

Money Series: E. C. Riegel 2.1/e

(Words in **Bold** are key words in the Civilization Engineering lexicon and are defined in the Civilization Engineering Glossary. This paper is an expansion of some ideas used in Money: Executive Summary. Those wishing to see the complete outline of a private-enterprise money system should download the Money: Executive Summary on the civilizationengineering.com website.)

Introduction

This is the first in what will be a series of articles on the subject of **Money**. **Money** is a **Glue** component of a stable, durable civilization. Without a proper monetary system in place, a civilization cannot function correctly and will self-destruct. To date, this has always been the case and that is why understanding **Money** is so important.

Money is a large and very confused intellectual arena. Many great minds down through the ages have attempted to define money, but no one was convincing. I spent eight years researching everything I could get my hands on regarding the subject of money and still was not convinced by anyone until I found Riegel's work. He is the first, and I believe still the only one, who argues that money cannot be a commodity, such as gold or silver or anything else. He is saying it is an ontological impossibility for any commodity to be money. The main purpose of this article is to highlight Riegel's idea of what is money using his own words as much as possible.

That Riegel understood the ontology of a monetary exchange like no one else is not to say he knew how to build a system that could function on that understanding. The second purpose of this article is to show where Riegel's ideas on a monetary system were woefully inadequate or just simply wrong even though he correctly identified the nature of a monetary exchange.

There are likely somewhere around one hundred thousand books written advocating the idea that money must be based on a commodity, e.g. the idea that gold is money. The arena is a giant echo-chamber. There are only three books and one article I know of advocating, in unequivocal terms, that **Money** is not a commodity but is, in fact, just a number stored somehow. There are many people, starting with Plato, who argue in a casual way that we do not necessarily need a gold backing for a monetary system to function, but no one else I have found argues it from the ontological, generic- not to mention passionate- basis as does Riegel.

Riegel produced three books and one article that argue the idea that **Money** cannot be a commodity. They are:

1. Private Enterprise Money 1944 by E. C. Riegel

2. The New Approach to Freedom 1949 by E.C. Riegel, then an expanded version by the Heather Foundation in 1976
3. Flight From Inflation 1978 by E.C. Riegel with heavy pruning by the editors of the Heather Foundation, published posthumously from a transcript found in Riegel's papers.
4. Money is the Language of Accountancy 1945 article in the Journal of Accountancy November 1945, pp 358. 360.

Private Enterprise Money encompasses all the components of Riegel's monetary system. The other two books and one article repeat and expand on these components without adding any new components. What the other three materials mostly do is expand on Riegel's claims for what benefits a private enterprise monetary system will provide for humankind once it is in place; all the mechanics of **Money** that Riegel envisions are covered in the first book, Private Enterprise Money.

By the title, Private Enterprise Money, one can surmise that Riegel does not include the political state in the design of his monetary system. He is advocating the separation of **Money** and state. Riegel will not even allow the state to participate in the money-creation (money issue) process- explained below- since he believes the state has no identifiable product or service to exchange in the marketplace.

But most of all, for our purposes here, Riegel is advocating separation of **Money** and commodity.

Riegel's Definition of **Money**

Riegel begins his thesis with the observation that everything is ultimately barter- a commodity or service in exchange for a commodity or service- whether done on a direct or indirect basis. When we exchange for a monetary unit of some kind, in the end we let that monetary unit go and purchase a commodity or service with it. This two-step process is still just barter, but by an indirect means. The function of **Money** is to liberate the exchange process from the straitjacket of whole-barter, wherein traditionally a commodity or service passes in both directions at once. The function of **Money** is to split barter into two transactions. He started by calling this practice split-barter and later half-barter. Both terms will be used below.

Riegel bases his concept of **Money** on a view that is diametrically opposed to the hard money+advocates such as the Austrian School. Here are their respective foundational positions:

Austrian School: Money = Commodity
Riegel: **Money** k Commodity

In other words, the Austrian School says that money can only be a commodity such as gold. Riegel says that **Money** cannot be a commodity and to the extent to which the monetary unit is backed by a commodity it is not **Money**. They could not be further apart. The Austrian School is saying that money is a thing; a commodity; a something-that-has-~~%~~intrinsic value+and Riegel is saying that **Money** is an action; a process; a modality of exchange. These are two ontologically different views. I call them the second mode of exchange (gold is money) and the third mode of exchange (number is **Money**) respectively.

