



# VINTAGE & MINTAGE

**Victoria Numismatic Society** (a member of the Royal Canadian Numismatic Association) was established 1955, and incorporated 1962. Editor **Rick Pilotte** can be reached at 386-7738 or e-mail [morsefurball@hotmail.com](mailto:morsefurball@hotmail.com) Note VNS annual membership fees are \$20.00. Our next meeting is Wednesday, September 1<sup>st</sup> after school starts 6:44:57 swapping, auction and followed by our 7:30 regular meeting.

## Could it happen here?

Despot King Muggerbee won another election...by default. His only opposition quit the election because he and his supporters were getting too much physical abuse and harassment. So unfortunately for the people of Zimbabwe no one stood up for them in the crunch. Sounds similar to Germany in 1932. Naturally many declare the election a farce...but who can do anything about it? Meanwhile the people of Zimbabwe are the victims of a shortage of hard currency, food and an HIV epidemic and a drought affecting the entire region. Most blame the hyperinflation on the government's mismanagement, but as one can see there are mitigating circumstances here too. Believe it or not some of this sounds quite similar to the great depression. We'll get back to that. Curiously some people suggest some of the debt of Zimbabwe should be forgiven too, as a lot of this debt is in the form of interest anyway. I find this curious indeed, and as we shall see this also is part of the problem that occurred during the depression.

Mugabee blames the economic situation on the Zimbabwe Democracy and Economic Recovery Act (that sanctioned Zimbabwe for its unwillingness to make a transition to democracy) passed by US congress. Though we sited earlier (Mar-Apr '07) that the forced payment to the International Monetary Fund was the instrument that forced Zimbabwe to print up large amounts of Zimbabwe currency to buy US cash to pay the debt, it becoming clear that there are more and more causes in Zimbabwe's situation. For example I just found out that another reason US passed this recovery act was because of Zimbabwe's involvement and support of the Second Congo War. I'd not even heard of this war...though uprisings in Africa in recent years have been fairly well known...and I suppose they have blurred into an overall picture of Africa. This war is also called the Africa's world war, because eight countries were involved in it! It's been declared the deadliest war since WWII with 5.4 million people killed! Boy! Talk about your indifferent press! How is it such a major war could go so largely unreported here? We hear about one African country's skirmishes or another, but it somehow seems to me that no one mentioned that this was all one war involving all these countries...or did you all know that and I've just had my head in the sand? Be that as it may, Zimbabwe's current situation isn't going to change anytime soon thanks to a "re-election" of the well-favored good king Mugabee.

So, could anything like Zimbabwe's situation occur here in our land? It has in the past and its almost certainly will happen again. I'm not saying here that the same causes will occur here but the virtual same affect has and will happen here.

## Some history

First, let's go back in time to the "dirty thirties". I've recently reread a book called "The Winter Years" by James H. Gray. (You may ask why did I re-read it. Well, mom asked me what was the best book I'd ever read and I thought of two and I'd wondered if this was a third one, or if I'd had it confused with another. It is an excellent book for a couple reasons. It is an inside look at just how bad the great depression was. It is partly an anecdotal series of memories of the life and times of struggling through that period. Later it becomes a bit of an analysis of the depression as the writer then transmogrifies from a victim of the depression to a recorder of the events as he managed to become a writer, then a reporter during the times.)

Most people think of the depression as a result of a crash on Wall Street, and of course you wouldn't be far wrong in that assessment. Stock prices are a matter of record. For example International Nickel went from \$72.50 to \$4.50, Winnipeg Electric Company went from \$109.50 to \$10 in 1931 and \$2 in 1932. All across the board values plummeted by 85.9%. But there were other things in the works that paralleled the failures in business as well. In 1929, considered to be one of the best years of prosperity before the crash, many farms had their worst crop to that point ever! This was the start of

what would become known as the “Dust Bowl” which extended from Texas right up to Alberta Saskatchewan Manitoba. This wasn’t very well reported during the times but it was gradually realized. For example Eaton’s was one of the businesses directly affected by the Dust Bowl. Their mail orders from the farms slowed then stopped coming in altogether.

Similarly payments to banks from farms dwindled to virtually nothing. Some farmers tried to get out while the getting was good. In fact many were trying to unload their farms while there might still be someone out there to buy them. Some were even honest in their advertisements suggesting how terrible farming had become. One ad suggested he would gladly trade the farm for something useful like “some white mice, or goldfish or even a playful little monkey”.

