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ABSTRACT: This article examines the ethics and nature of fiat monetary systems. It demonstrates that they are unethical, fraudulent, and have detrimental economic and societal consequences. Existing monetary systems feature a fiat national currency and fractional reserve commercial banking. Fiat currencies are an unsound form of money with an unlimited supply typically issued by a government. Fiat monetary systems involve artificially expanding the money and credit supply (monetary inflation) by the central bank and fractional reserve commercial banks. This practice is unethical and fraudulent because it deceives, distorts, defrauds, and destroys. Fiat monetary systems violate the universal moral principles of truth, justice, and nonaggression. They lead to ruinous consequences, such as price inflation, economic distortions, instability, crises, and other issues that undermine economic prosperity and social stability. The article contains four parts: the first outlines the definition of a fiat monetary system; the second discusses ethics and economics as a “value-free” science; the third demonstrates the unethical and ruinous nature of fiat monetary systems; and the fourth looks into the state’s preference for fiat currency systems.

KEYWORDS: money, fiat monetary systems, central banking, commercial banking, natural law ethics, social philosophy, economics, jurisprudence, Africonomics.

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INTRODUCTION

Fiat monetary systems underpin the current statist and militarist global order established by Western imperial states. Although money and credit creation, also known as money printing, had been rampant before the remaining link to gold was removed by the Nixon administration in 1971, it became effectively institutionalized worldwide since then, as this fateful decision made the United States dollar and therefore, the world's national currencies, completely fiat forms of money. Fiat currency systems are inherently problematic monetary arrangements with a track record of causing economic instability and devastation since their introduction during China's Song Dynasty around the 10th century CE.

A fiat currency is an unsound form of money with an unlimited supply typically issued and imposed by a government. It lacks a connection to an independent anchor of stability, reliability, and honesty. This role was historically played by silver and gold. Central banks manage contemporary fiat monetary systems, which involve a fiat national currency and fractional reserve commercial banking. The central bank issues currency (physical notes and coins) and non-currency money. Fractional reserve commercial banks only issue non-currency money, also known as book or credit money. This article shows that fiat monetary systems are unethical, fraudulent, and ruinous.

Fiat monetary systems are fraudulent and have unavoidably destabilizing and destructive consequences. They violate universal moral standards and natural economic laws, detrimentally impacting society. Theft, for instance, is objectively and universally established as a violation of moral standards, an unethical act legally designated as a criminal act across human societies. A policy of monetary inflation (currency debasement, money printing) is a typical feature of fiat monetary systems.

This practice defrauds people of their property (purchasing power) through currency dilution. The institutions artificially expanding the nation's money and credit supply create purchasing power almost magically, thereby gradually depreciating the currency. This confiscatory practice defrauds and dispossesses people of their hard-earned purchasing power, constituting theft.

Fiat monetary systems also violate the universal moral principle of honesty and truthfulness. That is because these monetary arrangements rely on systematic deception and distortion. The practice of debasing the currency is deceptive as it betrays the public trust and distorts the currency. Most members of society remain unaware of the ongoing distortion and dilution of the currency and its detrimental effects. Similar to the ancient and medieval period of metallic currency debasement through fraudulent practices like coin clipping and base metal intermixing, in the present world of central banking and fractional reserve commercial banking, despite the distortion (continued money creation), diluted currencies typically continue to circulate at face value, deceiving and defrauding the public.

Additionally, fiat monetary systems are a source of economic instability and ruin, resulting in avoidable pain, distress, and hardship for society members. This causes insidious destruction and loss of life. The economic turmoil and poverty caused by fiat currency regimes have a destructive effect on people's livelihoods and lives. In other words, fiat monetary systems lead to economic turmoil and poverty, and poverty kills stealthily. Another more direct way these systems contribute to destruction and loss of lives is by enabling warfare. Fiat monetary systems allow for the artificial expansion of money and credit, facilitating government deficit spending and programs such as wars of aggression, as seen in the case of the United States, which can maintain several protracted war campaigns and a global empire. Fiat

monetary systems violate the universal moral principle of nonaggression and destroy lives by causing economic ruin and facilitating warfare.

This article also discusses ethics and economics as a “value-free” science and the state’s preference for and imposition of fiat currency systems. It concludes that fiat monetary systems violate the universal moral principles of truth, justice, and nonaggression and are a vicious and destructive economic model. Fiat monetary systems deceive, distort, defraud, destabilize, and destroy.

THE ORIGIN OF MONEY AND DEFINITION OF FIAT MONETARY SYSTEMS

The origin of fiat or paper currency is typically traced to China. A *fiat currency* is an unsound form of money with an unlimited supply typically issued and imposed by a government. It lacks a connection to an independent anchor of stability, reliability, and honesty, a role historically played predominantly by silver and gold. The Song Dynasty, which ruled China from around 960 to 1279, is credited with issuing the first unbacked paper money, establishing the first fiat currency around the 10th century CE. For most of history, paper currencies functioned as representative money, meaning that a paper note represented a promise to repay a specified amount of commodity money to the bearer upon demand. Over time, people became accustomed to using paper notes as currency as they were more practical for daily use. As a result, representative money became the primary currency in most places, maintaining redeemability.

Governments typically impose a fiat currency on people through deceptive and coercive methods. The term “fiat” comes from Latin and means “let it be done,”

used in the sense of a government decree or command. This illustrates fiat currencies as money by government order and imposition, not a choice and product of market economies. Existing fiat national currencies are also money forms based on coercive government imposition using laws such as legal tender, making this approach unethical. Note that the trust and stability of fiat currencies originate from their initial connection (redeemability) to commodity money. This is a crucial point to recognize because some statist economists, in their attempts to establish money as a state invention, often overlook that representative money and, later, complete paper/fiat currencies gained trust and stability from their initial tie to commodity money.

For instance, the United States dollar was initially defined as a specific weight and fineness of silver and gold. According to some sources, the dollar was initially defined as 416 grains of fine silver and 1/20th of an ounce of gold. For most of its history, the British pound sterling was a specified quantity and fineness of silver, among numerous other currencies. Silver and gold have been the most widely used commodities as currency across different cultures and throughout history. The history of money is essentially a history of commodity currency. While the euro has been a fiat currency since its inception, it is essential to recognize that it emerged from a context of European currencies once tied to commodity money. This historical tie to commodity money is a significant part of the euro's past. Moreover, the euro is ultimately a derivative of the U.S. dollar, whose connection to silver was phased out in the 1960s, and the remaining link to gold was removed in 1971, 53 years ago.

Like the euro, contemporary currencies created as fiat money exist in the context of the fiat dollar standard and are thus derivatives of the U.S. dollar. The

dollar, in turn, is a derivative of commodity money. The Nixon administration's fateful severance of the remaining link between the dollar and gold on 15 August 1971 made the dollar a completely fiat currency. With that policy decision, the world's national currencies also became fiat due to the nature of the Bretton Woods gold exchange system established in 1944. The dollar was linked to gold at \$35 per ounce, while other currencies were linked to the United States dollar, with the option to redeem their dollar holdings into gold. The United States' decision to end the gold exchange system led to the present era of fiat monetary systems, marked by rampant (monetary, asset, and price) inflation, increased disarray in the economics field, and worldwide economic turmoil and destruction.

As Kevin Dowd (2001) rightly points out in his paper discussing the emergence of fiat currency:

Any sensible story about the emergence of fiat money must therefore come to terms with two fundamental facts, both of which are ignored by recent literature that attempts to explain the emergence of fiat money by means of a great leap forward from a barter to a fiat monetary equilibrium: the fact that fiat currencies always arose out of previously convertible currencies, and the fact that fiat currencies always arose from subsequent state intervention to make those currencies inconvertible.

