



## What is the Gold Standard?

The gold standard is a monetary system where the value of currency is directly linked to gold. Countries agree to convert paper money into a fixed amount of gold based on what each country determines the fixed value of gold to be. That fixed price determines the value of the currency. ( i.e., if the U.S. set the price of gold at \$500/ounce, the value of \$1.00 would be 1/500th of an ounce of gold.)

Only very recently have we returned to the gold standard after it was replaced by fiat money decades ago. Unlike money based on the gold standard, fiat money has no intrinsic value except for our faith in our governments. (You can see how this could go down badly! Which it did, leaving the world with historically large debt.) The changeover is not yet complete, so the money under your mattress is still fiat money. Not to worry, when the changeover is complete, your mattress money will be backed by gold.

An added benefit is that we now have gold digital tokens that can be easily moved around the world to represent gold transactions.

For a closer look check out these sites:

<https://www.faiobserver.com/economics/is-the-gold-standard-now-alive-or-dead/>

<https://www.investopedia.com/ask/answers/09/gold-standard.asp>