the supplied tab.

Usually inserting the RAM sticks are more easily done at this time. In a four slot arrangement there are two pairs of slots usually designated channel A and channel B (or 1 and 2 or zero and one just to confuse). You want to put a pair of DDR3 RAM sticks into the A channel. This will run them in dual channel mode for a slight performance gain. Usually the matched slots are color coded. Consult motherboard manual. The way you install any modern RAM stick is to open up the attaching tabs and orient the stick so the gap(s) in the contacts matches the insert in the RAM stick slot on the motherboard. These are there to prevent either the wrong RAM type being inserted or inserting in the wrong orientation. Load the stick in and then using your two thumbs push straight down. The two tabs on the sides should snap in securing the stick. Don't force it. If it resists back off check for orientation and correct RAM type (DDR3) before re-trying. It does take some force.

If you have two empty slots this is for a future upgrade. RAM upgrades can deliver the biggest bang for the buck.

Now put the HSF onto the CPU. Usually it can be put on in any of the four orientations. I like to consider where it will plug in to help determine the orientation. Additionally if the fan stands up orientation should consider directing the exhaust air towards the back of the case to shed heat. For AMD HSF's they screw into the motherboard at all four corners. Do not tighten them greatly a light snug fit does the trick (read the CPU manual). Intel uses a push pin arrangement. Push hard on two catercorner pins to seat them and then repeat on the other two pins. The motherboard will bow up some which is normal

if disturbing. It is designed to do that. There should be no movement on the HSF once mounted or it is not secure and the CPU will rapidly overheat and shut down. Plug the HSF into the CPU fan power lead on the motherboard. Make sure the cord will not get caught in the fan.

Now you can either install the drives into the case first (probably wise) or the motherboard. I will give instructions for the motherboard now.

Try not to grasp the heat sink to support the motherboard---resist the temptation. Grasp the motherboard by the edges and lower it carefully down into the case do that the I/O ports line up, all of the I/O panels tabs are on the outside (making an electrical grounding contact---DO NOT ALLOW grounding tabs to be touching inside any ports or you will short out your system (very bad). Try not to scratch the bottom of the motherboard against the standoffs. Align the motherboard holes over the standoffs. [I should say here that in really crowded cases you may have to install the motherboard then the power supply. If so try not to smack the HSF with the mass of the PSU.]

Then find finely threaded screws called M3 (which also secure defunct floppy drives and optical drives) and secure each motherboard hole to its standoff using a Phillips #1 or a nut driver or if you are lucky M3 thumbscrews. Just snug them, brass is soft and can strip.

Essentially if you have an old PC you can upgrade your PC with a MB+CPU+RAM swap for an incredible performance upgrade. Caveats are if you have older IDE (aka ATA-5 or ATA-6 or EIDE or ATAPI) drives you will need a motherboard with an IDE controller to reuse them. None support more than two drives and many modern motherboards no longer have an onboard IDE controller. An IDE controller expansion card can be bought cheaply but for the same price as a new SATA DVD burner. Secondly, if you have a big box manufacturer PC, replacing the motherboard will void your operating system (OS). Actually any swapping of the motherboard voids all but retail or upgrade versions of Windows operating systems. But there is a repair provision in Microsoft's EULA that allows a one time motherboard replacement IF you have a defective motherboard. Just saying.... Also it is frequently a good decision and time to replace a cheap PSU. But a CPU+MB+DDR3+OS+PSU replacement now adds up.

### 8. [Hard Drive](#) (SATA interface), SSD, reuse old drive (IDE)



Up until recently, hard drives were dirt cheap. A great way to speed up an old PC. No more. Flooding in Thailand wiped out some manufacturing and tripled the prices. At one point, I could buy a high quality Hitachi 1.5 Tb (terabyte) hard disk drive (HDD) for \$50! No more. There are really only two hard drive makers left, Western Digital and Seagate. Toshiba still makes drives for its own use, but the remainder have been bought up by the remaining two fish. Worse both manufacturers have dropped their warranties down to two years now as quality control appears to be slipping.

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Solid state drives (SSD) are now available. Previously expensive now they are comparably priced to overpriced hard drives though still of fairly small of size at a price point most would accept. No moving parts. Silent. Low power. Cool running. Very fast. Five year warranties.



When they fail they usually fail read only---that is data can be accessed just not written to. Increasingly tempting.

### 9. Optical Drive (DVD burner) -

burns CD-Rs too. Can have BluRay read/write option as well. (reuse old drive)

Everyone should have at least a DVD burner. They run \$30. If you have an old one, an IDE interface you can reuse it. They are no slower than their newer SATA counterparts. A CD records about 700Mb. A DVD five times more. Dual (double) layer twice as much. And Blu-Ray holds five times as much as a DVD---but it is fairly slow to write that much data, nearing half an hour to fill the disk. But a BluRay reader may have uses for anyone interested in watching high def movies.

Both drives screw into drive bays. Or lock into in tool-less cases.

Connect the data cables from each drive to the motherboard. Connect the power supply to the motherboard, to the CPU auxiliary power connector on the motherboard, to the drives. Connect the front panel connectors to the headers (connectors) on the motherboard per its manual's instructions. Connect any case fans to the motherboard or the power supply (less desirable).

Close the cover on the case.

That is it. Nine parts. I put one together recently in under ten minutes in front of a group while talking about putting one together. I had rehearsed doing it several times and used a completely tool-less case. On a first try don't be surprised if it takes up to five hours as you refer back to manuals. Take your time. But it is a thrill when you fire it up for the first time.

Clearly you are still not done. You have a box. A less mysterious box. But now you need to plug a few peripheral devices to make the PC. A monitor, a keyboard, a mouse, speakers are highly recommended. Plug a cord into the PSU and then into a powered outlet. Turn on the PSU switch if any. Turn on the monitor, speakers and then push the power button on the front of the PC. Hopefully it springs to life. Since there is no operating system yet you should see a BIOS or its replacement UEFI menu pop up on the monitor. You can explore it or load the OS of choice into the optical drive and put an OS onto your hard drive or SSD.



You may want an optional video expansion card if you do serious video rendering, graphics, CAD drawing or 3D gaming. Be sure to bump up the watts delivered by the PSU to whatever the graphics card maker recommends.

It is possible to have other expansion cards but most functions are now built into the motherboard.



Operating System: There are quite a few operating systems (OS) out there but the vast majority are Windows OS and most are either XP, Vista or Windows 7. At this point I would only recommend 64-bit OS of either Windows 7 or Linux. 64-bit is definitely not just the future it is the present. Windows 7 is a very good OS. So is Linux. Linux allows you to try it out before installing it as a Live CD. Linux is also free. Windows will set u back at least a hundred bucks.

If you are planing on reusing a printer be aware that many old printers do not have a 64-bit driver and are dead ends. If a 64-bit Vista driver exists it likely will work with Windows 7. Otherwise time to buy a new printer. All-In-Ones are popular---printer, scanner, copy and fax in one machine.

If you camera uses an SD card or other flash drive it is nice to either buy a case with a built in reader, add one or buy an external to plug into a USB port.

And I think that is it. Slapping nine components together will build you a PC (box). Adding the necessary peripherals. Adding some useful peripherals. And careful decisions on selecting parts for compatibility, reliability and capability to do the things you need will give you a PC that will last for years. And assembling it yourself will give you confidence in you ability to clean, maintain, repair and upgrade the PC as needed. A good skill set to have in trying times. A good skill set to have for an activist. 