A *fiat monetary system* is an unsound monetary arrangement typically state-imposed and managed by a central bank. It features an irredeemable currency detached from a valuable commodity like gold or silver, lacking an independent basis of honesty, stability, and reliability. Additionally, fractional reserve commercial banking, which creates non-currency money mainly by lending it into existence, is a crucial part of the existing fiat monetary systems. *Fractional reserve banking* is a banking system where commercial banks are required to maintain only a fraction of

deposits as cash reserves for withdrawal while also having the ability to create money through lending and other banking operations.

In a sound currency system, there are material limits to money and credit creation. Under fiat currency systems, such as the existing ones, there are virtually no limits to creating currency and non-currency money. Present fiat monetary systems include a fiat currency (the national currency) in the form of notes and coins. Non-currency money (book or credit money) is created mainly by fractional reserve commercial banks through lending operations. It is pertinent to reiterate that central banks issue both currency and non-currency money, while fractional reserve commercial banks issue only non-currency money. In other words, existing monetary systems under the fiat dollar standard contain two distinct yet related fiat parts.

As the social philosopher and economist Manuel Tacanho has clarified in his debate-settling work on fractional reserve banking, *Fractional Reserve Banking Is Fraudulent and Ruinous*, these two fiat parts constitute the profoundly unethical, fraudulent, and ruinous nature of existing fiat monetary systems. Tacanho (2024) remarks:

Fractional reserve banking is a *doubly* fraudulent commercial banking model. It is fraudulent when banks use funds from non-interest-bearing accounts to issue loans, make investments, or deposit them at an interest-paying central bank facility, as this practice constitutes an infringement of property ownership rights. It is more egregiously fraudulent when commercial banks create (non-currency) money, meaning they conjure up purchasing power by lending it into existence. Therefore, the interest payments gained over the loan's duration are partially or entirely fraudulent. A society with a fractional reserve commercial banking system and a central bank has a *triply* fraudulent monetary system. A monetary system that constitutes a confiscatory structural injustice and leads to ruinous consequences.

Highlighting the foundational and central role money plays in enabling modern societies to function and thrive is essential to more appropriately comprehend its far-reaching implications for a nation's economic, social, cultural, and moral development.

Money is the lifeblood of the economy, as it represents purchasing power, intermediates economic transactions, and communicates crucial information, incentives, and disincentives that guide the decisions of economic actors. This provides an ethical and effective system for economic decision-making that coordinates the economy in a noncoercive, optimal, and most beneficial manner. Money is a physical or digital product that facilitates the exchange, account, transfer, and store of economic value (goods and services). This makes money the cornerstone of indirect exchange societies and the fundamental good in the economy, as it plays vital and interconnected roles as a medium of exchange, instrument of account, and store of purchasing power. *Money* can be succinctly defined as a tool that facilitates economic activities and human collaboration within and among societies.

There are three types of monetary systems: sound, semi-sound, and unsound. A sound monetary system is based on a commodity or commodity-linked currency with no fractional reserve banking. This means it is an honest, stable, and reliable currency system tied to an independent source of trust and consistency, like gold. The nilar is an example of an entirely sound monetary system. A semi-sound monetary system features a partially backed or convertible currency, typically combined with non-currency money created by commercial banks. The monetary systems in the West and much of the world from World War I to the establishment of the Bretton Woods monetary system are examples of semi-sound monetary

arrangements, which had some gold backing (approximately 40 percent). Unsound monetary systems rest on completely fiat currencies, lacking an independent anchor of trust, honesty, stability, and reliability, typically combined with fractional reserve commercial banking.

Fiat monetary systems are characterized by arbitrariness, high counterparty risk, pervasive instability, and low reliability. As indicated earlier, the U.S. dollar and other contemporary currencies are examples of unsound money. They can be easily created with practically no legal or material restrictions on the amount that can be issued.

The Institution of Money is Not a State Invention

Some statist schools of economic thought claim that money originated from the state through the imposition of taxes, forcing society to use the state-issued currency for this and other purposes. State theories on the origin of money are flawed and ideological. It is indeed a fact that fiat currencies are created through state intervention. This is accomplished by ending the connection (redeemability) of representative money to commodity money, which is the source of their trust, acceptability, and stability. However, it is unreasonable, illogical, and outright absurd to claim that the institution of money is a state invention.

While lacking a solid foundation, claims that money originated with the state are not unexpected. Western economics has been in profound disarray for some time, dominated by state-centered economic models with coercive, fraudulent, contradictory, and repressive policy implications. This dominance reflects the current statist global order established by Western imperialist states, which has

significantly shaped the development of Western economic thought. As Tacanho (2024) notes in *Money Demystified: Understanding Why, How, and What It Is*:

The inclination towards statism among academics is rooted in the historical development of economics and other social sciences in the context of state-centered societies with imperial, thus extensively interventionist governments. Consequently, governmental institutions, directly and indirectly, employ most economists and other scholars. Moreover, producing or promoting pro-state models can lead to fame and fortune through prestigious positions and accolades. This situation has shaped the economics profession for over a century, especially since World War I.

Contrary to claims by some statist economists, such as those of the chartalist school of monetary theory and others, who argue that money originated with the state, the reality is that money is neither a product invented by bureaucratic design, coercive authority, or deliberate invention. Money is an institution that has emerged organically through gradual development processes of experimentation and adaptation over an extensive period. Throughout history, numerous commodities have served as currency, ranging from basic items such as beads, shells, and cacao beans in Mayan civilization to gems to metals and other products, illustrating the decentralized, voluntary, and organic nature of monetary evolution. From the African civilizations of the Nile Valley to the Greeks and Romans, from the Middle Ages to contemporary times, commodity money, mainly silver and gold, has naturally emerged as the universally trusted and preferred currency form—without state design or coordination.

In other words, money is a product of human action, not a product of human design, much less a product of intentional state design. The state could not have created or invented money because the concept of money existed before the establishment of organized governments, the state. Anthropologists, archaeologists,

and historians have yet to present compelling evidence of bartering societies. This highlights that the state could not have invented the concept of money, as it predates organized governmental structures by an extensive margin. This also indicates that evidence of the use of money can be traced as far back as records allow it to be viably researched, suggesting that a commodity available and valued in a particular place and time played a role in serving as a form of money, performing one or more of its functions.

For instance, Africa, the birthplace of humankind and the continent with the most extended history, has a written and oral history dating back thousands of years. Evidence of various commodities such as gold, cowrie shells, copper, and other products used as currency is present throughout African history, including in stateless (yet orderly) societies. The concept of money, stemming from prehistoric periods, precedes most human institutions, including the state. The chartalist school and other statist economists claiming that money is an invention of the state are making an unfounded claim. The notion that the institution of money is a state invention is manifestly preposterous, as it is among the earliest human institutions and certainly precedes organized government systems.

The concept of money did not arise from the invention or intentional design of the first tribal chief, king, or government. It is a product of human action and market relations, which evolved naturally and voluntarily over time as a tool to facilitate economic activities. The evolution of money is a testament to the power of human inventiveness and entrepreneurial action. It illustrates how people can enterprise, trade, and collaborate to improve their circumstances without needing top-down control with a coercive governance structure.

ETHICS AND ECONOMICS AS A “VALUE-FREE” SCIENCE

Western economic models are based on materialist, positivist, and utilitarian philosophical frameworks. These are consequentialist philosophies that imply there is no absolute right or wrong. Instead, the ethical evaluation of an action or policy depends on whether it leads to a desired outcome, such as greater satisfaction, property, or territorial expansion. According to these frameworks, the end justifies the means, even if it involves deception, theft, coercion, or aggression. Such frameworks are considered teleological ethics, which focuses on the consequences of an action, in contrast to deontological ethics, which holds that some actions are inherently wrong and should not be pursued, regardless of the desired outcomes they may produce.