~~%~~**Money** can be issued only in the act of buying, and can be backed only in the act of selling. Any buyer who is also a seller is qualified to be a **Money** issuer. Government- he means the state- because it is not and should not be a seller, is not qualified to be a **Money** issuer.+ 1-xvi (from book 1 above Private Enterprise Money page xvi)

What Riegel means by issuing **Money**- or creating **Money**- is the act wherein the issuer creates new monetary units into the existing monetary system by making a computer entry or writing a check against his bank account where there is no positive balance in that account. This is what the commodity-money-advocates call, always with a sneer, fiat-money, or fountain-pen money. What only Riegel understood is that this creation of new monetary units into the system is a temporary thing and the issuer ultimately redeems his issue by selling into the marketplace and accepting back at least the same number of units that he issued. The state has always just issued new monetary units and never redeemed them, this being one of its principal means of plunder, and this is, understandably, why the Austrian School sneers at ~~%~~fiat money.+ It is also an indication of how limited and shallow is the analysis of the Austrian School and how revolutionary is the insight of Riegel to get past this treachery of so many centuries and recognize the true principle of **Money**.

~~%~~Any valuable thing, such as metal in coins, is not **Money**- it is commodity, and to the extent of its value, displaces **Money** in the coin. **Money** is a memorandum, a credit instrument, a bookkeeping device to effect split-barter and is **Money** only to the extent that it obviates delivery of value by the transmitter.+ 1-37

~~%~~Since all **Money** is fountain-pen-fiat money, the only question we have to decide is whether its issuance shall continue to be the special privilege of a few or the right of all. By such decision we determine the fate of humanity.+1-37

~~%~~As has been stated, the purpose of **Money** is to split barter into two parts so the seller is free to find his source of supply later and elsewhere.

~~%~~This is the sole purpose of **Money**. Any effort to use **Money** to serve another purpose is perverse; and this statement condemns the entire managed money philosophy.+ 1-38

~~%~~The word **Money** has two meanings:

- a) A concept of abstract value as a unit of computation.
- b) An instrument expressing, in some numeral of the unit of computation, a consummated half-barter transaction and involving traders in a pact to accept it in exchange for a value equivalent to that which it mediated in the previous exchange.
- c) Trading by means of **Money** may be practiced in the concept a) and under the pact in b) by means of mental or written record and without the use of negotiable or transferable instruments.+1-100

In my terms: a **Monetary** unit is pure number, never a commodity.

~~%~~The conventional ~~definition~~ of money is as follows: Money is a medium of exchange; a measure of value; a store of value; and, a standard of value.

~~%~~This is a statement of four functions that money is supposed to fulfill, in the confused orthodox concept.

~~%~~Medium of Exchange: This is so broad that it conveys no comprehension. A vehicle, a memorandum, an agent, a verbal intercourse, etc. are media of exchange. If we say ~~a~~ medium of split barter, ~~the~~ statement becomes definitive, because only **Money** can serve this purpose. The word ~~exchange~~ includes whole-barter, (in which a commodity and not **Money** could act as a medium) as well as split-barter.

~~%~~Measure of Value: **Money** is not a measure of value. Value can be measured only by value and **Money** has no part in the process of evaluation. Having no value, it is not a criterion of value. **Money** is merely a means of expressing value after it has been determined. **Money** (the

concept) is the language tool of split-barter. **Money** (the instrument) is the evidence of a consummated split-barter in the sum of the unit.