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# The Jericho of the Future

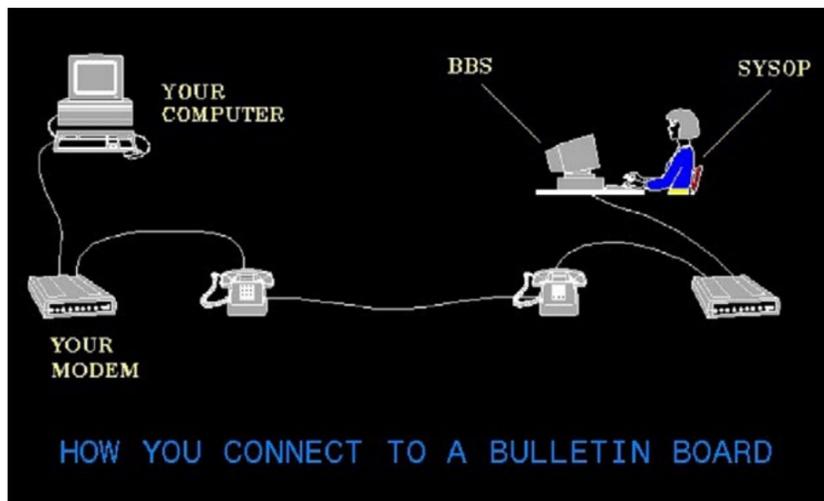
## By Nick Saorsa

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WHAT will happen if the government shuts down the internet? A common concern amongst freedom loving individuals is how we will communicate in the future, especially if the dystopian internet kill switch is activated. But it doesn't have to be such a nefarious scenario to raise alarm. A natural disaster could leave entire communities offline and disconnected from real news. People will be able to stay online through wireless meshes that are outside of government and corporate control.

Starting back in the 70s, people used to use their personal computer, along with a modem and phone line, to connect to a remote system. When one computer communicates with a single other computer, or node, it is referred to as "Point-To-Point" (P2P). These remote systems were often just another low end computer running in someone's basement, but the age of digital communication had begun. These single computers were just little islands, not connected and usually unable to communicate to other networks. As computers became more ubiquitous, the first social networks began to pop up. They were referred to as Bulletin Board Systems, or BBS.



When the world wide web came on the scene in the early 90s, computers went mainstream. Now a part of everyday life that many of us could not see living without. Computers are no longer using dialup modems, they are not tethered by Ethernet cables, and soon, we could potentially be able to cut the cord from the "internet."

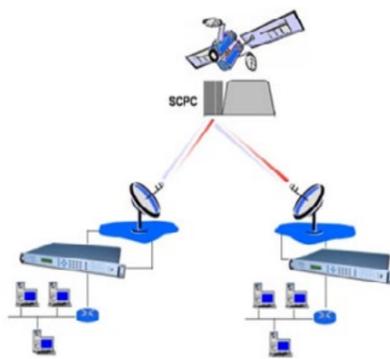
Back in 1986, the FCC released the ISM band for unlicensed use. The ISM band was originally reserved for industrial, scientific and medical equipment... but now there was room for radio waves to be used as replacement for networking cables.

The first wireless networks were very underpowered and incredibly slow. Just in the last decade, we've gone from 802.11b with a maximum speed of 11 mbps all of the way up to 802.11n with speeds over 300 mbps. Even with our current equipment, specialized antennas and amplified signals can reach several miles in a point-to-point system. This is great for parlor tricks and hacking sessions with your friend down the street, but how could we all stay connected?



Right now, you are probably still on a point-to-point system. Cable modems, DSL, and even dialup for our friends WAY out in the boonies are all forms of point-to-point. You are only communicating with one other system, or gateway, at a time. An alternative to this technology is point-to-multipoint (P2MP), or more commonly referred to as a "mesh."

P2P: Point-to-Point:



P2MP: Point-to-Multipoint:



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## Continued from Page 31 - The Jericho of the Future

Meshes have a lot of potential. With proper antenna placement and common off the shelf routers, a mesh could be formed for your neighborhood and effectively create a private network that could be shared within your community. These private networks are sometimes referred to as "intranets." Encrypted tunnels can be ran over the existing internet to bring these intranets into a single, safe, encrypted WAN, or Wide Area Network. However, this is worthless if the internet backbone disappears. Specialized antennas can be used to connect your neighborhood mesh to the one down the street and form a daisy chain across an entire city keeping the community connected. But what about the next city down the road?

Until recently, there was no easy answer to long range communication, at least at the consumer level. Of course, satellite communication and microwave towers can be used to transmit data over long ranges, but they are typically owned by wealthy companies or hoarded by wealthy governments. Rogue lengths of cable or fiber optics could be installed, but they require maintenance and leave security issues... like having your cable cut. What is needed is a new, more powerful consumer level product, and it is just over the horizon.

Similarly to how the ISM band was opened up for non-licensed use in 1986, the signal space between TV channels has recently been made available. This TV White Space, or TVWS, can reach much farther because the frequency of the wave is much lower. The higher the frequency, the more it is likely to be disturbed on its transit path, so low frequency waves can penetrate more objects and reach more people.

The new TVWS standard is going to operate under the IEEE 802.22 standard. The 802.22 standard is built around P2MP technology and has a projected range of 62 miles from one single base station. That is 12,000 square miles of coverage! If you are within 60 miles of another town, you would be able to connect your MAN (Metropolitan Area Network) to the next town.



Currently, the speeds are not that high at only 22 mbps per channel... but the potential of multiplexing channels could leave room for exponential growth in the throughput of an 802.22 TVWS network. Having this kind of equipment available to a consumer could ruffle some feathers. With the frequency specifications of 802.22 and the 62 mile range, it could be possible to broadcast your own TV station... or in true V for Vendetta style, interrupt the regularly scheduled news.

The government has already started to "make suggestions" to the IEEE panel responsible for the 802.22 specifications such as including GPS transmitters in all base stations that would require communication with the "central authority." Don't be concerned about these attempts to control the future. Central planners always think they can force people into one thing or another, like the failed DRM on DVDs, it will not last.

Whatever it takes to get the equipment on the shelves of Best Buy, because once it's out there, there is no stopping it. Any crippling functions will be defeated. Any mandatory "central authority" will be hacked out of the firmware. Encryption keys will be broken or leaked and the people will have the ability to freely communicate... until some jerk puts up a signal jammer.



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## Sci-Fi Money

### By Davi Barker

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IN the upcoming film *Silver Circle* an underground rebellion goes toe-to-toe with the Federal Reserve and its latest central planning monstrosity, the Department of Housing Stability. The key arrow in the rebels' quiver is an alternative

silver currency called "Rebel Rounds." Science fiction often has an amazing predictive power, as authors reach into the future and drag back an artifact for us to emulate (or prevent). Unfortunately most science fiction is auspiciously silent on the issue of money. Usually characters swap nondescript digital "credits" in arbitrary denominations. Gene Roddenberry notoriously declared currency obsolete in the *Star Trek* universe, with the exception of "gold-pressed latinum" used by the Ferengi who only served as an absurd caricature of capitalists to be ridiculed by the mighty socialist Federation.



Before we can speculate what money looks like in the future we've got to ask, what the heck is money anyway? Keep in mind, I'm no economist. This is little more than

the ramblings of an unpublished sci-fi writer moonlighting as a economics blogger.