The good years of the roaring twenties got farmers in debt to buy new equipment. The crash and the drought made crops so poor that no payments could be made on the interest, let alone the principal. As consumer goods prices fell, so too did the price of wheat and other food. This made things worse for the farmers even in good years! When wheat was \$1.29 a bushel it didn’t matter that they had to pay .10c a bushel to transport it. But when wheat dropped to 40c or even a low of .28c a bushel that 10c a bushel was a lot. And in Alberta it was worse because the freight rates were higher because the grain had to go farther. In some cases farmers went to the newspaper to report how bad it was. One farmer after selling his wheat netted 1 cent per bushel. Another out did him and netted ½ cent per bushel! With the prices dropping no one could even think of paying any of it to the mortgage owners. But the banks and lenders were stubborn and foreclosed on farm after farm and sold them for a fraction of what was owed. After awhile the prices of farms became so bad, no one was buying them at fire sale prices forcing the mortgage companies to rethink their policies. CPR figured it out earlier and during bad years on two occasions they cancelled all interest charges. Eventually they were forced to realize how foolish this practice was. They couldn’t resell the farms and were thus guaranteed never to get any money from them at all, whereas, if the farms were owned by a determined farmer, eventually they would get something.

But there was more to it. The mortgage companies didn’t cancel current or back interest charges at all and this in reality only made things worse. In fact the lenders became so hard-nosed that when the governments involved tried to force the lenders to cancel interest charges the lenders warned the governments that their interference in the “sanctity of contracts” might well impair their own credit! The famous J.M. Keynes in his “Treatise on Monetary Reform” said words to the effect that in relation to contracts it occasionally becomes necessary for a discretionary authority to revise what becomes intolerable. Otherwise half the population would become slave to the other half, all this simply through debt and ongoing buildup of accumulated interest. I find this very interesting. There is a biblical verse that I had long wondered why it was there. Now the light dawns. Every seven years all debt was to be cancelled for every one everywhere. Prices for things were to be scaled depending on which of the seven years you happened to be in. This appears to be the origin of the US statute of limitations, where articles and money stolen can no longer be laid claim to by the original owner after seven years. ( Canada does not hold to this statute) I’d always wondered why a debt should be cancelled after seven years. It has become clear that otherwise civilization itself becomes under siege. This was the case during the depression!

There was a curious trend during the depression. As employment dwindled prices dropped, but there was less money to spend. In fact there was a “money famine”. House building came to a complete stop despite the fact that thousands of farmers were migrating to Winnipeg causing a housing shortage.

There were thousands of people ready and willing to work. In fact there was a curiously strange situation going on. It was noted in Alberta for example that “We can grow all the food we can eat. We have all the resources with which to build a good society. We have lumber for homes. We have coal the country needs, the men to mine it, the railways to move it. We need new schools and hospitals, and we have the men and material to build them and women who are eager to staff all our institutions. But people go hungry, and nobody works and society falls apart. Why?” It was a popular story in the day that if a man found a counterfeit dollar bill he would spend it and that started things going, and the use of that bill ended only when it was discovered to be a counterfeit.





Many people in Alberta, Saskatchewan and Manitoba tried to find the root cause of this curious conundrum. It was finally realized that the problem stemmed from something the masses had long ago figured out. There was no money...a "money famine". And it appears to have all stemmed from the interest debt load and the unwillingness to wipe the slate clean and start again. No one who had any money seemed willing to put forward any more credit. In spite of all this the creditors were sending letters to farmers demanding they apply half of their next crop toward the debts they owed. But this was simply impossibility as it would have got them and society, further behind the eight ball.

Well somewhere along the way the world went off the Gold standard, WW II occurred and funny money was infused into society to grease the pumps and start the economy rolling. But in reality the lenders never really wiped the slate clean and those debts if they were paid off were paid off with inflated dollars basically doing the same as wiping the slate clean anyway, but with the consequences left to the future to hold.

Before we get to the present...or the near future let's stop in on the late 50's for a look at a curious reality that is the foundation of today's economy. One curious bit of information I found out is that during the late fifties Canada was more in debt then we had ever been during the war. One thing that occurred to me during the writing of this is, is that it seems to me that the debt incurred by individuals during the roaring twenties that caused the depression has by various ways and means been taken over by the governments. Subsequently the debts have been avoided by abandoning the gold standard and then printing more money. I haven't of course proved all that with real hard evidence but that seems to be the bottom line. If that's the case, then all the fixing and finagling with currencies over the past 75 years has been in vain and one day the house of cards is going to collapse.

## A Luxury economy

Now for that brief look at a curious development in the '50's. I get this information from a standout book of the times called "The Waste Makers" by Vance Packard. This book was very well received when it came out and as I understand it, this book was even made mandatory reading in the schools at one point. Since I never read it in school I have to think this book was abandoned shortly before I reached whatever grade it was used in.