%Store of Value: This apparently relates to the instrument or record of money credits. To say that it is a claim on value is the nearest concession we can make to the statement. The value that the money instrument or money record holds a claim upon is in hands other than the money holder and is not stored, pledged or in any way identified, and the extent of its claim thereon is dependent upon the fidelity of the monetary system. If ~~a~~store of value~~q~~refers to the intrinsic value of coins it is also false. For instance, if a silver dollar contains 36 cents worth of silver, the coin is 64% **Money** and 36% commodity. 1-101

%Standard of Value: This approximates ~~a~~measure of value,~~q~~but is an effort to capture some of the superstitious quality that attaches to the idea that money rests upon a standard commodity. 1-102

%These ~~a~~definitions~~q~~are part of the arsenal of abracadabra that help to confound the student and obscure the teacher's ignorance of the subject of money. The two meanings of the word money, the concept and the instrument or record, are indiscriminately mixed in this parrot jargon.

%The four cardinal truths of **Money** practice are: The Purpose of **Money**, The Source of **Money**, The Backing of **Money** and The Democracy of **Money**.

%THE PURPOSE of **MONEY** is to facilitate barter by splitting each transaction in halves, obviating the delivery of value by one trader (the buyer) and permitting the other trader (the seller) to make requisition for his half upon any trader at any time. This is the sole purpose of **Money**. Any effort to employ it to influence prices or control trade is perverse.

%THE SOURCE of **MONEY** is the trader (the buyer) who receives his half of the barter. Since it arises out of the buying process, and is based upon the evaluation of the acquired value made by the buyer, it is obvious that it can have no other source, and is created only by the act of paying for a purchase. 1-102

%THE BACKING of **MONEY**: **Money** is given its *material* backing by the seller through acceptance in exchange for value. Its *moral* backing is the buyer's pledge to accept it for equivalent value in free exchange.

THE DEMOCRACY OF MONEY: Since trade is democratic, and since money is an instrument for facilitating trade, and since it can arise only from a trader in the act of selling, it is obvious that **Money** is an instrument of democracy and the essence of man's sovereignty over business and government.+ 1-103

Here is probably Riegel's cleanest and clearest summary of what is money:

Money can best be understood by inquiring into the purpose of it. In simple or whole barter, there is no need for **Money**. When barter is to be split into two halves, i.e. one trader is to receive full satisfaction in value, and the other is to receive only a promise of value, there arises the need of an accounting system and **Money** is a system of split-barter accounting. It is essential to remember that in the process of trading by means of **Money**, there is no departure from barter, but merely a facilitation of barter by splitting it into two parts, one half finished and the other half prospective. Values still continue to exchange for values with **Money** acting as an interim device, but itself having no value.+ 4-358

The Valun Exchange

Since **Money** is just a bookkeeping affair, Riegel proposed a clearinghouse-type operation wherein all the transactions by the participants in his new **Monetary** system would be recorded. The record-keeping could easily be done over telephone lines such as credit card purchases are done today. All the technology to accomplish Riegel's vision of the Valun Exchange is on the shelf today.

Riegel is calling for the creation of a brand new **Monetary** unit which he named the Valun, which he derived from contracting Value-Unit and pronounced val-loon. Initially he called his new **Monetary** unit a barter-unit which works slightly better for me given his definition that the purpose of money is to split barter into two transactions. I would like to call the new unit a Riegel in honor of his being the first person in history to so forcefully shed the mind-set of gold-is-money.+ No one else I have come across ever made that leap with such semantic force. A suitable symbol for me would be a B with a vertical line through it— a B(arter) and a U(nit) contracted as was the U(nited) and the S(tates) that became the dollar sign, initially with two vertical lines and then just one— and pronounced Riegel.

Riegel envisioned a group of merchants and businessmen coming into agreement to begin exchanging with one another in the new Valun **Monetary** unit. Since **Money** comes into existence only through the act of buying, there is no Money in the system until the first exchange takes place. Here is the status of the system after the first day of exchanging: Mr. A buys something from Mr. B for 10 Valuns. Mr. A goes negative in his account which means Valuns have come into existence. Mr. B receives the 10 Valuns into his account and his account is positive. The total volume of Valuns created on day 1 is 10 and the total Valuns remaining on the books is 10 at the close of exchanging on day 1.