Historically economists recognized four functions of currency that can be summed up in an old mnemonic limerick: "Money is a matter of functions four, a medium, a measure, a standard, a store." In modern parlance, a medium of exchange, a unit of account, a standard of deferred payment and a store of value. To simplify I reduce it to two characteristics: Stability, meaning it should be nonperishable, and without wild fluctuations in value, and fluidity, meaning that it should be easily divisible and transferable without depreciation. Determining the efficacy of a commodity as a currency is a relatively simple matter. If the commodity's score for stability is plotted on the vertical of a graph, and it's fluidity is plotted on the horizontal, then calculating the total area of the graph will give you the measure of the commodity's quality as a medium of exchange. When given the choice a free market will tend toward the commodity that scores the highest on this index, and over time it will become the standard.

Historically markets chose precious metals because they rank high in both stability and fluidity. As elements they will never spoil or corrode. Being metals they hold their form making them easy to standardize and transfer. These characteristics, along with their relative scarcity have made them the chosen currency for thousands of years. So, why has the usurious fraud of paper currency continued in the face of so many alternative rebel silver projects? Part of the answer is legal tender laws that obligate it's use, but the fact is paper may score higher than silver on the stability/fluidity index. That's not a defense of paper currency. It's just an economic reality caused by those legal tender laws. Let me explain.

The stability score of paper starts out strong. Like any con, it's most successful before the marks get wise to it. But over time it's stability score drops at an ever increasing rate until the point of collapse. It's a mathematical certainty. Until then paper makes up for its lack of stability with high fluidity. Paper weighs less than metal, and checks make it possible to transfer virtually any amount. So long as coinage is accessible it is functionally divisible, and because it's legally obligatory it's already accepted everywhere. So, even though inflation causes a constant depreciation, people tolerate it because of its ease of use, at least for now. At some point, that line will be crossed, and the instability must inevitably lead to a collapse, so it's those with the longest view who are seeking alternatives.

The anti-Fed rebels like to imagine the collapse is right around the corner, but I'm not so sure. All our historical indicators of paper money were actually paper, but the dollar is more digital at this point, which means it's potential fluidity is exponentially higher. Credit cards allowed the transfer of huge sums over great distances... for a fee. PayPal enabled people to circumvent credit card companies over the Internet. Now there are many applications to transfer funds instantly using smartphones. The Information Age has created unprecedented fluidity in the currency, which has extended the life of the dollar beyond all previous examples of paper money.

What we have now is a state monopoly destroying the stability of the dollar, and an ecosystem of private fund transferring services constantly competing to improve its fluidity. After the collapse inevitably comes these technologies will still exist, ready to substitute whatever currency comes next. Whether they know it or not, these companies are developing the digital infrastructure of the future currency.

Rebel silver projects haven't failed because of a deficiency of stability. Moving forward they will succeed when they shift their strategies toward competing with the dollar in the realm of fluidity. Bitcoin is the first in what I can only assume will be an avalanche of digital currencies to come. It has all the fluidity of the dollar, but it's adoption has been stunted by uncertainty surrounding its stability. In fact, the value of Bitcoin has been incredibly volatile. Part of the reason is that the value of Bitcoin is not based on a commodity, but in its anonymity. That shouldn't be scoffed at. Economic privacy is incredibly valuable, especially right now, but it's a value that is inexorably tied to the economic interventions of the state, which are unpredictable. The future belongs to liberty, and in the free market of the future, which will be characterized by competing state free currencies, protection from state manipulations will be the norm. It's like medicine. Once Bitcoin succeeds, it will render itself unnecessary.

I imagine the first state free currencies will be based on the commodities sold by the firms that issue them. Gas cards will be enumerated in gallons and become as fluid as Visa and Mastercard. Mobile applications will instantly calculate the exchange rate between a gallon of gasoline and a frequent flyer mile. For a time the digital

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## Continued from Page 33 - Sci-Fi Money

market will resemble the barter economies of old, only much faster. But this system will be subject to extreme volatility as it is essentially the same as stock trading and companies will come and go. So, some commodities will only be desired for their utility. At that point they will make the same decision that the old barter economies made for the same economic reasons.

The currencies of the future must combine the stability of precious metals, and the fluidity of digital exchange. That becomes entirely possible once you realize that the only thing it takes for a financial transaction to occur is a transfer of title. A gold brick will sit in a vault and be simultaneously owned by thousands of shareholders who transfer their shares instantly from any distance from any electronic device with Internet access. When commercial space travel becomes a reality this will be crucial because physical precious metal is heavy and will require tremendous fuel to transport, but digital signals are weightless, and can be sent as easily to distant colonies as to your corner grocer.

Physical possession of money will still be desired by many consumers. Even though it would require the overhead of shipment and storage many will pay that price for the security. As a precious metal advocate people often claim that there is not enough gold and silver in the world to serve as a currency. This is simply a misunderstanding of supply and demand. If the demand of the market dramatically outpaces the supply of precious metals the value of precious metals rises to meet demand. One of the most interesting things about gold and silver is that

as elements they are divisible down to the atom without depreciation. Up to now they have been minted into coins as this technology met the distribution needs of the past. But in the future I imagine devices will be developed that can store incredibly small volumes of precious metals, and when necessary heat them to a liquid state and transfer very precise measurements from one device to another. The device could test the purity of the metal, give a digital read out of its contents, and perhaps even dispense a coin from its holdings when desired. If the market is allowed to innovate such devices could become as cheap as cell phones, or perhaps even integrated into them.

Gene Roddenberry's fantasy of a society without commerce can never happen. Even if replicator technology made gold and silver completely obsolete as mediums of exchange, that technology doesn't abrogate the economic laws that made them viable currencies in the first place. It may change the stability/fluidity index for those commodities, but they will only be replaced by whatever commodity takes their place at the top of the graph. A replicator will still take time, both to program and to operate. The time and labor of the individual, and by extension the products thereof, will always be a scarce resource. Individuals will always seek ways to exchange value with each other, and always seek a stable fluid medium for that exchange. 

*Davi Barker, writer and crew of*  
[SilverCircleMovie.Com](http://SilverCircleMovie.Com)

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# Silver Circle

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# What Is This Coin Worth? - New iPhone and Android App

## By Drew Phillips

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[WhatIsThisCoinWorth.Info](http://WhatIsThisCoinWorth.Info)



# WHAT IS THIS COIN WORTH?

## New iPhone and Android App Makes Commerce With Silver Easy



Free Download!

As the dollar continues to destabilize, silver is on the forefront of the new economy.

The Silver Calculator App allows you to calculate the value of silver in your old US and Canadian silver coins in US dollars using the spot price of silver at that moment. Coins minted before 1965 had various amounts of actual silver in them. These pre-1965 coins are valuable and their popularity for use in commerce has been increasing rapidly within the last couple of years.

There has always been value in these coins, but it hasn't been easy to use them for every day commerce. The Silver Calculator App solves this dilemma, providing an easy to understand value for your silver coins. Now you can easily buy or sell items using silver. The Calculator even allows you to mix and match a variety of silver coins to reach a targeted amount.

The Android Silver Calculator app was released in January 2011. The iPhone version was released in February of 2012. The apps are regularly updated and improved and are available for free, just search for "Silver Calculator" in both markets. Feel free to leave your feed back on either market page and be sure to follow our google+, facebook and twitter feeds for updates and news.

Download your Silver Calculator App today at [WhatIsThisCoinWorth.info](http://WhatIsThisCoinWorth.info) or scan the QR code above.

