

On the Minting of Money: Introduction

By Ralph Benko

ABSTRACT: With the publication of *On the Minting of Money* by Nicolaus Copernicus on the 500th anniversary of its original publication, editor Ralph Benko offers the most thorough and up-to-date collection of Copernicus' writings which amount to the foundation for today's understanding of monetary integrity and currency debasement. Benko's introduction to the collection explores the famous astronomer's early observations of money, gold's role in the U.S. monetary system throughout history, and how the dangers of unmooring the dollar from a tangible asset with real value.

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The Golden Intellectual Provenance of the Gold Standard

The classical gold standard has a more profound pedigree than many know.

It is fairly widely understood that the classical gold standard originally was designed, in 1717, by Sir Isaac Newton, then master of the mint of Great Britain. It lasted for two centuries, and it is an irony of history that John Law's notorious experiment with paper money, which ruined his investors, France, and himself and lasted but three years, was initiated in the same year.

The fact of Newton's role as architect alone would provide the gold standard with a most dignified intellectual provenance. Now comes a new, meticulously researched, and lucidly devised translation by classicist Gerald Malsbary (PhD, University of Toronto, 1988; currently director of first-year symposium at Belmont Abbey College).

Through this translation, scholars, intellectuals, and policymakers will readily be able to discern that the fundamental intellectual groundwork for the classical gold standard was laid by another scientific icon, Nicolaus Copernicus.

Yes, Copernicus, the very same who placed the sun in the center of the solar system.

Prof. Malsbary's translation shows Copernicus's widely overlooked tract *On the Minting of Money* as no more dated than heliocentricity, contemporary and as lucid as anything ever written on monetary policy. Copernicus was as great a stylist as Lord Keynes. And, as his fundamental breakthrough in astronomy suggests, Copernicus was the more rigorously scientific thinker.

Copernicus's observations are as pertinent today as when he composed them in 1526. Prof. Malsbary has compared all available extant earlier translations

of this work into English and, moreover, provides a rich critical apparatus. Malsbary hereby furnishes an invaluable addition both to scholarship and to the contemporary policy discourse, now fomenting in the United States Congress and around the world, on monetary reform.

Economists seek to present their work as rigorous science. It therefore is an irony and an oddity that modern academic economists find themselves falling within the political provenance of William Jennings Bryan and Richard Nixon rather than the scientific provenance of Copernicus and Newton.

Bryan's great silver-tongued speech at the Democratic convention of 1896 propelled him then, and twice later, to a presidential nomination and finally into the role of secretary of state under President Wilson. On the convention floor he declaimed against the restoration of the classical gold standard. "You shall not press down upon the brow of labor this crown of thorns. You shall not crucify mankind upon a cross of gold."

And yet, notwithstanding these resounding phrases (which failed to propel him into the presidency, which went to his Republican rival, William McKinley, who instituted the gold standard in 1900), Bryan was not greatly respected by his contemporaries as a thinker. As Roger T. Johnson wrote in *Historical Beginnings ... The Federal Reserve* (published by the Federal Reserve Bank of Boston, revised 2010, p. 20).

For years Bryan had a reputation as one of the nation's most outstanding and enthralling public speakers, but some people who knew him best believed that the power of his oratory concealed the paucity of his intellect. One of his cabinet colleagues later sneered: "I discovered that one could drive a prairie schooner through any part of his argument and never scrape against a fact or a sound statement."

More ironically yet, Bryan today probably is best remembered for his role in prosecuting Tennessee

schoolteacher John Scopes for daring to teach evolution in the public schools of Tennessee — as dramatized in the play *Inherit the Wind*. How odd, then, that the academic experts should ignore Copernicus and Newton to embrace the position of Bryan, a creationist, in championing fiduciary paper currency (itself monetary creationism).

How odd, also, that academics, almost unanimously of a progressive political bent, should find themselves apologists for a monetary policy visited upon the world by Richard Nixon. Nixon was, from his earliest days, and remains in memory, something of a *bête noire* of progressives. And yet the preeminent progressive economists of today find themselves in effect apologists for a policy that is the legacy of Richard M. Nixon.