Day	1	2	3	4	5	Change day 1	Net in the account
Mr. A	-10					-10	-10
Mr. B	+10					+10	+10
Mr. C	0					0	0
Volume	10						
Open Interest	10						

On day 2 Mr. A buys something from Mr. B for 10 Valuns and something from Mr. C for 20 Valuns. The total Valuns created on day 2 is 30 and the open interest becomes 40 meaning there are 40 Valuns active in the system.

Day	1	2	3	4	5	Change day 2	Net in the account
Mr. A	-10	-30				-30	-40
Mr. B	+10	+10				+10	+20
Mr. C	0	+20				+20	+20
Volume	10	30					
Open Interest	10	40					

On day 3, Mr. A sells something to Mr. B for 30 Valuns and something to Mr. C for 30 Valuns. The volume for day 3 is thus 60 Valuns.

Day	1	2	3	4	5	Change day 3	Net in the account
Mr. A	-10	-30	+60			+60	+20
Mr. B	+10	+10	-30			-30	-10
Mr. C	0	+20	-30			-30	-10
Volume	10	30	60				
Open Interest	10	40	20				

And so it goes each day bringing more exchanges and each participant's account moving from negative to positive to negative etc. The volume tells how much buying and selling occurred that day and the open interest tells how many Valuns are in the system ready to be canceled some day when

the holder of a negative account becomes a seller and receives Valuns into his account to bring it again toward a positive balance. The point is to note that Valuns come into existence and then go out of existence as he who was first a buyer (issuing Valuns) becomes a seller and redeems the Valuns he initially issued.

The Launch of the Valun

Launching a new **Monetary** unit immediately faces two challenges: 1) what are the prices of things to be when expressed in the new monetary unit and 2) how many new monetary units should be issued in the new system? Riegel does not offer a satisfactory solution to either of these questions.

Riegel depends implicitly- and I think unknowingly- on a Monetary Matrix being in existence in launching the Valun Exchange. He is silent on the creation of the first Monetary Matrix and wobbly on how to launch new **Monetary** units into a marketplace where an old monetary unit is in existence.

The Monetary Matrix

The Monetary Matrix is my name for what is created in one's conscientiousness when a monetary exchange takes place, whether the monetary unit is a commodity or not. Whenever anyone deviates from whole-barter in their exchanging, they have shifted from valuing the gold coin as gold and instead begin placing their value on the number on the coin, that is, on its monetary value not its commodity value. When this shift takes place, one begins to develop his/her personal Monetary Matrix. In very short order, one does not care about the gold-content, or the gold-backing of the monetary unit and only cares about the number on the monetary instrument. This is the maturation of the Monetary Matrix. This is the evolution of exchange from barter to quasi-money (gold as money, not as commodity) to **Money** as Riegel characterizes **Money**.

The Monetary Matrix becomes that knowledge of market prices that one acquires over time by producing and exchanging in a particular monetary unit in the marketplace. My personal Monetary Matrix is calibrated in US Dollars. This means I do all my financial reckoning in that monetary unit. If I go to Europe and try to reckon in the Euro marketplace, I will at first be converting all Euro prices into US Dollar prices so that I will be able to get Euro prices mapped back into what I know, my personal Monetary Matrix denominated in US dollars wherein I do my reckoning. If I continue operating in the Euro long enough, say several weeks or months, I will

eventually become calibrated in the Euro and not have to convert Euro prices into equivalent US Dollar prices in order to make a financial decision. Acquiring a second Monetary Matrix in a new monetary unit is analogous to learning a second language; or working with English units versus Metric units; or Fahrenheit versus Centigrade degrees. These are all examples of reckoning done in different units where the object being reckoned remains the same be it temperature, market price, etc. regardless of what unit it is expressed in.

The question is where does this Monetary Matrix come from exactly? How does it come into existence? The original Monetary Matrix creation is a fascinating story and explained best by the Austrian School and will be developed in a subsequent paper in this series when the Austrian School's contribution to money theory is covered. For now, our purpose is to explain Riegel's proposal for launching a new, alternative **Monetary** unit into an existing monetary environment with its concomitant Monetary Matrix.