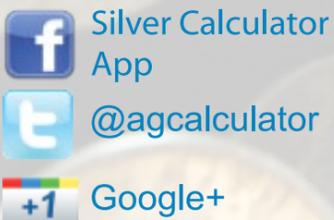


The Silver Calculator App updates the values of all silver coins based on the latest spot price of silver.



Use the App to sell or purchase items by mixing & matching various silver coins.

Users should be aware that spot price and actual purchase price may differ. There should be no expectation that the Silver Calculator App can predict available purchase price. The app uses theoretical melt value when calculating values.



## DON'T TREAD ON MEME

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*Buy silver. Trade with value!*





Silver Dime Cards

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## Money as a Marketing Medium By Troilus Bryan

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So there are these Dime Cards that you can buy now at [Don't Tread on Meme](#). These guys use the government's own junk silver and package it with their own

brands. It's awesome cool!

If you have a brand that you want circulated through a particular market, I would recommend that you buy yourself a couple bags of junk silver (or go dig them up out of that [geocash](#)) and have [Don't Tread on Meme](#) teach you how to manufacture Dime Cards.

If your goal is to penetrate a market with your brand, selling junk silver dimes that are individually packaged with your brand may be just the marketing medium you want. Imagine putting your logo, your slogan, your mission, your meme, your domain, your QR code... on MONEY... passed from hand to hand via mutual exchanges of value. What could be better than that?

**Ross from [DontTreadOnMeme.com](#) talks about the Silver Dime Card Project**

*Click on Image to play video:*



But does the card actually add value to the dime?

I would say that it adds value in 3 ways. First it educates people that silver is money. Second it acts as a holder for the coin... meh. Third it creates the opportunity for enterprises to buy little billboards on units of exchange that will flow through society.

I contend that only people who are attracted to the meme on the card would pay higher than spot price for the silver dime. But more importantly, only people who want to spread a particular meme will actually allow that money to circulate.

Liberty geeks might want to collect all 21, or 47, or 1026 brands of dime cards that are created... but that does not mean that the silver will be circulating.

So I believe that for the idea to be a success, enterprises will have to swallow the price of dime card manufacturing and sell them at melt to people in the market that they wish to penetrate. Even then though we are still fighting [Gresham's Law](#)...

From the [Wikipedia](#): Gresham's law is an economic principle that states: "When a government compulsorily overvalues one type of money and undervalues another, the undervalued money will leave the country or disappear from circulation into hoards, while the overvalued money will flood into circulation." It is commonly stated as: "Bad money drives out good", but is more accurately stated: "Bad money drives out good if their exchange rate is set by law."

Who is going to spend silver while people are still stupid enough to take worthless paper? Answer; logical people will save silver and spend their paper as long as they can me thinks... which is about 10 more months. haha!

So yeah I realize that the [Freedom's Phoenix](#) cadre are are gearing up for; D2Z ~ the day the dollar drops to zero. As Ernest Handcock repeats "I know where it goes from here."

If they don't spend they will show a friend! Marketers who start a dime card program should not fear dime card collectors taking the cards out of circulation. People who don't spend them, obviously love them and will show them to a bunch of other people. And people who do not like them, will just spend them as quick as possible. So you can think of the journey of each dime card through the market place as a trip to the person who appreciates them most.

Another thing to think of is your initial investment per unit; dime plus cost of manufacturing is 3 or 4 bucks. But if you lock in the price of silver now buy buying your bag of dimes, you may not mind selling off the cards at the market melt price when your input costs are dwarfed by the meteoric rise of the price of silver that [Douglas Casey](#) predicts.

But what if you don't want to be in the business of selling dimes and you think that at 3\$ per unit they are a little pricey to be giving away. [Shire Silver](#) has a very similar product to dime cards only Ron Helwig uses flat silver strips or gold wire to measure out units of bullion as small as 1/2 a gram. With the Shire Silver method you can make a little billboard on real money for your brand for as little as 1\$ per unit.

Now just give them away to people in your target market and let the magic of branded money happen.

I have heard it said that the silver in [Don't Tread on Meme Dime Cards](#) has an advantage over [Shire Silver](#) because it is more recognizable as a government issued silver coin. But I don't really think the average Joe has much of a clue about either unit. Education is needed for both.



I think that both the Shire Silver method and the dime cards will outperform other means of marketing a brand including direct mail that goes strait in the garbage, or TV commercials that everyone fast forwards through... and emails that people seldom open...

I personally can not wait until us freedom engineers have a product or service ready to launch. We will absolutely be putting our brand on a little billboard on real money and watching it go and go and go along spreading our meme. 🌟

*Troilus Bryan is Founder of the Freedom Engineering Project. Visit webpage at [FreedomEngineering.Org](#)*

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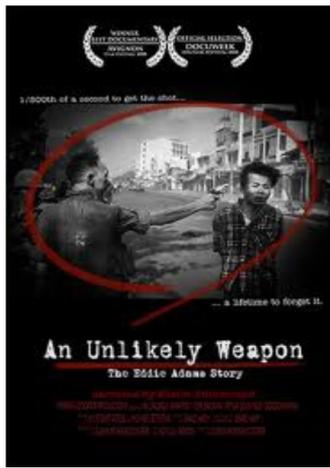
# Thoughts/Review/Recommendation of “An Unlikely Weapon: The Eddie Adams Story” By Christine Smith

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humanity at its rawest.

Thus, it was with great interest I viewed the documentary “An Unlikely Weapon: The Eddie Adams Story.” (I watched it in its entirety on Netflix streaming.) Much more than an overview of Adam’s fascinating career, it was a lesson of love of humanity through and through, and a lesson of the individual who in pursuit of his own passion becomes a teacher to many.



That focus of an individual living his life, doing what he wants to do, and in the process becoming significant beyond what he may ever have imagined and in ways far beyond the career itself is one for all to remember. That aspect alone, to me, is what makes a documentary of an individual such as Adams intriguing and inspiring. From the life of one doing as he pleases, from the humor of situations one is placed in to the tragedy, from making a career but endeavoring to do it on your terms, from the feeling down to feeling on top of the world, comprises a life of what I consider true greatness. It has less to do with other people and more to do with the individual. This is why I appreciate biographical documentaries.

Not only in the interviews with friends, family and associates who spoke of his personality, but in the segments with Adams himself, I found his candor and spontaneity most impressive. (I appreciate those who just say it like they see it. Such honesty is rare.) His career in all its variety from war coverage, to doing photo shoots for Penthouse and Parade, to his Bathhouse Studio in NYC (what a transformation of that building!) and the workshops he made available, is covered from his perspective, and in interviews with co-workers, friends and family (including his son and his wife).

I really only knew of Adams’ incredible work from the Vietnam War including foremost that Pulitzer winning image ‘General Nguyen Ngoc Loan executing a Viet Cong prisoner in Saigon’. Some images as that one, or the one taken by Nik Ut of the naked little girl running down the street to escape a South Vietnamese napalm attack and bombing, remain etched in one’s memory indelibly.



It is this I found most poignant of Adams’ career – his was a life of depicting the lives of those you and I would never have otherwise witnessed. And it is this which, to me, makes photographers as he, willing to go where most of us never have and never will go, more a historian in my eyes than simply a photo journalist.