According to utilitarian and other consequentialist frameworks, if the majority within a society believes that dispossessing or even killing off a minority group would bring them greater pleasure, property, or some other benefit, then the action could be justified. Consequentialist approaches to ethics are dangerous as they can lead to various potential evils and a culture of injustice, as desired outcomes take precedence over considerations of inherent rights or wrongs as a criterion for evaluating the legitimacy of actions or policies. The teleological nature of these frameworks makes them ambiguous, relative, and unreliable, as they do not seek to provide universally valid ethical standards. Thus, philosophical materialism, utilitarianism, and other consequentialist frameworks of teleological ethics do not provide sound and reliable ethics.

The ethics of philosophical materialism, positivism, and other consequentialist approaches lack proper ethical foundations as they rely on moral relativism. Moral relativism cannot provide a basis for sound morality (universally

valid moral principles) that can help foster human peace, prosperity, and civilization. Consequentialist approaches to ethics lack true ethical principles. Western economics and other social sciences have developed within this consequentialist context, lacking proper ethical grounding and based on a mechanistic conception of humans. The prevailing Western worldview, with its Darwinian basis, is animalistic, racist, rivalrous, and aggressive. This has led and continues to lead to widespread tyranny, conflicts, and atrocities.

From the perspective of contemporary Western thought, the concept of objective and universal moral principles may seem implausible. However, it is crucial to recognize that a universal moral order exists, and it is a fundamental characteristic of human nature and existence. This fact, which is one of the fundamental features distinguishing humans from animals, underscores the need to reevaluate the Western approach to economics and other social sciences. The lack of sound ethical foundations in these disciplines has led to profound confusion and distortions, causing economic turmoil, stagnation, destruction, and avoidable human suffering.

The absence of sound ethical grounding is the fundamental reason for the disarray in economics, often called the dismal science. Economics is not inherently dismal, but consequentialist methods have profoundly confused and disoriented Western economics and other social sciences. The ethics-free (utilitarian, positivist, and empiricist) nature of Western economics and other social sciences has proven disastrous. Instead of promoting justice, prosperity, and peaceful human relations, Western economics is characterized by flawed and, in some cases, ludicrous models involving coercive, fraudulent, confiscatory, and repressive practices under state socioeconomic management, leading to tyrannical and destructive policies.

Africonomics takes a fundamentally different approach, rejecting the prevailing mechanistic-animalistic Western conception of humans and philosophical materialism, positivism, and utilitarianism. Africonomics, a school of African philosophical and economic thought, is the African approach to economics, jurisprudence, and other social sciences based on a natural-moral law philosophical framework. Unlike Western economics and other social sciences, natural-law ethics and justice considerations are central in Africonomics to foster justice, prosperity, and peaceful human relations.

Africonomics recognizes the existence of universal moral principles. Ethical discernment capacity and morality are fundamental features that differentiate humans from animals. Contrary to the prevailing Darwinian evolutionary theory, Africonomics holds that humans are created beings rather than more advanced animals that evolved randomly through a dialectical process of naturalist selection. The foundational philosophical premise, the starting point of analysis in Africonomics, is the recognition of God as the transcendental creator and, therefore, the source of natural law, universal moral principles, and the origin of humankind. Recognizing the existence of a transcendental creator indicates the theist, principled, and distinctly human worldview of Africonomics, setting it apart from schools of Western economic thought.

In his study on fractional reserve banking, Tacanho (2024) also remarks:

Unlike other creatures, humankind has innate morality and ethical discernment capacity. This allows humans to distinguish right from wrong, ethical from unethical, and good from evil. This shared understanding of moral principles and ethical discernment constitutes a universal standard for justice in human relations and coexistence, setting humans apart from animals and other life forms on Earth. Unlike animals, humans have moral obligations in their actions and interactions. Theories that lack ethical grounding and whose policy implications

result in fraudulent, confiscatory, and oppressive practices can be considered primitive, animalistic, and uncivilized. Such models are pseudoscientific, even if lauded for their apparent scientific rigor.

To achieve optimal outcomes, jurisprudence, economics, and other social sciences must be rooted in natural law ethics to prioritize justice, minimize injustice, and foster peaceful human relations. As the sciences of humans, their [rights, responsibilities, and] actions, economics, and other social sciences need ethical foundations based on the universal ethical principles and moral obligations humanity shares.

Natural law ethics must be central to economics and other social sciences. It is the soundest and most beneficial approach, best fitted to minimize confusion and distortion while providing a universal standard for evaluating the nature, moral acceptability, and policy implications of theories and models. Universally recognized ethical principles, such as refraining from deception, fraud, theft, extortion, oppression, and other forms of aggression, offer a sound framework and necessary guardrails to ensure that economic theories and their policy implications are just and do not intrinsically involve fraudulent, coercive, confiscatory, or repressive practices. This approach is essential for fostering justice, prosperity, and peaceful relations within and among human societies.

It is worth noting that Africonomics does not entirely dismiss empirical methods. Africonomics partially accepts and uses empirical methods when and where applicable in a supporting role but not as the primary method of the social sciences. This is because economics does not deal with lifeless and senseless objects. Economics deals with thinking, choosing, and acting human beings with natural rights, dignity, and ethical discernment capacity. Therefore, natural law ethics and justice considerations must be central in the theory and policy formulation to minimize injustice, fraud, force, and conflict in human relations and coexistence. In

other words, the Africonomics approach is the most beneficial method for fostering a more just, stable, and genuinely civilized world.

In an article discussing the definition and purpose of economics, Tacanho (2024) notes:

The utilitarian-positivist approach, also known as “value-free” economics, has normalized coercive, fraudulent, confiscatory, and repressive policies that are severely detrimental to human progress and civilization. This has resulted in the prevalence of centralized and repressive government systems, rampant (monetary, asset, and price) inflation, widespread corruption, economic turmoil, stagnation, geopolitical conflicts, and tensions within and among nations. The Western approach to economics and other social sciences contributes to these problems and, in many cases, causes them fundamentally because it lacks ethical footing.

Tacanho (2024) continues:

Research from the V-Dem Institute and similar think tanks paints a grim picture that the world is autocratizing, with much of the progress made in global levels of democracy and openness over the past 30 years erased. This trend means existing socioeconomic systems are becoming more statist as they lean further toward centralization, coercion, and repression. For instance, V-Dem's 2023 Democracy Report reveals that in 2022, 72 percent of the world's population—5.7 billion people—lived in autocracies. This is a tragic reality and a startling revelation that tyrannical government systems and oppression are the norm rather than the exception in a seemingly civilized and advanced world. The widespread oppression, corruption, economic turmoil, social strife, and other issues under current state-managed socioeconomic systems are grievous consequences of the West's superficial adoption of individual rights and market economies. Utilitarian-positivist Western economics and other social sciences have crucially contributed to this unjust and brutish condition of the modern world.

The prevailing approach in economics and other social sciences continues to cause confusion and distortions, detrimentally impacting societies and lives worldwide. It has enabled the current racist, statist, and militarist global order established by Western imperial states rooted in a Darwinian conception of humans and human relations. There is a growing risk of World War III, with tensions between Russia and the U.S./NATO escalating due to the ongoing war in Ukraine. Rather than promoting justice, prosperity, and peaceful relations, Western models and their associated policies have led to economic turmoil, political instability, and geopolitical conflicts, resulting in widespread tyranny, violence, chaos, death, and destruction.

Economics and other social sciences deal with people's rights, actions, choices, pursuits, and relations. People should not be treated or experimented on like laboratory animals using positivist, empiricist, and technocratic methods as they are valuable and purposeful beings. Economics and other social sciences should not be "value-free," meaning ethics-free, relying solely on consequentialist frameworks and a mechanistic-animalistic conception of humans. The current approach of state-directed technocratic socioeconomic management is viciously cruel and oppressive. It is an approach that lacks humanity and morality. There is a pressing need for a more ethical and human-centered approach in these fields and policy choices.