Even Karl Marx was for the gold standard. And yet, progressives remain the only remaining enthusiastic champions of the last vestige of Nixon's "New Economic Policy," the final repudiation of the gold standard. It strikes this writer as no coincidence that the stagnation of middle-class earnings — and the emergence of severe income inequality — correlates tightly with the embrace of a system of free-floating (or, rather, sinking) paper currency.

Why, then, do progressive academic economists obsessively defend this last artifact of Nixonomics? A vast, and unwarranted, disdain among economists clouds the reputation of the classical gold standard. The most likely answer derives from what the late professor Jacques Rueff (member of L'Académie française and of the Ordre national de la Légion d'honneur), writing in *The Monetary Sin of the West* (Macmillan Company, 1972, pp. 23–24), termed "the outcome of an unbelievable collective mistake which, when people become aware of it, will be viewed by history as an object of astonishment and scandal."

The "unbelievable collective mistake" that he refers to was the supplanting of the classical, or true, gold standard with the "gold-exchange standard." The Great Depression was attributed, falsely (although not maliciously), to the gold standard. But the true gold standard had been suspended almost a decade prior, at Genoa, to be replaced by its "evil twin,"

the superficially similar but inherently defective gold-exchange standard. Prof. Rueff called it a grotesque caricature of the gold standard.

Public intellectuals (although not yet most academic economists) are beginning to unwind this crucial collapsed distinction. Perforce, new interest in the classical gold standard is beginning to arise in the policy discourse. A renewed appreciation of the classical gold standard is evident from the fact that its proponents recently being treated with dignity in respected venues such as ProCon.org, Debate.org, and IntelligenceSquared.com.

Perhaps Hayek (himself no proponent of the classical gold standard), in his Nobel Prize lecture delivered December 11, 1974, put his finger on the root cause of the disdain that academic economists show toward the classical gold standard. He entitled this lecture "The Pretence of Knowledge":

"There is as much reason to be apprehensive about the long run dangers created in a much wider field by the uncritical acceptance of assertions which have the appearance of being scientific as there is with regard to the problems I have just discussed. What I mainly wanted to bring out by the topical illustration is that certainly in my field, but I believe also generally in the sciences of man, what looks superficially like the most scientific procedure is often the most unscientific, and, beyond this, that in these fields there are definite limits to what we can expect science to achieve. This means that to entrust to science — or to deliberate control according to scientific principles — more than scientific method can achieve may have deplorable effects. The progress of the natural sciences in modern times has of course so much exceeded all expectations that any suggestion that there may be some limits to it is bound to arouse suspicion. Especially all those will resist such an insight who have hoped that our increasing power of prediction and control, generally regarded as the characteristic result of scientific advance, applied to the processes of society, would soon enable us to mould society entirely to our liking. It is indeed true

that, in contrast to the exhilaration which the discoveries of the physical sciences tend to produce, the insights which we gain from the study of society more often have a dampening effect on our aspirations; and it is perhaps not surprising that the more impetuous younger members of our profession are not always prepared to accept this. Yet the confidence in the unlimited power of science is only too often based on a false belief that the scientific method consists in the application of a readymade technique, or in imitating the form rather than the substance of scientific procedure, as if one needed only to follow some cooking recipes to solve all social problems. It sometimes almost seems as if the techniques of science were more easily learnt than the thinking that shows us what the problems are and how to approach them. ... If we are to safeguard the reputation of science, and to prevent the arrogation of knowledge based on a superficial similarity of procedure with that of the physical sciences, much effort will have to be directed toward debunking such arrogations, some of which have by now become the vested interest of established university departments.” (Emphasis in original.)

Consider, though, that from 1792, when the United States under Treasury Secretary Alexander Hamilton put the US on a bimetallic gold and silver standard, the conversion price of the dollar to gold was \$20.67/oz. The interwar gold standard, adopted at Genoa in 1922, replaced the gold standard with the gold-exchange standard.