I am 45. The Vietnam War began before my birth and ended while I was yet a young child. During my early teens, it became important to me to learn of this war which never in all my years of government school (until one lone mention in an AP high-school literature class) was covered in the least. I remember taking the history books and finding this tragic horrific chapter of American history conveniently omitted. So my research and learning was self-taught from the writings and the photos and film of those who were there. I believe it (and my reading of Gore Vidal) during those early years of my life began formulating my distrust of the federal government.

Photos such as those from Adams, of which you’ll view many in this excellent documentary, are powerful...powerful tools for peace. We learn that Adams has covered 13 wars, 6 American presidents, and numerous celebrities for over 50 years – but those mere words, colorful as they sound, achromatize upon becoming engrossed in this documentary. For Adam’s work is human with a capital “H” in all its tragedy, misery, sadness, depression, and in all its promise, delight and joy. In this film everything from



war coverage to unique photography of celebrities is covered, but there is a far greater message here than only appreciating an art form – for it is not art which is the focus – it is the human experience.

For me, the point which the documentary most communicated was of love. For me, the images, the interviews and remembrances, the changes in governmental policy and societal judgments you’ll learn about as an apparent result of being exposed to a truth only an image can sear into your mind, all come down to love. Only in viewing each and every human being as like us do we relinquish focusing on the differences and rather focus on what we share – which is so much more.



This was poignantly discussed by Kim Phuc (she was the little girl burned badly and seen running in the Nik Ut photo as she tried to escape a South Vietnamese

napalm attack and then to escape bombing). This lady’s interview touched me deeply, for despite the horror she suffered, hers is a message of love and forgiveness – a message which as she says in so many words would – if adopted by all – stop war.

Continues on Page 38

Continued from Page 37 - Thoughts/Review/Recommendation of  
 “An Unlikely Weapon: The Eddie Adams Story”

I learned much watching this documentary, not only for the good I derive in learning the story of another, or reminder of the inhumanity of man and the humanity, but also I was expressly reminded of the power for life, for good, for love which conveyance of the truth can create.



Within the tyranny Americans now find themselves in, each of us has tremendous power, often not realized fully by each of us, to affect the world for the better. Far beyond that which we might (if we attempted to) imagine the results of our actions and endeavors, we can change lives, inspire action, and decrease suffering. We may not even realize it at the time.

I recall Adam’s decision to board a small boat of Vietnamese refugees being turned away... his recollection of this moment was one of the most interesting to me. Here was a man who just made that decision, a decision very few would make, not knowing what would happen – but he did it. He even bought fuel and rice for them as he joined them. The outcome: photos which apparently made such a mark on those in the U.S. government that the refusal of Vietnamese refugees was reversed.

Photos do that. They turn lots of words, no matter how eloquent, into a reality the mind and heart cannot escape from. And, in that, is the power of the lens.

It is to that I turn as what I think is one of the strongest lessons you and I might learn: that we record everything that hits us in the gut, that we report it, share it, to tell what we have learned and what we have seen...that we share it in whatever means we have to do so.

These days, even on the streets of our cities, a camera in the hands of an individual can be a necessity to depict the truth – and sadly more and more a necessity to do so against gunned government thugs whose arrogance we’ve all witnessed in so many infamous YouTube videos. And when it comes to today’s imperialistic wars the U.S. government wages, one can not trust the sanitized versions provided by those who are doing the aggression. Regardless of the situation, overseas or domestically, people need to see and hear the truth. The government cares only about suppressing the truth be it back in Vietnam or now. I view all government – at any level – as having as one of its chief goals: suppression of the truth, making truth telling in all its forms vital. The evils and subsequent human suffering resulting from what government does at all levels must be reported boldly and courageously.

It is said the pen is mightier than the sword, and that a picture is worth a thousand words. These

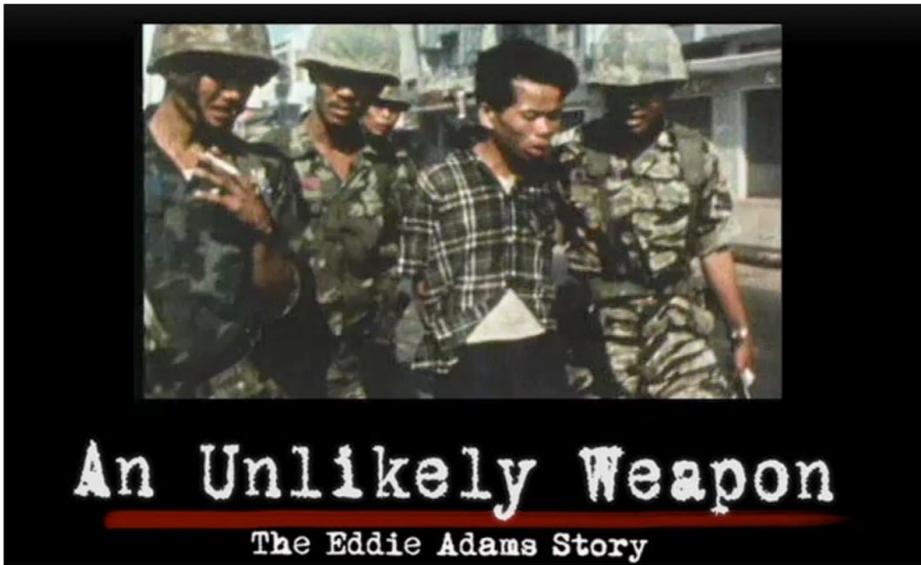
are not mere cliches, but have become commonly used because they really do express a truth. A truth found in a man’s work as Adams’ and those like him, and a truth found in all the works of those who cast aside fear in pursuit of something they aspire to.

Adams expressed something which made me think of a personal belief I hold when he recounted how he felt safe behind the lens. It is, to me, one of the most interesting aspects of his work that he shares (when one realizes the numerous dangerous situations this man has put himself into.) (It is my belief that spiritual forces come to work with us, even shielding us from harm in the midst of danger, when we place truth as our priority.) Such fearlessness is of love.



The last point I wish to make in my review and recommendation of this documentary is

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that those who say they want peace must not shelter themselves from human suffering. I’ve known several people over the years who identified themselves deeply with working for peace, and each

of them refused to view film footage, films, or photos which showed violence. It didn’t matter if it was about Vietnam or Nazi Germany, for example, if it showed such pain they refused to view it saying they chose to focus on peace and love not the results of fear and violence and its hatred.

But I say that each of us, to the degree we really love, must not shelter ourselves from at least viewing such materials (even if we never witness personally such horrific misery). I speculate that one who wants to remove themselves from even the slightest degree experiencing that pain from man’s inhumanity to one another, is letting fear make the incorrect decision for them. I frankly doubt that one who will not even view an image will likely be of much real use in bringing peace, comfort, and relief to those in need should that situation arise, for fear has already made a decision, and their words of peace merely obfuscate their lack of courage within. I highly recommend “An Unlikely Weapon: The Eddie Adams Story” to all...and most especially to those who have chosen to be an individual who seeks to ease suffering in all its forms, to oppose war, and who chooses to bring peace into this world as much as they can during their path. 🌸

*Christine Smith is a freelance writer, author, and speaker from Colorado. Visit her website at [Christine-Smith.us](http://Christine-Smith.us)*

**\*Publisher’s Note\*** - The only place we could find to watch this video was on [Netflix Live Stream](#) where you would have to sign up (first month free, but you can cancel at any time).