Economics does not have to be "value-free" (devoid of ethics, solely utilitarian, and positivist) to be considered scientific. Any economic theory that leads to coercive, repressive, fraudulent, or confiscatory policies is unethical, cruel, and unjust. Therefore, it is not only pseudoscientific but also inhumane and anti-science.

With natural law ethics as a foundation and using universal ethical standards for evaluation, economists and other social science scholars can better assess

whether a theory or policy necessarily involves coercive, fraudulent, confiscatory, or repressive measures, thereby effectively establishing whether it is just or unjust. The fundamental purpose of economic science extends beyond the analysis of production, distribution, and consumption of goods and services or the allocation of limited resources with alternative uses. While these are crucial aspects, they are secondary to economics' more significant and beneficial purpose: to study and understand socioeconomic phenomena and establish economic truths, aiming to foster justice, prosperity, and peaceful relations within and among human societies.

THE ATROCIOUS NATURE OF FIAT MONETARY SYSTEMS

Natural laws and a universal moral order are immutable and unbreakable, transcending human cultures, institutions, and policies. Alignment with these laws can lead to beneficial outcomes, while departure from them results in detrimental and inescapable consequences. Fiat currency systems are a prime illustration of this concept. By their very nature, fiat monetary systems run counter to universal moral principles and standards of justice. These monetary arrangements invariably fail, inflicting economic, social, political, and cultural harm on the nations that implement them. Opting for a fiat monetary system means a government choosing to defraud the populace, destabilize economic activity, and impoverish society. Stated differently, a government that imposes a fiat monetary system sets the nation on the path to socioeconomic degradation, turmoil, and ruin.

Existing fiat monetary systems, which include a fiat national currency, central banking, and fractional reserve commercial banking, are unethical and fraudulent, leading to ruinous consequences for nations. Fiat monetary systems violate the

universal moral principles of truth, justice, and nonaggression, as they involve fraudulence and theft, deception and distortion, and harm and destruction. Aggression refers to the fact that fiat currency systems cause economic instability and poverty, harming and destroying lives.

Moral Infraction One: Theft and Dispossession

The essence of fiat monetary systems is inflation, the artificial expansion of the supply of money and credit per its original definition. Due to the existing confusion stemming from the prevailing distorted definition of inflation, now defined as a generalized increase in the prices of goods and services, there is a pedagogical need for clarification. *Monetary inflation* refers to the creation of money and credit (money printing). *Price inflation* is a generalized increase in goods and services prices, primarily caused by monetary inflation. *Asset price inflation* is the artificial increase in financial asset prices resulting from a policy of monetary inflation.

The consequences of a monetary inflation policy are far-reaching and destructive. By artificially expanding the economy's supply of money and credit, this policy erodes the currency's purchasing power. It effectively steals and confiscates the majority's hard-earned property (their funds, purchasing power), transferring it to the state and associated elites, who benefit from this monetary policy. This practice gradually and secretly dispossesses the populace of their purchasing power and well-being.

The theft and dispossession that transpires under fiat monetary systems can be illustrated with an analogy from the iconic 2007 film *There Will Be Blood*. In the film, Daniel Day-Lewis plays Daniel Plainview, an ambitious and cunning oilman

searching for riches during California's late 19th and early 20th century oil boom. His main adversary, Eli Sunday, portrayed by actor Paul Dano, approaches Plainview demanding payment for land acquisition or exploration rights. Plainview mockingly tells Eli that he drank up all of Eli's oil with a straw, revealing that he used horizontal drilling techniques to access the oil deposits on Eli's property and secretly extracted them, much to Eli's dismay. In other words, Plainview stole Eli's oil, dispossessing him of it using a technique that the Sundays could not have detected.

Similarly, the systematic erosion of the currency's purchasing power through monetary inflation is unethical and fraudulent, resulting in the gradual theft of people's earnings and savings nationwide. It involves a confiscatory monetary policy that secretly transfers purchasing power and wealth from the many (e.g., wage earners and savers) and concentrates it in the hands of a privileged few (e.g., government, financial institutions, and other elite groups) who are connected to the money creation source (i.e., the central bank and fractional reserve commercial banks), benefiting from this arrangement. A monetary inflation policy aggravates income and wealth inequality, among other detrimental economic and societal effects.

Unlike Plainview, governments typically do not admit to secretly dispossessing the populace and impoverishing the nation by maintaining a money and credit creation policy. In addition to money printing, dispossession and impoverishment occur more aggressively in developing countries due to frequent and arbitrary currency devaluations typically imposed in these economies as a recurring condition for Western loans and bailouts from institutions such as the International Monetary Fund (IMF). This state of affairs constitutes a grave and

confiscatory structural injustice—a destabilizing and destructive policy that governments maintain against the very people they are supposed to serve and uplift.

Artificial money and credit creation, whether by individuals or institutions, is a fraudulent act that defrauds society by generating purchasing power that is not legitimately earned. When a fraudster, say Frank, creates fake but seemingly authentic currency notes, he directly deceives and defrauds the seller of the goods, services, or assets he acquired with his counterfeit notes and indirectly defrauds society. It is flagrantly unjust that only a few, like commercial banks and the central bank, can create purchasing power with minimal effort, almost magically, while everyone else in the economy must work and earn theirs. This illustrates the unethical, elitist, and unjust nature of fiat monetary systems and highlights the imperative for a sound monetary system. Under a just legal framework, no member of society can conjure up purchasing power because that would constitute fraud and create a confiscatory and odious injustice.

Fiat monetary systems are a typical feature and a central pillar of statist socioeconomic systems. In the current era of the fiat dollar standard, monetary inflation is carried out by the central bank, which creates currency and noncurrency money, and fractional reserve commercial banks, which create only noncurrency money, primarily but not exclusively through lending activities. Note that the bulk of the money supply consists of noncurrency money, also known as credit or book money, created by fractional reserve commercial banks. Physical money (currency notes and coins) represents approximately 10 percent of the total money supply, as is the case in the United States and the Eurosystem.

Fiat monetary systems are characterized by methodical money and credit creation, an unethical and fraudulent practice that dilutes the currency and has

ruinous consequences for society—notably, consumer price inflation, asset price inflation, exacerbated income and wealth inequality, excessive indebtedness, and boom-bust cycles.

While Keynesian economics is flawed and destructive statist economics, its founder, the British economist John Maynard Keynes, provided some truthful and noteworthy insights. Keynes, one of the most influential economists of the 20th century whose work shifted the economics field toward state management of the economy, wrote in *The Economic Consequences of the Peace* (1919, 235-236):

By a continuing process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens. By this method they not only confiscate, but they confiscate arbitrarily; and, while the process impoverishes many, it actually enriches some. The sight of this arbitrary rearrangement of riches strikes not only at security, but at confidence in the equity of the existing distribution of wealth. Lenin was certainly right. There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction, and does it in a manner which not one man in a million is able to diagnose.

The purchasing power of the U.S. dollar has declined by over 95 percent relative to gold since the establishment of the Federal Reserve, the current United States central bank, according to most estimates. This situation represents a tremendous theft and dispossession of time, purchasing power, and well-being for the American public and a significant loss of productive capacity and economic prosperity for the United States that cannot be quantified or recovered. The impact is even more severe in the developing world, where fiat currency systems are much more unstable and debilitating, with higher price inflation levels and foreign exchange troubles being the norm.

Additionally, in cases of hyperinflation, a disastrous outcome of fiat currency systems, the severity and speed of economic dispossession and impoverishment are amplified, leading to nationwide economic devastation and often breakdowns in the social order, increased crime, prostitution, domestic abuse, among other detrimental issues. The economic, social, and moral destruction that hyperinflation causes is severe and should not be underestimated, as evidenced by many historical cases. Recent examples of hyperinflation have occurred in Argentina, Zimbabwe, Venezuela, and Lebanon.

Figure 1: Rampant monetary inflation (currency debasement) worldwide.