The Question of the Quantity of Monetary Units

Riegel entitles Chapter VII of Private Enterprise Money "Each Issuer's Limit" referring to how many **Monetary** units each person participating in the Valun Exchange shall be allowed to issue. His answer is basically "three months' income." This design parameter creates a circularity, or positive feedback loop, and will result in a spiraling, inflationary bias in the system. As production proceeds, profits are made and, by this logic, the **Money** supply should be allowed to grow. An ever greater **Money** supply results in ever greater prices and as long as everyone is just allowed to issue three months' income as production and the **Money** supply expand, the system performs correctly, right? Wrong.

Riegel calls for a system wherein each individual can create money to the extent he can produce a marketable commodity or service. This is a mistake on Riegel's part and is rooted in his failure to distinguish between creating **Money**—which is all he ever addresses—and making money by a productive pursuit. Making money (as opposed to creating **Money**) and paying interest are deeply connected; and making money—making a profit—is not explained by Riegel and hence he cannot explain the paying of interest. Riegel cannot see where the "extra" money is to come from to pay the interest. Since he cannot explain this, it follows that he cannot explain where the profit comes from when a business is profitable i.e. making money. There are many others today who also fall into this trap and argue that all interest is inherently destructive to an economy and

should be outlawed. But then how does one explain making money or making a profit? If a business is making money, it is bringing in more money than it is spending to make that money. So where, one must ask, does this extra money come from? Riegel does not even think to ask the question.

Chapter VIII of Private Enterprise Money, How the Unit is to be Determined, +

In this chapter one might assume Riegel gets to the main question of how many **Monetary** units should be in the system. The problem is, he never discusses this limit but spends the entire chapter wrangling with the question of what shall be the correct exchange ratio of the Valun and the US Dollar when the Valun system is launched on day one. It is one of the major failings of Riegel to never figure out that the important parameter that needs to be established in any monetary system is the total number of monetary units in the system. This issue will be discussed in the article on Alexander del Mar's contribution to money theory. Riegel, over the span of three books and a journal article listed above, is very wobbly on this most important design parameter and anyone trying to build a monetary system based on Riegel's notions on this point will run into nothing but trouble. This system needs to be **Bounded**. There is no substitute. It makes no difference whether we divide the range between the freezing point of water and the boiling point of water into 100 degrees and call it Centigrade or into 180 degrees and call it Fahrenheit. The important parameter is that we decide on 100 degrees or 180 degrees, either one works as well as the other, and fix it for all time and get on with it. + It is the same in the monetary world. I shall be arguing in the conclusion to this series that we need to set the number of **Monetary** units in the system to a fixed number per participant in the system, and fix it there for all time. the exact number does not matter, that it is fixed matters: more to follow.

Riegel proposes a tactic that will work well if he has the correct amount of **Money** issued in his system. He calls for parity on day one. This means the new **Monetary** unit, the Valun, will exchange for exactly one US Dollar on day one. After day one, he allows the marketplace exchange rate to drift, + that is to find its own level: the exchange value between his new **Monetary** unit and the established monetary unit his system is competing with will be determined by voluntary market action. This drift in foreign exchange + is precisely what is needed. It is the marketplace sorting out the relative purchasing power of the two competing monetary units. Riegel is absolutely correct on this point: set a parameter on day one and then let the marketplace sort it out.

This policy of parity-on-day-one will minimize the difficulty of the calibration phase of those learning the new **Monetary** unit if the total units going into circulation are close to the total units presently in circulation in the old monetary units on a per person basis. If the new **Monetary** units are not close to the old monetary units in total numbers per person, the marketplace will sort it out in time but with a great number of miscalculations by those participating in the changeover. Speaking metaphorically, if the new units turn out to be more like Fahrenheit when everyone has been used to working in Centigrade, mistakes in reckoning will happen, but only temporarily.