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## Gold Bills and Legal Tender: Two Wrongs Make a Right? By Ron Helwig

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MANY people in favor of sound money are making a claim that ought to be refuted. I believed myself for quite some time that the U.S. Constitution prohibits the states from accepting anything but silver and gold as legal tender or for paying taxes. The wording in the Constitution almost says that, but not quite. While the states can't make anything but gold and silver legal tender, it doesn't limit the ability of the federal government to make other things legal tender, thus enabling the states to do so via federal legislation.



Now, the intention of the clause in Article 1 Section 10 is pretty clear: the federal government makes the coins, and the states use the coins, and that should be that. But the wording is a little more specific. It only says that the states cannot make anything other than gold and silver into legal tender for debts. It doesn't limit the states with respect to non-debt transactions, nor does it prevent the federal government from allowing states to use something else. It does prevent the states from making their own coins, however.

So in that respect the Federal Reserve system's notes and their being legal tender is technically within the confines of the Constitution. We sound money advocates are correct in wanting the Fed ended, but the Constitutional argument isn't our strongest weapon.

Another strategy people have used is getting so-called "gold bills" through their state legislatures, attempting to have the states return to sound money by passing laws to make their state act as the federal government is supposed to: using coins of silver and gold as money. This too is flawed, in great part due to the restrictions placed upon the states by the Constitution.

As we saw earlier, the states are prevented from coining their own money. In addition, they are prevented from making non-government bullion legal tender by laws defining "coin" as that produced by government. In other words, the federal government has used its power to coin and regulate money to define "coin" (for purposes of legal tender, at least) as only the stuff it produces.

So when these gold bill laws get passed, they are bound by the Constitution to only use coins produced by the U.S. Mint. So far it all still seems good and likely to be helpful in a gradual return to sound money. So where's the catch? The face value, for starters.

The federal government controls the face value of the coins it produces, and it keeps them far lower than their actual market value. The federal government, and especially the I.R.S., can and will insist that for purposes of any transactions with the Federal government, the face value will be the one that matters, except when using the market value benefits the feds - then it will insist that the market value is what matters. This will mean that the market will be confused. In some cases the coins will be used at market value of the metal, while in other cases they will be used at face value (For anyone not understanding or accepting this analysis, I ask that you research the Kahre case. A more specific search phrase would be "Robert Kahre tax

case".) Never forget that the people that make up the rules not only change them at their whim, but selectively follow them (or not) when it suits them.



This will not only confuse the people wanting to use the coins, but also cashiers. As much as we'd like it, not a lot of people are going to carry around one ounce coins. That means that cashiers aren't likely to see them very often, and so won't likely know how to handle them. They might just look at the face value and only try to accept that. Or they might be confused as to where to put it in the cash drawer - they are bulky.

And apparently even in the places where they have passed these laws, such as Utah, they aren't seeing much success (for example, Rep. Brad Galvez, R-West Haven in Utah, sponsored legislation last year to recognize gold and silver as legal tender).

But there is some hope from these efforts. At the very least they are additional outreach and education to the general public, making the case for sound money. As these laws get passed, there are a few likely outcomes.

1) They can be ruled unconstitutional. The effect of this will be to refocus the efforts of sound money advocates to more effective tactics hile educating the public even more about sound money.

2) They will be tolerated and used by only a few. The "powers that be" might choose to not challenge these laws, under the assumption that they are a useful pressure valve to sap the energy of "gold bugs". In the end though, if as I suspect, the market mostly rejects the use of low face value coins, the proponents will soon enough realize the tactic isn't working and will refocus.

3) I do admit the possibility that I could be wrong, and these efforts might become successful. Eventually though, even if we do restore sound money at the state and national levels, these coins are not going to be all that popular with the general public and they will desire a return to paper or plastic.



In the long run, coins as currently and historically produced by the government are not viable. They are too cumbersome and heavy for a population that is used to the convenience of paper and plastic. But of course we can't expect government to get it right, and we shouldn't. While these tactics and arguments might move the culture towards sound money, eventually we need to separate government and money altogether. This is where I'm placing most of my efforts, and hopefully a lot of you will join this great endeavor. 🦅

Ron Helwig is the owner of [ShireSilver.Com](http://ShireSilver.Com)

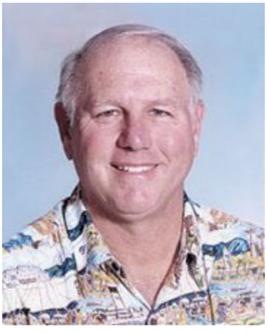


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# The Specter of Hyperinflation

## By Howard Blitz

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IN 1919 a German citizen purchased a loaf of bread for 26 pfennigs. Just four years later in November, 1923 that same loaf of bread cost the German citizen 80 billion marks. In the former Yugoslavia between October, 1993 and January, 1995 the cost of living jumped five quadrillion percent. Five quadrillion is a five with fifteen zeros after it. In November, 2008 Zimbabwe's annual inflation rate was put at approximately 80 billion percent. The common elements shared by all three of these examples of hyperinflation and the many others strewn throughout history include the drying up of credit and the deficit spending of the central government financed by the printing of money by the central banking authority resulting in tyranny.

Inflation is the increase in the supply of money in circulation. To inflate means to blow up and in economic terms it means the blowing up or expansion of the money supply. One of the many basic natural laws of economics is that as the supply of any commodity increases the value of each individual unit of that commodity decreases. Money is nothing more than a very specialized commodity that is universally accepted in the trade of goods and services.

Money is not wealth. If it were, then all one would have to do to become wealthy would be to create any amount of money he desired or needed. If everyone did that, there would be nothing to consume because all of the production of goods and services would cease and whatever did exist would be consumed. It is the reason why counterfeiting is illegal.

Counterfeiting steals value from others who already hold money. If the power to create money is given to a central authority, such as the Federal Reserve System, the end result is no less the same. The more money the Federal Reserve creates in order to pay for the deficit spending government officials create through all of the monetary bailouts of businesses, banks, financial institutions, and all of the current and proposed business stimulus packages being passed by congress, the more prices of everything increase. Actually, the price level really does not increase. Rather, it is the value of the money that decreases.

Paper is a very poor commodity to be used as money since it can be copied very easily. Gold and silver throughout history are the commodities that have served best to be used as money because of their rarity, the difficulty of getting them out of the ground, and the fact that they

literally last forever. They are elements of the earth.

Every paper currency in history has seen its eventual demise once government officials are given the power to create paper money to pay for the expenses of government since there is never any end to the amount of money government officials will spend. Whether hyperinflation comes to America to the extent it did in the examples above is anyone's guess. However, there is currently no indication by any government official, including the President of the United States, his cabinet, and many senators and representatives in congress that the printing of money to pay for the government deficits that are multiplying daily will stop.



As a result of the continuous occurring bailouts, government officials estimate that the deficit for the fiscal year ending September 30, 2009, could reach the tune of 1 to 2 trillion dollars. This is not the budget that is being discussed; it is the difference between the revenues and expenses of the budget. \$1 trillion is the equivalent of spending approximately \$34 million a year for 30,000 years, a very incomprehensible sum.

The founders of America experienced hyperinflation and the collapse of the Continental dollar. They understood very well the detriments of using paper money by government officials to pay for government expenditures. Their experience led them to write into the United States Constitution that under no circumstances could paper money (bills of credit) ever be used in the payment of debts; only gold and silver, real commodity money, could be used for that purpose.

Contrary to many individuals, especially those elected to office, the United States Constitution is not an anachronism and has many natural law principles imbedded in it not the least of which is the elimination of paper money (bills of credit). The United States Constitution has not been followed by elected officials for a very long time. However, if America is to get off the hyperinflation train and avoid tyranny, America must return to her guiding document, the United States Constitution.