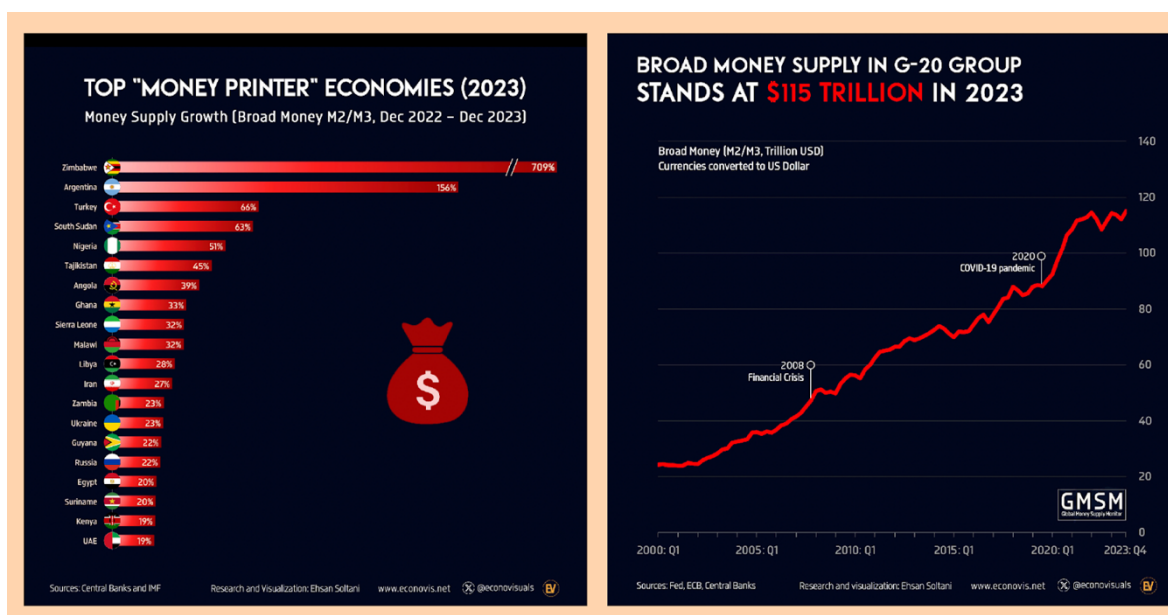
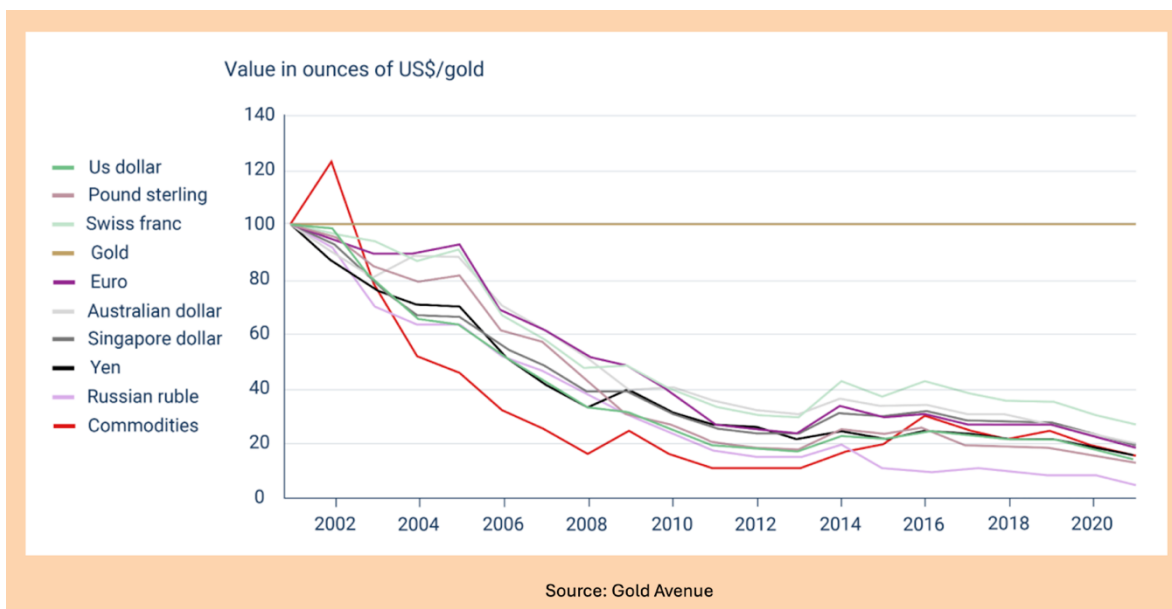


Figure 2: Leading fiat currencies have lost considerable value relative to gold over the past 20 years alone. This ruinous monetary policy is more debilitating in developing economies.



Moral Infraction Two: Deception and Distortion

Silver and gold, the primary forms of money throughout history, were not immune to fraudulent practices. The widespread act of artificially increasing the money supply by clipping coins and adding cheaper metals to precious metal coins was a significant part of monetary history. This gradual reduction of the silver and gold content of the coins, a deliberate distortion of the currency, was a common practice among the imperial or princely governments of the old ages. Still circulating at face value, these altered coins deceived and defrauded the public.

This practice, from which the word *debasement* originated, involved decreasing the precious metal content of coins and replacing it with more affordable and abundant base metals such as copper, fraudulently giving the government more spending capacity. For instance, the silver denarius, a well-known Roman currency, was systematically debased by successive emperors over the centuries. Its silver content decreased from over 90 percent to as little as 5 percent, notably during emperor Nero's reign from the first century AD to the third century.

From ancient times to the contemporary world, currency debasement has invariably left a trail of economic and social destruction. Emperors and kings across Europe and elsewhere engaged in this fraudulent and ruinous policy, driven by government deficit spending amid fiscal imbalances and as an alternative to direct taxation. Africa stands apart as a region where currency debasement has become a common practice due to colonial and neocolonial statist economic models. Continuous monetary deception and distortion destroy the currency, undermine trust in the authorities, and destabilize the economy, leading to extensively detrimental consequences. Understanding the fraudulent and ruinous nature of a monetary policy of currency debasement can catalyze change, motivating policymakers to implement the necessary reform for sound monetary systems.

It is worth reiterating that even when currencies are being debased, they typically circulate at their face value, as most people are unaware of the ongoing dishonest monetary practices. This deceptive and distortive policy became apparent only when the base metal content in coins became significant enough to make it noticeable that a coin is no longer mostly silver or gold. The historical practice of currency debasement and the modern techniques of money and credit creation (commonly referred to as money printing) are based on deception, distortion, and

fraud. This was true in ancient and medieval times and holds true today in the current Western global order of statist socioeconomic systems and fiat monetary methods. Currency issuers engage in unethical practices by distorting the national currency through artificial money creation, deceiving and defrauding the public.

The consequences of monetary distortion are far-reaching, affecting every aspect of society. Governments destabilize economic activity and hinder growth by systematically distorting the national currency. This is because money is the fundamental good in the economy. Economic stability and prosperity suffer when it is corrupted and arbitrarily manipulated, leading to corruption and other detrimental issues permeating society. As remarked much earlier, money is the lifeblood of the economy, as it represents purchasing power, intermediates economic transactions, and communicates crucial information, incentives, and disincentives that guide economic decision-making. It plays vital and interconnected roles as medium of exchange, instrument of account, and store of purchasing power. Thus, when the currency is distorted and debased, the economy suffers, prosperity declines, civilizational progress stagnates, and people endure injustice and hardship.

Fiat monetary systems are based on economic fallacies and are sustained through deception and coercion. They go against the universal moral principle of truth. Deception and trickery are at the heart of fiat monetary systems, which rely on economic miseducation on the one hand and coercion (such as legal tender laws) on the other to continue operating. Fundamentally, fiat currency systems rely on widespread ignorance of basic economic principles, particularly those related to the importance of sound money and its implications.