Distribution of the Money-Creating Power

Riegel correctly argues that ~~only~~ he who can produce ~~is~~ rightfully the one ~~who~~ can create **Money**.+ In fact, he argues that to restrict the producers from the ability to create **Money** is to hobble the system to the point of failure. Riegel argues that restricting the producers from **Money**-creation, renders a system wherein the producers would not be able to buy the products of their own production. Although the argument smacks of Marxism in its phraseology, Riegel is on the right track. ~~%~~**Money** cannot meet modern needs by descending to the people; it must rise from them.+ 1-viii He is calling for the widest-possible distribution of the **Money**-creating power and rejecting the present system wherein the state has sole money-creating power. This is a call for a true revolution if there ever was one. I call this concentration of the money-creating power in the hands of the few ~~%~~mal-distribution.+ Subsequent articles in this series will demonstrate that it is mal-distribution that is the real problem in any monetary system, not the lack of, or over-abundance of, monetary units. Riegel has the desirability of a widespread **Money**-creating power very much correct.

Failing to Address the Gold-Is-Money Issue

While Riegel's criticism of commodity-money rests on his definition of **Money**· which is utterly original and brilliant· he never addresses the Austrian School's point of view that gold is a commodity for sure but is valued in a different way as a medium of exchange by the marketplace and hence gold has a valuation-as-money that is different from its valuation-as-commodity. Understanding the dynamics of gold-as-commodity versus gold-as-money will take a stronger analysis than what Riegel has served up. It will even take a stronger analysis than what the Austrian School has served up. This seminal issue will be addressed in subsequent articles in this series on money. As a further preview, my criticism of the Austrian

school and its devotion to the %gold-is-money+idea is that the ultimate issue will be that gold can never shed its property of being a commodity even though it is also being used as money and this problem is in addition to the inherent problem of mal-distribution that comes with any commodity-based system, especially gold. The Austrians hold %gold-is-money+as the premier virtue of a monetary system when the truth is that it is the Achilles heel of such a system. Too frequently in economic history the commodity side of gold has swamped the monetary side of gold and we have market action that is the equivalent of the tail wagging the dog- more to follow.

Assessing Riegel

Interest

Riegel does not understand interest and his system suffers for it. He never acknowledges that interest is a valid, necessary component of economic interaction among humans. Interest arises naturally from the human **Value Hierarchy**: preferring present goods over future goods. The Austrian School calls this preference originary-interest and it is a natural phenomenon. Riegel does not seem to realize that interest is a natural phenomenon and will not go away. Interest is not the product of some devious minds creating an artificial mechanism to plunder others. Interest is a phenomenon that arises naturally from human action which is based on the most fundamental proclivities we all have. Riegel fails to incorporate interest into the design of his **Monetary** system and thus his system will simply not work since it ignores this most fundamental human dynamic. Interest provides an indispensable feedback signal to steer the market and enable savings and borrowings to be balanced, when it is left alone to find its own level. The statists never leave it alone and have always used the setting of interest rates as a major tool of their %social engineering+ read plunder.

The State

Riegel never quite gets to the realization that the state is not just inept as he assumes throughout all his work, but that it is parasitic. The state is parasitic to the core and one of its principal means of plunder is to extract the lifeblood of the citizenry through its control of the monetary system by means of controlling the interest rates and the quantity of money in the system. Riegel's view is much too benign to correctly analyze the situation. Monetary systems have been used as a means of exploitation for centuries. The successful monetary system of **Freedom** shall reverse this long, troubled history of the manipulation of the monetary system and instead deliver an agency that will guide the economy of the future by

fixing the quantity of monetary units in the system on a per capita basis and letting the marketplace, through the auction process, determine interest rates. The **Monetary** system of the future will be an agency of symbiosis and will live out the immortal words of Andrew Galambos: %Total Capitalism demonstrates not only the Morality of Profit but also the Profitability of Morality.+ Those who bring about this symbiotic, monetary system will be the true benefactors of mankind and incidentally, and justifiably, make themselves very wealthy.