*Howard Blitz is the Founder of [The Freedom Library, Inc.](#) located in Yuma, AZ* 

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## The V Shines Everywhere

### By Troilus Bryan

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took out the street lights! So it's dark.

You call a tow truck and dispatch tells you it will be about 20 minutes. No problem, you just start G chatting with a friend to kill the time. The screen of your android lights up your pretty face. A gang of hooligans passing through take notice; you are alone, you are not from around here. They knock on your window which startles you and raises a scream.

“Open up, Bitch!” says one.

“We just want to party” says another.

You don't want to party. You hit the “V” button on your android. Then you hit the “confirm crisis” button. A message is sent out to all of your allies on the Voluntero network – and also to every Voluntero member who is on duty within this geographical area. Simultaneously the Voluntero app dials the police.

The 911 operator answers. As the crowd jeers and rocks your car, you tell the operator where you are, and that “Yes, you fear for your life!” ...and she says “Someone will be there in 40 minutes.”

Your window is smashed. “... bla bla budget cuts... bla bla sorry..” mumbles the operator from your smart phone that is now on the floor.

The goons are in your car; pinning you down, pulling off your clothes...

Then a truck pulls up – high beams light the scene... and BOOM – you hear gunfire.... again, BOOM.

The would be rapists run away.

The vigilante shines a flashlight on your face – “Pull up your pants, Miss”.

You do it, sobbing, embarrassed, but alive.

“I just shot into the air to scare them off,” he says.

“How did you get here so fast?” you ask.

“The V shines everywhere, Miss.”

Another car pulls up. A younger man with with a camera and a woman with a crowbar jump out and come to you.

“They are dispersed,” said the first responder.

“Good job, Jackson” said the man with the Camera – he pans left and finds the fleeing thugs in the beam of his headlights and films.

The woman drops her crowbar at your feet, then hugs you. Then she had to ask, “Did they...”

“No,” you answered. “They didn't. They didn't get the chance.”

This was a dramatization of how the Voluntero application could potentially be used. We are not advocating vigilantism. But we know that governments are bankrupted and police budgets will continue to dwindle. As the saying goes, when seconds count, the police will be there in minutes. Voluntero is about crowd sourcing heroics. You don't have to wield a shotgun to participate. You don't even have to swing a fist. Sometimes it only takes a camera, or a set of high beams, or a shout to make the cockroaches scatter and civilization to shine through. 

*To help us build the Voluntero application use join the team here.*

<https://teambox.com/projects/voluntero>

*Or contribute to the code here.*

<https://github.com/contrarylemming/Voluntero>

*Troilus Bryan is Founder of the Freedom Engineering Project. Visit webpage at [FreedomEngineering.Org](http://FreedomEngineering.Org)*

**freedom engineering ~ building the free future**

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# Sound Money for Muggles

## By Ron Helwig

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MANY believers in sound money are fond of coins and other traditional forms of precious metal bullion. They reminisce about a time when people carried their silver dollars in a coin purse tied to their belts. A one ounce coin feels substantial, solid, real. When they hold one in their hand it makes them feel like they have something of almost magical value.

But for most people, the heft of a coin just doesn't impress them much. They aren't "true believers", and so they don't get that same feeling of value from it. They'll ask "what's the point?", not understanding the history and importance of sound money. And for most, they never will care. They just want to be able to buy stuff. And we really can't blame them; everyone has their own priorities, and we shouldn't think less of someone because they don't get enthused about our favorite issues.

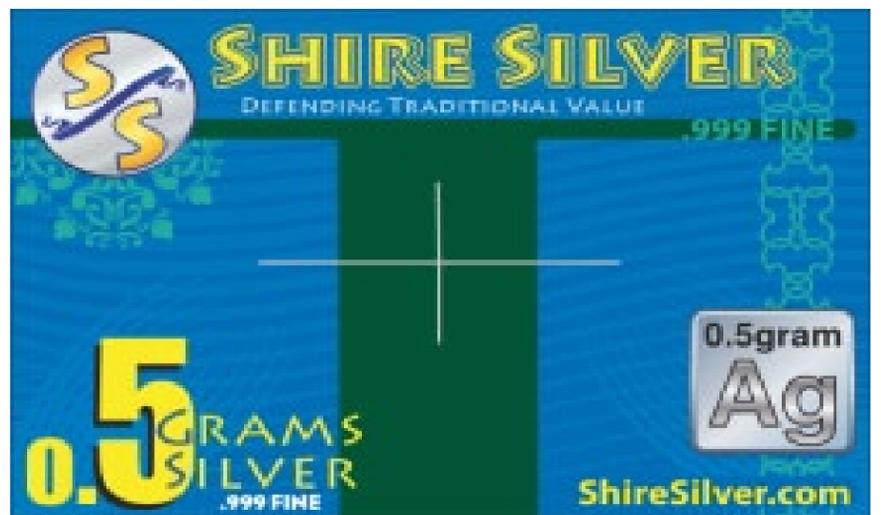
We know from history that the market has overwhelmingly chosen paper over coins. During the free banking era, well over a thousand banks issued their own paper notes in over 30,000 varieties. This never would have happened if people hadn't desired the convenience of paper over the fool-proof value of coins. To this day, the mint has a difficult time getting people to use coins. And to top it off, one of the reasons why credit and debit cards are doing so well is they reduce the amount of coins you have to carry around.

These non-believers, these muggles, to use a more fun term, won't become activists for our



cause. Yet, in order to succeed, we need them on our side (or at least not actively working against us). This is why it's important

to realize that instead of changing them to accept traditional bullion, we need to change bullion to fit them. That's where [Shire Silver](#) comes in. Our model of using smaller amounts of precious metal embedded in a laminated card increases the convenience of bullion to paper-like levels. It also has other built-in advantages like easy denomination detection for the blind. The Shire Silver model brings precious metals to the masses. It is sound money for muggles.



To continue the metaphor even further, we sound money advocates should stop treating bullion as if its magic. Sound money is a market product, just like a pencil or a loaf of bread. It doesn't have any special features or unique capabilities that render normal economic rules moot, and it won't miraculously cure bad economic policies nor will it get produced at the pseudo-mystical "spot price". It behooves us to not act like precious metal Voldemorts, condemning non-believers for not joining our crusade. After all, we want to trade with them and get them using sound and honest money. The best way to do that is to make sound money that works for them, and to treat them with respect as fellow humans and business owners. 

If you'd like to learn more or help, please visit [ShireSilver.com](#), or any of the other outfits using the card model.

Ron Helwig is the owner of [ShireSilver.Com](#)

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## Advice from Our Founders

### By Howard Blitz

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writings.

One, a free people will not survive unless they stay strong morally and militarily. Two, “Peace, commerce, and honest friendship with all nations – entangling alliances with none.” And, three, the United States has a manifest destiny to be an example and a blessing to the entire human race.

Our founders strongly felt that Providence would protect us only if we acted morally and used our military for only defensive purposes, not offensively. Sam Adams summed it up this way, “If we would truly enjoy the gift of Heaven, let us become virtuous people; then shall we both deserve and enjoy it. While, on the one hand, if we are universally vicious and debauched in our manners, though the form of our Constitution carries the face of the most exalted freedom, we shall in reality be the most abject slaves.”