The gold-exchange standard was characterized by French economist Jacques Rueff as “a grotesque caricature” of the gold standard, having the superficial appearance of a gold standard without the mechanisms to effect world monetary stability. This devolution is comprehensively outlined by Prof. Robert Mundell in his 1999 Nobel Prize in Economics acceptance speech.

That substitution of the gold-exchange standard for the classical gold standard caused (as noted by agricultural economist George Warren — the leading commodity price expert of his era and FDR’s original

monetary policy advisor) an increase in the general price level by 50%. The price of gold was fixed to its pre-war parity. This contributed to — in the opinion of Rueff, caused — the Great Depression.

Warren, recognizing the toxic deflationary pressure caused thereby, persuaded FDR to revalue the dollar to \$35/oz. As documented by Liaquat Ahamed in his Pulitzer Prize in History-winning *Lords of Finance: The Bankers Who Broke the World*, this revaluation promptly lifted the Great Depression ... until the Treasury, unclear on the concept, sterilized the resulting international gold inflows to the US. A severe second dip ensued.

From 1934 to 1971, the U.S. dollar was legally defined at \$35 per troy ounce of gold. This was internationally codified from 1946 to 1971 under the Bretton Woods international monetary system. Thereby, most other currencies were legally convertible to the gold-convertible dollar, making the dollar the world’s reserve currency, a status characterized by French finance minister (later president) Valéry Giscard d’Estaing as an “exorbitant privilege.”

President Lyndon Johnson, *de facto*, and President Richard Nixon, *de jure* (in “temporarily closing the gold window” on the deeply unfortunate advice of his Treasury Secretary John Connally) brought an end to the last remnants of the gold standard. Their unmooring of the dollar has caused a sustained loss of value, with gold, as of this writing, trading over \$4,500 per ounce.

Presumably, Copernicus and young Keynes would have been horrified. But not surprised.

The more impetuous members of the profession of economics, whether young or old, indeed could benefit by soberly “debunking such arrogations.” To begin this, there hardly can be a better place to start than Copernicus’s *On the Minting of Money*. Profound gratitude is due to this volume’s co-editor, Charles Kadlec, for the critical role he played in commissioning Prof. Malsbary to undertake this project. Frs. Vincent Fitzpatrick and C. John McCloskey deserve recognition and appreciation

for their providential roles in finding and effecting an introduction to Prof. Malsbary. Likewise, to the technical editor of the 2026 edition, Andy Fluke, for his assistance with this update for the 500th anniversary of the text.

Special heartfelt thanks are offered to Lewis E. Lehrman, the great living disciple of Prof. Rueff and eminence grise of the classical gold standard and author of, among other significant works, *The True Gold Standard and Money, Gold, and History*, for furnishing the foreword to Prof. Malsbary's new translation of this timeless classic.

In addition to the gratitude to those already referenced herein, in justice let tribute be paid to the valiant ones who kept raised the torch beside the golden door during the classical gold standard's long eclipse.

The roster, too long to recite in its entirety, includes the Hon. Jack Kemp, George Gilder, Dr. Arthur B. Laffer, the Hon. S.S. Tarapore, the Hon. Manuel Hinds, Sean Fieler, Paul Fabra, Prof. Brian Domitrovich, Prof. William Luther, Prof. Lawrence White, Prof. Richard Timberlake, Prof. Steve Hanke, Dr. Ron Paul, Dr. Kurt Schuler, Dr. Lawrence Parks, Steve Forbes, Lydia Mashburn Newman, Doug Centilli, John Allison, John Tamny, James Grant, Howard Segermark, Seth Lipsky, Richard Lowrie, Hugo Salinas-Price, John Mueller, Nathan Lewis, and members of the rising generation such as Rich Danker and Jonathan Decker. The world remains much indebted to the great Jacques Rueff.

It is an honor to present *On the Minting of Money*, by Nicolaus Copernicus (1526), translated from the original Latin by Gerald Malsbary with his prefatory remarks and bibliography. The elegance of the provenance of the gold standard hereby is restored to its deserved level.