Riegel is naïve regarding the viciousness of the political state. He assumes throughout all his work that some far-sighted entrepreneurial types like himself will one day just establish an alternative monetary system and proceed to develop it in competition with the state's monetary system and eventually replace the state's monetary system through old-fashioned market competitiveness. The truth is that long before the state allows one of its three main meal-tickets to be usurped i.e. inflating the money supply- the other two being direct taxes and mortgaging the future- , it will come down on that threat with whatever physical force is necessary to destroy the competition. There will be no %due process+or any other formality. The principals of an alternative monetary system will be assassinated in short order and with no apology given. There is a strong case to be made that two United States presidents, Lincoln and Kennedy, were assassinated for starting to make a move toward the door that would lead to the demise of the established money-power interests. For a much more comprehensive description of the present monetary system, how it was set up and how it is manipulated for the insiders, see G. Edward Griffin's The Creature from Jekyll Island, but be prepared to hear the echo-chamber refrain that only a commodity such as gold can be money.

The Need for Protection

Riegel is also naïve regarding the protection of his own monetary system. A fully developed protection system is required by all participants in a successful monetary system: those who create the system and those who use the system. Riegel not only fails to deliver a protective system for his monetary system, he does not even see the need for such protection. Physical force for the protection of all concerned is a necessary component of a successful **Monetary** system but the key is how to deploy it so that it is directed toward those who would use the **Monetary** system to plunder- which is what we have now- and those who would try to steal from the system such as counterfeiters. Riegel is totally silent on these issues and yet they are fundamental. Without that second agency-

which I reluctantly define as **Government**· to keep the **Monetary** system honest for all, the system will fail. Riegel is a prototype anarchist in this regard: unable to see a need for the administration of physical force to regulate the system for all concerned and confusing the **Administration of Physical Force** with the political state that we have now. Perhaps this is why many anarchist-types are now being drawn to Riegel's work; being %birds-of-a-feather+and deluding themselves that their utopian systems just don't need the administration of physical force to function properly. If you find yourself in this trap, start by getting on board with the differentiation between the initiation of physical force· **Coercion**· and the use of physical force for protection.

Grasping Riegel

As simple and straight-forward as Riegel's concept of **Money** is, it has proven difficult for many people to grasp. These Luddites are typically the types that do not grasp a principle in any academic discipline. For me it is as if I am standing on the shore of a lake and trying to explain to someone who has no clue about the principle of buoyancy that it is possible to build a boat that will float on the water that is made out of a material such as steel which will not float on the water in its compacted form. But properly formed, it can be made into a ship hull that will float. All the while this person thinks I am crazy when %everyone knows+that a boat must be made out of a material that will float, such as wood. These are the same ones that cannot grasp that money is not gold or any other commodity.

It is true that Riegel did not serve up a **Bounded System**; his system was lacking the items discussed above. But the objections to Riegel's **Monetary** system always come from the mistaken view that %money must be a commodity,+not from a viewpoint about a system of exchange lacking essential components. The gold-bugs listen for one idea only: gold is money; and not hearing that, their thinking process shuts down. It is analogous to them saying that the football scoreboard must display the score in numbers made out of gold. Electronic numbers are just fiat numbers and not the real thing and hence the score of the game is not right. It's the score on the playing field that matters, not that the scoreboard has numbers made out of gold. They simply do not get it.

Riegel's Legacy

I shall close by letting Riegel speak for himself. [My comments in brackets.]

From the Introductory to Private Enterprise Money (1-v) entitled:
Money or Your Life

The life of modern man depends upon his mastery of **Money**. [Amen]

Our political money system is breaking down and must be displaced by one that serves the needs of modern exchange. Otherwise our civilization will perish. [Amen]

As technological improvements tend to specialize and confine each man's production, the need for the exchange of products increases and, therefore, man's dependence upon Money makes the mastery of this vital agency more and more imperative. [Amen]

The two lasting contributions of Riegel are: 1) **Money** is a pure number, however stored, and never a commodity and 2) the **Money**-creation power must be as widely distributed as possible. These insights by Riegel are greater than those of Copernicus. Copernicus discovered the true position of the sun. Riegel discovered the true nature and origin of **Money** - and the ramifications of Riegel's work go far beyond those of Copernicus in human affairs.

On these magnificent concepts . we build.
Let's go to work.

Dennis Riness
May 5, 2012

Next up: the work of Alexander del Mar