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Executive Order Banning Private Ownership of Gold: Would You Comply?


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"Under executive order of the President, all persons are required to deliver all gold coin, gold bullion, and gold certificates now owned by them to a Federal Reserve bank, branch, or agency or to any member of the Federal Reserve system."

How would you respond if this order were issued by the president? Would you surrender your gold?

What might surprise you is that this is not hypothetical. On April 5, 1933, President Franklin D. Roosevelt issued Executive Order 6102 mandating that all U.S. citizens deliver on or before May 1, 1933, all but a small amount of gold coin, gold bullion, and gold certificates owned by them to the Federal Reserve. In return, they would receive $20.67 per troy ounce. Under the Trading With the Enemy Act of October 6, 1917, as amended on March 9, 1933, violation of the order was punishable by a fine of up to $10,000 (about $231,000 in today's dollars) or up to ten years in prison, or both.

Now, historians offer many explanations for why FDR unconstitutionally order the confiscation of all privately owned gold, but the most likely reason will sound very familiar to Americans in 2023: a bank bailout.

Records indicate that the total gold reserves of the country in 1933 were estimated at a value of about $4 billion. Given the $20.67 paid by the government per troy ounce, the Federal Reserve likely controlled about 6,000 metric tons of gold.

Those numbers alone don't reveal the reason for the confiscation or evidence of a bailout. But there's more to the story.

From 1905 to 1928, the total face value of U.S. Treasury Gold Certificates issued required that the government have 16,000 metric tons of gold, enough to cover all the notes. In other words, the government would have had enough gold to back only 37.5 percent of the gold certificates in circulation.

That's still only part of the story.

The bailout becomes necessary due to the fact that it is estimated that in 1933, 75 percent of Federal

Reserve notes were still in circulation.

I'll let the experts at Moonlight Mint fill in the rest of the blanks:

> The total face value of gold-clause Federal Reserve Notes issued prior to 1933 was equivalent to nearly 54,000 metric tons of gold. If 75% of them were outstanding in 1933, that would still be 40,500 metric tons of gold that the Federal Reserve Bank (and the US Treasury) didn't have.
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> Even taking the extremely low estimate of only 37.5% of the Federal Reserve Notes remaining, that would still be over 20,000 metric tons of gold. With US gold reserves at 6,000 tons, this would be a shortfall of 14,000 tons. But those 6,000 tons were needed to cover the US Treasury Gold Certificates. So at the very minimum, Federal Reserve Notes to the tune of 20,000 metric tons of gold were "circulating naked" in 1933.

"Circulating naked" means that those Federal Reserve notes had no gold to back them. That is to say, they were fiat currency, with no real value.

Enter FDR and the bailout of the Federal Reserve.

With a massive influx of gold, FDR could print more paper money and use those funds to grow the government. And, in a fact that should shock no one, although he campaigned on a promise to cut federal spending by 25 percent, FDR doubled spending during his first term in office.

Here's another part of the story, as told by Lawrence Reed and published by the Foundation for Economic Education:

> On March 8, three days after succeeding Herbert Hoover as the new President, FDR declared the gold standard to be safe. After all, America's gold reserves were the largest in the world. Then out of the blue, on March 11, the President issued an executive order preventing banks from making gold payments. The message was clear: In spite of its campaign pledge to protect the integrity of the currency, this was an administration intent on spending and printing like none before. Citizens who wanted to protect their savings and financial assets suddenly had every good reason to find and keep whatever gold they could get their hands on.

Thus, Americans began hoarding gold and started a run on the banks — by now all a part of the Federal Reserve system — with depositors wanting gold for their notes, realizing that soon they'd be forced to accept valueless fiat currency in exchange for the deposits, rather than specie, possessed of intrinsic value.

On March 11, 1933, Treasury Secretary Henry Morgenthau, Jr., announced that "the provision is aimed at those who continue to retain quantities of gold and thereby hinder the Government's plans for a restoration of public confidence." In other words, if the public confidence were to increase, the power of the federal government must be unlimited. Very Hobbesian of him. And very unconstitutional.

More of the bailout backstory from Moonlight Mint:

> The financial footing of the United States became shaky. European countries which were holding substantial quantities of US gold-clause notes began presenting them to exchange

> for physical gold. The US Government's fixed price of gold at $20.67 per troy ounce had been in effect for some time. But as the Great Depression deepened, the free-market price of gold started creeping up above that. This was an indication that confidence in gold-clause notes was starting to wane. A gold run on the Federal Reserve bank was imminent. And that was something that couldn't be tolerated.
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> And the reason that a gold run couldn't be tolerated, is that neither the Federal Reserve nor the US Treasury held anywhere near enough gold to back all the Gold Certificates and Federal Reserve Notes that were in circulation. And printing more of these notes would only erode confidence in them even further. The gold fractional-reserve system was at the end of the road.

Bring on the forced surrender of all privately held gold, gold that was needed to prop up the Federal Reserve and to propel the socialist agenda that was the essence of FDR's "New Deal."

In his essay "The Great Gold Robbery," James Bovard recounts the next step in the seizure:

> Fear of devaluation spurred a panic, which Roosevelt invoked to justify seizing people's gold. On April 5, 1933, Roosevelt commanded all citizens to surrender their gold to the government. No citizen was permitted to own more than $100 in gold coins, except for rare coins with special value for collectors. Morgenthau announced on the same day that "gold held in private hoards serves no useful purpose under present circumstances." Gold was thus turned into the same type of contraband as Prohibition-banned rum.

Roosevelt then issued the following ominous-sounding statement:

> Many persons throughout the U.S. have hastened to turn in gold in their possession as an expression of their faith in the Government and as a result of their desire to be helpful in the emergency. There are others, however, who have waited for the Government to issue a formal order for the return of gold in their possession.

"Return of gold?" Return? Doesn't that imply that the government had the only legitimate claim to the gold, and that the people who continued holding onto it were only being obliged to return the gold to its rightful owner? That is the implication — and it is false.

According to Bovard, FDR, counting on the "law abiding" citizens of America to hand over their property to the government without "rebellion," issued the following statement explaining that outlawing private ownership of gold:

> was the first step also to that complete control of all monetary gold in the United States, which was essential in order to give the Government that element of freedom of action which was necessary as the very basis of its monetary goal and objective.

"Freedom of action" means the ability to manipulate the monetary system and create booms and busts as required to consolidate power in the hands of the plutocrats on the Potomac.

Finally, anyone who lived through the Covid-19 suspension of liberty or the PATRIOT Act will recognize the promise made by FDR regarding the duration of the gold confiscation order:

> The order is limited to the period of the emergency.

Sure. Of course. He's from the government, so you can trust him.

That order stayed in force until it was repealed by an act of Congress that went into effect on December 31, 1974.

So, back to the original question: if the president — the current one or the next one — issued an order demanding citizens to hand over their gold to the government in order to avoid a looming economic crisis on par with the Great Depression, would you comply?