Despite being a widely discussed topic, the institution of money still needs to be better understood, even within the economics field and much more so in politics

and among the broad public. With much of the public unaware of the unethical, fraudulent, and insidiously destructive nature of fiat monetary systems, those advocating for and seeking to maintain these currency systems have a receptive audience. This is demonstrated by the fact that despite rampant monetary instability worldwide and even after hyperinflationary economic collapses in various countries, there have been no protests against fiat currency systems, and mainstream economists continue to support these currency arrangements while maintaining an antagonistic stance toward sound monetary systems. Indeed, mainstream and other statist economists may not be as data-driven and evidence-based as they claim to be. The evidence unquestionably repudiates fiat monetary practices.

Note that mainstream economics, a field that most relied on for economic insight, also supports these systems. The lack of a basic understanding of the importance of sound money among the public, combined with ardent support from mainstream economics, allows governments to continue to impose these unjust, destabilizing, and impoverishing monetary systems with practically no resistance. Even in the United States, a relatively more prosperous society with an educated and freedom-loving public, no significant protest has demanded that the government fulfill its promise that suspending the dollar's convertibility into gold would be temporary, as the Nixon administration declared in 1971. This is despite continued monetary and economic turmoil.

Similarly, the majority in Europe is unaware that the euro has lost more than 85 percent of its purchasing power since its inception in 1999. As noted, the detrimental impact of contemporary fiat monetary systems is more severe in developing countries, where currency manipulations and depreciation are more debilitating and confiscatory.

Moral Infraction Three: Destruction and Death

Fiat monetary systems are rooted in fraud and coercion and lead to destruction and death. This grim reality can be summed up in one word: aggression. As a result, fiat monetary methods violate the universal moral principle of refraining from causing harm and loss of lives, which can be simplified as nonaggression. In other words, the fraudulent and ruinous nature of fiat monetary systems violates the universal moral principle of nonaggression.

Fiat monetary systems cause economic instability and devastation due to their distorting and destabilizing nature. Economic development and prosperity improve living standards and expand people's lives, just as economic turmoil and poverty have insidiously destructive effects on people's livelihoods and lives. This includes much unemployment, more elevated levels of crime, prostitution, domestic violence, malnutrition, maternal mortality, and infant mortality, among other tragic metrics that tend to be particularly pronounced in unstable and impoverished economies. Poverty is destructive and deadly. As a source of economic dispossession and a central cause of economic turmoil, distress, and poverty, leading to destruction and loss of life, fiat monetary systems are devastating monetary arrangements that insidiously destroy and kill.

As Tacanho (2023) points out in *Africonomics: A School of African Philosophical and Economic Thought*:

A sound monetary system is the principal element for lasting economic stability and prosperity. A society that seeks to maintain structural justice, economic prosperity, cultural flourishing, and social harmony must adopt an entirely sound monetary system as a foundational, nonnegotiable principle. A sound money system is essential for peace within and among societies. Conversely, a fiat/paper monetary system leads to structural injustice,

corruption, and moral and cultural degradation, perniciously corroding society toward economic turmoil, stagnation, and ruin.

The recipe for economic development and prosperity is uncomplicated. A large body of sound economic theory, supported by empirical evidence, indicates which policy choices foster economic stability, trust, and growth. Similarly, a vast amount of knowledge and evidence shows which policies undermine stability and productivity, consequently hindering economic development and prosperity. Monetary stability, a stable and reliable currency, is essential for achieving sound economic development and lasting prosperity. An economy can only be stable, sound, and prosperous with an honest, consistent, reliable currency system such as a gold-based monetary system. The lack of a stable and trustworthy currency has particularly handicapped the developing world. It is a primary factor that keeps countries from escaping widespread poverty. Poverty stealthily destroys and kills.

A common feature among poor and developing countries under the fiat dollar standard is that most suffer from chronically unstable and debilitating currencies. This vicious situation keeps these countries in a state of continued economic instability and stagnation and perpetuates poverty and avoidable human suffering. The fiat dollar standard and local fiat currency systems are central factors that contribute to the persistent economic turmoil, debt crises, rampant and crushing price inflation, and other issues afflicting most developing (and so-called developed) nations.

The current Western-imposed fiat monetary order has caused worldwide devastating economic and sociopolitical turmoil. The era of central bank-managed fiat monetary systems has ruined economies, leading to decades of rampant inflation, erratic devaluations, and forex instability, perpetuating and aggravating

poverty in many cases. This has severely undermined capital formation, economic development, and prosperity in developing countries. Fiat currency systems have been a significant destabilizing and impoverishing factor in existing statist socioeconomic systems, causing destruction and loss of lives over the past decades.

As economic historian Vincent Geloso (2024) notes:

The experience of poverty is debilitating and leaves deep scars. People who have experienced poverty are observed to have lasting health, educational, and psychological consequences. Prolonged spells below the poverty line are also associated with social isolation because, when in that situation, attempts to deal with the consequences of material privation necessitate a decline in community engagement. Moreover, the desperation that comes from being in poverty makes people more vulnerable to exploitation. This can include exploitative labor practices, human trafficking, and other forms of abuse. Children in impoverished environments are particularly at risk.

Poverty destroys and kills in many subtle ways. One noticeable and more quantifiable way poverty kills is through diseases that are preventable, curable, or nonexistent in more prosperous countries. For example, malaria is one of the leading causes of death in Africa. Malaria is a preventable and easily curable disease, yet thousands of people, tragically especially children, die from malaria every year. Why is malaria still such an effective killer in Africa and elsewhere? In one word: poverty. In three words: persistent widespread poverty. Max Roser (2022) of Our World in Data reports:

The World Health Organization estimates that 241 million people contract the disease every year. Only a small fraction of malaria victims die from it, but those who die are the very weakest – about three out of four malaria victims are children. Malaria is one of the leading causes of child mortality; it kills about half a million children every year. That's 1320 dead children on any average day.

Figure 3: Another avoidable way in which poverty causes loss of life is through malnutrition.



Poverty has deadly consequences that extend beyond lack of resources. It contributes to crime, poorly constructed and maintained roads, and inadequate medical care and medication access. For instance, the World Health Organization (2024) reported that nearly 95 percent of maternal deaths occurred in low and lower-middle-income countries in 2020. Additionally, poverty leads to higher rates of traffic-related deaths in more impoverished countries compared to wealthier nations. Poverty has a far-reaching and insidiously detrimental impact on public health and well-being beyond standard metrics and perceptions. While there has been considerable progress and a steady decline in many poverty metrics, the situation remains dire, with some indicators showing a trend reversal since the Great Recession (2007-09). The ongoing economic instability and stagnation caused primarily by prevailing fiat monetary systems perpetuate this destructive situation.

Many people who die each year due to poverty-related reasons are partly, to a significant extent, victims of the current fiat monetary order. The destructive nature of fiat monetary systems becomes more apparent when we consider cases of

hyperinflation, a devastating phenomenon associated with fiat currency. When an economy undergoes hyperinflation, people suffer severely, and many people die as a result of widespread poverty, starvation, lack of medication, inadequate medical care, crime, and violence. Typically, children, the aged, and women are disproportionately affected. For instance, during the recent hyperinflationary collapse of the Venezuelan economy, starvation and violent crime became widespread. Journalist Ciara Nugent (2018) recounts:

Desperate people in Venezuela don't rob stores or banks. There would be no point; cash machines have been mostly empty since early this year, when hyperinflation transformed the bolívar into a worthless piece of paper. But desperate people in Venezuela do rob restaurants. As the country creaks into its fifth year of economic crisis, hunger is on everyone's minds. Nine out of 10 households say they don't have enough money to buy food. Nearly two-thirds go to sleep hungry at night. Locals call the lack of food, "The Maduro diet," after President Nicolás Maduro, who since 2013 has led Venezuela's increasingly authoritarian government and driven the country into humanitarian crisis.