Much of Washington’s farewell address dealt with foreign relations. He advised us that we should enjoy and develop a wholesome trade with other nations, but that we should never develop such dependency upon such trade that we will ever use force to continue it. He stated that we must always remain independent enough to allow for changes caused by the instability of foreign governments. Jefferson even advised us to never entangle ourselves in the broils of foreign nations. Our founders never advocated being isolationists; they just advocated minding our own business, to be strong militarily in case we are attacked and never to engage ourselves in the affairs of other nations.

Our founders also stated that we have a manifest destiny to be the example of liberty for the entire world to see. As John Adams said, “I always consider the settlement of America with reverence and wonder, as the opening of a grand scene and design in providence for the illumination of the ignorant, and the emancipation of the slavish part of mankind all over the earth.”

The following are some questions our founders would be asking our government officials as they talk louder each day of going to war: 1) Why do you make war with foreign countries without the people’s representatives declaring war as required by our Constitution? 2) Why do you feel you have to throw American money and lives into enforcing the United Nations resolutions knowing that most U.N. members do not respect you and such coalitions have meant nothing but misery in the past? 3) Who is providing the money to fight this war? You are already borrowing money going deeper into debt just for your expenses at home? 4) Do you know that the spirit of freedom is stronger than any military force? Why not let your light shine as a peacemaker rather than a policeman? Think of how many families in your land will be spared grief, sorrow, and total disruption of happy family lives.

Our government officials need to answer these questions truthfully and sincerely and listen to the advice of our founders. 

*On March 15, 2012 stop by The Main Squeeze at 251 S. Main Street, Yuma, Arizona from 6-9 pm for a Bill of Rights wine tasting. Help celebrate the Bill of Rights and have an enjoyable evening visiting with friends. You can even bid on your favorite Bill of Rights wine. Raffle prizes will also be available. All funds raised go to The Freedom Library Education and Scholarship Program.*

*Howard J. Blitz is Founder of*  
[THE FREEDOM LIBRARY, INC.](#)

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## EPIC 2015 -Video

### by Robin Sloan and Matt Thompson

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EPIC 2014 is the original flash online movie made by Robin Sloan and Matt Thompson with original music by Aaron McLeran for the fictional Museum of Media History. Epic 2015 is an updated version with a vision of the future set in 2015.

Set in 2014 epic charts the history of the Internet, the evolving mediascape and the way news and newspapers were affected by the growth in online news. It explores the effects that the convergence of popular news aggregators (such as Google News) with other web technologies like blogging, social networking and user participation may have on journalism, and society at large, in a hypothesized future.

It coined the word "Googlezon" from a future merger of Google and Amazon to form the Google grid, and speaks of news wars with the

Times becoming a print only paper for the elite culminating in EPIC Evolving Personalised Information Construct

As a flash animation, this film is extraordinary, not just for it's use of technology but for it's fantastic perception looking forward.

Epic 2015 is an updated vision of the future set in 2015.

You're about to watch a future history of the media. 

Courtesy of [YouTube.Com](http://YouTube.Com) and  
[RobinSloan.Com/EPIC](http://RobinSloan.Com/EPIC)

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***CLICK ON VIDEO below to watch EPIC 2015:***



## Publisher's Backpage

### By Ernest Hancock

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THE STATE OF ARIZONA NOW MINTS GOLD, SILVER AND COPPER COINS...

Now for the rest of the sotry.

ARIZONA became a state on February 14, 1912.

It was the last of the 48 contiguous states to be admitted to the union.

In 2005 the Governor of Arizona, Janet Napolitano, established a coordinating committee to honor Arizona's centennial in 2012.

The planned celebration provided an opportunity to be exploited by liberty minded activists.

Prior to the legislative session beginning in January of 2007 I received a call from State Senator Karen Johnson (R). She was very concerned about many things, but felt Global Central Banking was a clear and present danger to the United States and asked if I could conjure up some sort of legislation that would allow a single state legislator to have an impact.

FreedomsPhoenix Senior Editor, Powell Gammill, and I made a trip to her legislative office and brainstormed with her and her aide K.W. Powell and I were of the opinion that if the State of Arizona were ever to produce Gold, Silver and Copper coins the ripple effect would be felt all over the planet. K.W. then mentioned that the in 5 years the 100 year celebration of Arizona's statehood might be a good opportunity to justify the minting of "Commemorative Medallions". Boomshakalaka!

Immediately Powell and I returned to my home where a few minutes of Internet searching provided us a framework to work with. The State of Oklahoma had as part of their sesquicentennial celebration the minting of 'Commemorative Medallions' (close enough).



Discussing this effort with other activists prompted the discovery that the State of Arizona had already created a Copper Medallion in 1963 to celebrate Arizona's 100 year anniversary as a Territory. A search on eBay and \$38 dollars got me one in my hand that was immediately used by the Senator as a prop to convince the legislature and Governor Janet Napolitano that Arizona's own precious metals would be minted into coins for sale to the public 'in quantities that would supply all public demand'.

Past experience had taught us that we must check the wording of the law constantly as it passed through 'Legislative Council' (where the laws are really made). No matter what was passed on the legislative floor you could count on very important aspects not making it to the final printed version. We were surprised that we were successful in getting the legislation passed in as good a condition as we did. The primary provision that we focused on in the minting of pure Gold Coins was that they be available in quantities that would supply 'all public demand' ("prepaid" would later be added). It was also this provision, 'all public demand' that was constantly omitted in the final copy that was to be approved after it was voted on... makes you go Hmmmmm.

Ron Paul filed his exploratory committee in January 2007 at the same time we were meeting with Senator Johnson. Her understanding of the evils of Central Banking prompted me to introduce her to Ron Paul's campaign and she would be the first legislator to endorse him openly that I know of and became his Arizona State co-chair.

- FAST FORWARD 5 YEARS TO 2012 -

Continues on Page 46

## Continued from Page 45 - Publisher's BackPage

Arizona Mints Gold, Silver and Copper Medallions to Celebrate 100 years as a State this Valentine's Day February 14th 1912



[PDF of Law](#)

[Page 19 Line 26+](#)

This legislation was written in an effort to introduce precious metals to the people of Arizona (and the planet).

As the centennial drew close, I did a show on 'Declare Your Independence with Ernest Hancock', to which one of the local listeners responded by purchasing Gold, Silver and Copper Medallions, ... and then he got a lesson that he shared with us.

[Centennial Medallion Receipt PDF](#)

[Pricing for Gold, Silver and Copper Coins \(PDF\)](#)

[Medalcraft Mint, Inc Estimate Page 1 \(PDF\)](#)

[Medalcraft Mint, Inc Estimate Page 2 \(PDF\)](#)

[Coins \(PDF\)](#)

By listening to the last two hours of my radio show (Declare Your Independence with Ernest Hancock) on 3-1-12, you will learn the rest of the story.

[03-01-2012 Hour 2 Ernest Hancock talks with Steve Neil and AZ Centennial minting of coins:](#)

[03-01-2012 Hour 3 Ernest Hancock talks with Steve Neil and Karen Johnson:](#)

There are other similar efforts across the country. Arizona has demonstrated that the production of precious metal coins by one of America's states is possible. But the inefficiencies and corruption that is inherent in the state will always be a burden to the effort.

We'll continue to press the state on the issues surrounding this effort (they have NO Idea what is coming) but in the end, the lesson learned will be a 'No State' answer to what gets traded as "money".

And THAT is what this eZine Edition was all about.

Now you know.

Peace,  
Ernie



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