Maduro took over the socialist model built by his late mentor, former President Hugo Chávez. Since the late 1990s, food, and other goods and utilities were subsidized by the state off the back of vast oil revenues. But after a steep drop in global fuel prices in 2014, the money stopped flowing. Price controls remained on goods, making them often cheaper than the cost of production. That forced many food producers out of business. Others were taken over by the state and then poorly managed. To make matters worse, the imploding value of the bolívar has made it impossible for either companies or the government to import goods.

"We're talking about families that had jobs, that were middle class, no longer being able to afford food," Marin says. Many people spend hours each day in lines outside grocery stores, looking for the few products that have made it onto shelves and scraping together enough bolivars to pay their inflated prices. Those who can access dollars use them on a black market for food. Others look through bags of trash, or loot restaurants and grocery stores.

There is another way in which fiat monetary systems play a decisive role in causing destruction and loss of lives: war. The destructive impact of fiat monetary systems in enabling warfare cannot be trivialized. Protracted conflicts like the United States' so-called war on terror or its two-decades-long military occupation of Afghanistan are prime examples. Warfare states, certainly imperial ones, rely heavily on artificial money and credit creation for continued and expanding government spending, facilitating war campaigns. Rather than taxation, currency debasement enables governments to build war machines and sustain prolonged military campaigns. Such has been the case in ancient and medieval times with the debasement of metallic money, as it is still valid in the current statist world of the fiat dollar standard, marked by continuous money and credit creation.

Following World War II and replacing the British Empire as the leading Western empire, the United States engaged in numerous aggressive military operations, resulting in widespread chaos, violence, death, and destruction across the world. These activities have led to the loss of several millions of lives, both directly and indirectly, through proxy wars and clandestine operations. Papers from the Costs of War Project, a research consortium at Brown University that studies the human, economic, and social costs of the United States' post-9/11 wars and the U.S. global military footprint, reveal staggering numbers. Some of the Project's key findings to date include:

- At least 940,000 people have died due to direct war violence, including armed forces on all sides of the conflicts, contractors, civilians, journalists, and humanitarian workers;
- Over 432,000 civilians have been killed in direct violence by all parties to these conflicts;

- An estimated 3.6-3.8 million people have died indirectly in post-9/11 war zones, bringing the total death toll to at least 4.5-4.7 million and counting;
- 38 million people have been displaced by the post-9/11 wars in Afghanistan, Pakistan, Iraq, Syria, Libya, Yemen, Somalia and the Philippines;
- The U.S. government is conducting counterterror activities in 78 countries, vastly expanding this war across the globe;
- The wars have been accompanied by erosions in civil liberties and human rights at home and abroad;
- Most U.S. government funding of reconstruction efforts in Iraq and Afghanistan has gone towards arming security forces in both countries. Much of the money allocated to humanitarian relief and rebuilding civil society has been lost to fraud, waste, and abuse;
- The cost of the post-9/11 wars in Iraq, Afghanistan, Pakistan, Syria, and elsewhere totals about \$8 trillion. This does not include future interest costs on borrowing for the wars;

Waging war comes with significant costs. Sustaining militarism, ongoing warfare, and military operations, such as those of the United States, has not been possible through taxation alone. The evidence shows that warfare states typically turn to monetary inflation to fund war operations. Like previous Western empires engaged in currency debasement, the current one, the United States, relies on monetary inflation (money printing) to sustain itself, maintain its global military apparatus, and undertake continuous wars since World War II, even before that. Over 700 U.S. military bases and installations worldwide exist primarily because

money and credit creation fund government spending through debt monetization. Without the ability to inflate the money and credit supply to finance government spending, the U.S. likely would not have become the world-conquering militarist and destructive empire it is today.

The United States' continuous militarism and global militarization heavily rely on the prevailing fiat monetary system and the currency debasement that has been happening since World War I, long before the dollar became a complete fiat currency. The victims of American militarism and the numerous military conflicts and operations, both direct and indirect, are not just statistics; they are real people with families, hopes, and dreams, and they are partially victims of the current fiat monetary order.

As the economist Joseph Salerno (2021) writes in *War and the Money Machine*:

The costs of war are enormous, as the above quotations trenchantly indicate, and inflation is a means by which governments attempt, more or less successfully, to hide these costs from their citizens. War not only destroys the lives and limbs of the soldiery, but, by progressively consuming the accumulated capital stock of the belligerent nations, eventually shortens and coarsens the lives and shrivels the limbs of the civilian population. The enormous destruction of productive wealth that war entails would become immediately evident if governments had no recourse but to raise taxes immediately upon the advent of hostilities; their ability to inflate the money supply at will permit them to conceal such destruction behind a veil of rising prices, profits, and wages, stable interest rates, and a booming stock market.

The existence of a central bank and fractional reserve commercial banks with the ability to create virtually limitless quantities of currency and non-currency money is a barbarous structural injustice of current statist socioeconomic systems. This unethical and fraudulent monetary configuration has been used to monetize government debt and deficit spending, giving the United States and other imperial

states greater war-waging and empire-building capabilities. Uncle Sam's armed forces and "defense" budget, which is nearing \$1 trillion, does not rely on taxes as much as monetary inflation. Fiat monetary systems are crucial in enabling war and empire, leading to widespread corruption, chaos, conflicts, destruction, and death.

Keynes famously referred to the gold standard as a "barbarous relic," but he is wrong. Fiat monetary systems are undoubtedly barbarous, while gold—or silver—based monetary systems stand out for their ethical, peaceful, stable, and trustworthy nature, making them superior and more civilized than fiat alternatives.

Yet another way fiat currency systems violate the universal principles of justice and nonaggression is by enabling autocratic government systems. These systems, whether authoritarian or totalitarian, are cruel and oppressive regimes that harm individuals and families by maintaining coercive, confiscatory, and repressive policies. Socialist and other statist systems, such as existing ones, are arbitrary and autocratic socioeconomic arrangements that viciously repress people's natural rights, causing oppression and the insidious destruction of lives. Statist systems dispossess people of freedom, creativity, productivity, livelihoods, and economic well-being that would otherwise thrive in a socioeconomic system of free enterprise, free trade, sound currency, and respect for people's natural rights (life, liberty, and ownership of self and property).

Just as a sound monetary system limits government tyranny and safeguards against state repression and exploitation, fiat monetary systems enable oppression and exploitation by autocratic government systems. Understanding the implications of these systems is crucial. It empowers economists, other social science scholars, and policymakers to address these issues and work toward a future where justice and nonaggression predominate and economic prosperity is not hindered.

Fiat monetary systems are an atrocious economic model that violates the universal moral principles of truth, justice, and nonaggression. These principles are not confined to a specific region or culture but are shared by humankind. The current monetary order, the fiat dollar standard, afflicts humanity and is a devastating force against peace, prosperity, and human civilization.

THE STATE'S PREFERENCE FOR FIAT CURRENCY SYSTEMS

The historical record unequivocally indicates that government management of national currencies has been consistently disastrous throughout various periods and locations. In essence, the history of government money management is marked by fraud and currency destruction through inflationary policies. This was evident in cases of currency debasement during ancient times, such as with Roman emperors, and has persisted through medieval monarchs to the present fiat era of central banking and fractional reserve commercial banking. One common theme in the study of the history of state money management is that political power typically resorts to inflationary policies to facilitate government spending, leading to currency debasement, economic instability, and impoverishment.

Regardless of the reason, currency depreciation tends to become standard practice when the government gains control over money. Another significant observation when examining the history of government money management is the devastating outcome of hyperinflation, which destroys money and the economy. These ruinous outcomes are solely caused by the state's manipulation and debasement of the currency rather than market forces. There are no recorded cases of market-caused currency and economic destruction through hyperinflation.

Market-based currencies have historically been sound forms of money, mainly silver- and gold-based currencies. Bitcoin represents a modern and digital-native form of market-based sound money.

Monetary inflation is a policy choice the state typically resorts to as an alternative to direct taxation, giving governments a source of funds to meet deficit spending objectives by printing money. As demonstrated earlier, this practice is unethical and fraudulent, with destabilizing and impoverishing consequences. A monetary inflation policy devastates the economy as the money and credit supply is continually expanded artificially, and the currency is debased, gradually losing purchasing power—leading to price increases and economic instability. In other words, the power to create money is the power to destroy the currency, destabilize economic activity, and impoverish society. These are inescapable consequences of a monetary inflation policy.

For thousands of years, the issue of government currency debasement has persisted, a trend particularly more pronounced in fiat currency systems. The presence of a central bank invariably leads to currency debasement, as the essence of central banking is money creation to (directly or indirectly) facilitate government spending. This makes it unrealistic for a government to maintain a monetary system that does not facilitate money and credit creation. The drive for government overspending is insatiable, leading to a vicious and destructive cycle.

A government or central bank cannot sustain a policy of monetary inflation without undermining the currency's trustworthiness, economic stability, and prosperity. A money and credit creation policy destabilizes and impoverishes economies, irrespective of their size, location, and ethnic makeup. Whether it is a

small economy or an enormous one like the United States, the ruinous effects of monetary inflation will reverberate. Differently, but certainly.

As Friedrich Hayek (1988, 103) remarks in *The Fatal Conceit*:

Though an indispensable requirement for the functioning of an extensive order of cooperation of free people, money has almost from its first appearance been so shamelessly abused by governments that it has become the prime source of disturbance of all self-ordering processes in the extended order of human cooperation. *The history of government management of money has, except for a few short happy periods, been one of incessant fraud and deception* [emphasis added].

From Roman and other ancient rulers' continued debasement of silver and gold coins, through medieval monarchs' debasement of currencies, such as the Great Debasement (1544–1551) enacted in England under King Henry VIII, to John Law and the Mississippi Bubble causing hyperinflation in France, to the German hyperinflation after World War I, to contemporary cases in Brazil, Angola, Venezuela, Lebanon, and many others, the record is clear. The fundamental principle remains unchanged despite time, geography, and cultural differences. Namely, government overspending leads to currency debasement, which destabilizes economic activity and impoverishes society. Politicians and state officials must recognize and not disregard the immutable fact that money and credit creation violates the universal moral principles of truth, justice, and nonaggression. When a government maintains a policy of monetary inflation, dismissing these ethical standards leads to fateful and ruinous consequences for society.

From the Song Dynasty in 10th century China to the United States government in 1971, fiat currencies have been established and maintained by state intervention. Governments create fiat currencies and enforce their use through laws

and restrictions backed by the threat of state aggression. Fiat currency systems are based on the unethical practices of deception and coercion. This highlights the fundamental difference between fiat currency, preferred by the state, and commodity money, such as gold and silver, and, more recently, digital commodity money, such as Bitcoin, preferred by the market. The state's preferred monetary system is inherently unethical, fraudulent, and destructive.

In *Money Demystified: Understanding Why, How, and What It Is*, Tacanho (2024) further points out:

The state's preferred form of money, characteristically a fiat currency, is imposed upon society and maintained as the primary or only official currency, not because people choose it but because government laws compel and confine them to this detrimental situation.

A free-enterprise approach to money production results in competing yet harmoniously co-existing currencies and other monetary products, thereby effectively solving debilitating issues such as rampant (monetary, asset, and price) inflation, economic distortions, exchange rate volatility, currency crises, and other ruinous issues that characterize contemporary statist economies. The free-enterprise approach benefits individuals, families, businesses, and society tremendously. It does not inherently empower or exclusively benefit the state, political, and other elites. This is fundamentally why governments have historically preferred to maintain a fiat monetary system, adopting a cartelized approach to monetary goods and services production, as this gives the state substantial power and repressive control.

Despite the unequivocal theoretical and empirical evidence showing the destructive effects of monetary inflation and fiat currency systems, central banks are engaged in this policy, and mainstream and other statist economists continue to justify fiat monetary practices, revealing the pseudoscientific nature of prevailing monetary theories and policies. A sound currency system is unlikely to be restored as long as statist thought dominates mainstream economics. However, the

destabilizing and destructive consequences of artificial money and credit creation are inescapable as such practices violate universal moral principles and economic laws. There will not be a scenario where a policy of monetary inflation does not result in currency depreciation, economic instability, and other detrimental issues.

The persistent choice of monetary inflation and fiat currency systems by governments is concerning when one considers that a primary justification for their existence and a source of legitimacy is that governments protect and serve the people. In the economic realm, the opposite is true. Upon examination of the evidence, it becomes clear that governments have consistently defrauded, dispossessed, destabilized, and devastated economies through currency debasement throughout history.

Since statism and statist economics will likely continue to dominate the world for the foreseeable future, a return to sound monetary systems remains improbable. Yet, a sound currency system is pressingly required in the African context. African policymakers are encouraged to prioritize African economic development and prosperity by shifting from Western economics to Africonomics. Africonomics offers the nilar, an entirely sound monetary system designed to provide African economies with a much-needed stable and reliable currency. The benefits that African economies would gain from abandoning Western statist models, which have proven repressive and ruinous, and embracing Africonomics are immense and transformative. This shift can be the key to escaping the longstanding economic troubles that afflict them, ushering in a new reality of integrated, stable, and thriving African economies.

CONCLUSION

A fiat monetary system is an unsound monetary arrangement typically state-imposed and managed by a central bank. It features an inconvertible currency detached from a commodity like gold or silver, lacking an independent basis of honesty, stability, and reliability. Fractional reserve commercial banking, which creates non-currency money mainly through lending activities, is a crucial part of the existing fiat monetary systems. Contemporary monetary systems comprise two fiat parts: a central bank that issues both currency and non-currency money and fractional reserve commercial banks that issue only non-currency money.

The deceptive, distortive, destabilizing, and destructive nature of fiat monetary systems makes these unsound currency systems unethical, fraudulent, and atrocious. The ruinous consequences of fiat currency systems are inescapable. They insidiously corrode every aspect of society, causing economic, social, political, and moral harm. Fiat monetary systems violate the universal moral principles of truth, justice, and nonaggression, as they deceive, defraud, and dispossess people of their property (purchasing power) and economic well-being, causing destruction, death, and avoidable human suffering. That is particularly significant and tragic in the current statist and militarist Western global order headed by the United States and underpinned by the fiat dollar standard. Fiat monetary systems are unethical and atrocious because they deceive, distort, defraud, destabilize, and destroy.

The economics field has long been in disarray, marked by much confusion and distortion. The root cause of this globally detrimental situation is the absence of ethical grounding due to philosophical utilitarian and positivist frameworks upon which prevailing (Western) economics and other social sciences rest. The ethics-free (utilitarian, positivist, empiricist) nature of Western economics and other social

sciences has thrown these fields into profound disarray, resulting in the prevalence of hubristic yet flawed models with coercive, fraudulent, confiscatory, and repressive policy implications. Africonomics takes a fundamentally different approach, based on a natural-moral law philosophical framework, where ethics and justice considerations are central in theory and policy formulations to foster justice, prosperity, and peaceful relations within and among human societies.

The state's imposition of fiat monetary systems is one of the most egregious infringements of the universal standards of morality and justice. It constitutes nationwide fraud and a confiscatory structural injustice. A society that seeks to abide by ethical standards, uphold justice, and maintain economic stability and prosperity must reject unsound and semi-sound monetary systems. As a fundamental element of justly structured socioeconomic systems, a sound monetary system is a powerful instrument for economic development, prosperity, and peace within and among nations. Its implementation leads to a more equitable and stable society, benefiting all its members.

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