The principal theme of the book is about the ongoing threats, problems and realizations of product saturation. Meaning everyone that wants a toaster has one. The problem then becomes how do you sell someone with a toaster another toaster? Historically there has always been something of a shortage of virtually anything, so all consumer goods were readily absorbed by the public. At the end of the war there were severe shortages of everything. All productivity had been tooled to meet war demands and it took some time to retool so manufacturers could meet peacetime demands. But all these historic shortages ended in the postwar boom.

By the mid fifties not only was this no longer a problem, manufacturers had reached a point where they were able to far outstrip demand for the articles they produced. Historically recessions have been caused by failure of manufacturers to gear down production to what could clearly be consumed. Part of the problems with mass production was less man hours of any sort of craftsmanship was put into items for sale...thus less hours were needed to make the same number of things thus outstripping consumption and at the same time reducing job satisfaction. Suddenly instead of the usual material scarcity as had been the case all throughout history, there was an accelerated over abundance of goods and so suddenly people were being deliberately encouraged to be careless, wasteful and extravagant.

The new economic problem: manufacturers were now forced to invent new items of household use, or find ways to make households buy more of the same goods. Inventions of entirely new and profound products that everyone suddenly wants don't come along very often so manufacturers were forced to come up with ways to sell people more of the same thing.

This is the basic origin of planned obsolescence and thus “forced consumption”. Are you mad that, say records or tape players go obsolete and you’re forced to buy new technology? It’s planned that way!

Manufacturers had to find a way to make what you bought obsolete in a short time so that you would needlessly buy more of the same thing. Strategies were worked on to make the buying public into “voracious, wasteful, compulsive consumers”. Thus the speeding up of changing “style” was one way. Car manufacturers had figured this out for quite a while. . By 1960 there were already more passenger cars in America than there were families! And they even went further than by making you go less far. The tires from 1954 average mileage expectancy for tires dropped from 22,000 to 31,000 miles to 18,000 to 27,500 miles in 1958. In 1958 mufflers were lasting half as long as a decade earlier. They could have had a coating on the muffler that costs just 8c more to make the muffler last the life of the car but the manufacturers refused to get the coating to have mufflers last a shorter period of just one or two years. One car dealer was berated by the manufactures of the cars he sold for not finding more things wrong with cars brought in for servicing to encourage sales of more parts!

Though “style” had of course been around for centuries, manufacturing was so speeded up that ways to make styles become obsolete faster became the obsession. This was done in two ways. One: new models as different as possible from old models were made to make the old models look out of date, and two: deliberate creation of life-spans in products. Cars, toys, shoes, women’s clothing, refrigerators and everything were deliberately styled in a contemporary way to make that look appear obsolete a couple years later.

One fashion expert in Manhattan said “We must accelerate obsolescence... it is our job to make women unhappy with what they have... we must make them so unhappy that their husbands can find no happiness or peace in their excessive savings”. And they deliberately styled in a way that one couldn’t just alter a dress to look more modern. The hardest foray into the styling bug was in men clothing. Men tended to wear shoes, coats shirts and whatever until they were falling apart! Now even men’s clothing has broken the styling barrier and all is vanity.

Quotes from the period are appalling. Said one market researcher “Most design changes are not made for improving the product either esthetically or functionally, but for making it obsolete”. “Colour forecasting” to “predict” what colours would be popular “strongly suggested collaboration if not conspiracy”! One can occasionally find refrigerators and bathtubs in ‘designer colours like pink and turquoise. By making colours seasonal or fashionable it encouraged housewives to soon feel out of step. Some were bold about their intentions. One appliance manufacturer said, “We have got to develop dissatisfied customers”. Frigidaire even had an ad campaign slogan “Planned product obsolescence”. They thought this was a good thing! Obviously the public balked and the outcry was heard so that now this ongoing campaign is a silent one. In 1958 the Vice-president of Whirlpool engineering said, “The industry has wrung the last possible ounce of research out of the present appliance products. We can only offer prettier equipment”. Two groups didn’t fall for this planned obsolescence, the poor...and the rich! I guess they got rich...partly by being smart!

Similarly ways were come up with to make consumers think they needed more of what they bought. Previously homes might have had a few throw rugs and MAYBE one room with full floor carpet but now they’ve made us think we need wall to wall carpet...Why?...to sell you more of it. ! Same with deodorant: they started to make Female *and* male applicators. Similarly makers of rings for couples were pushing an “engagement ring” Yeah! Previously you only bought the wedding band...the engagement ring was just a marketing way of selling you two rings! Later they were even so brazen as to suggest you trade in your old engagement ring for a newer style! The list goes on... different colour nylons to sell the girls...different swim suits...one for swimming one for sunning and one for “psychology”.

They went further! They wanted you to believe you needed two homes! I mean think about it! They get you two buy at least two of everything! They would shame you into getting two cars! Such things were said, like people were deprived citizens victims of “one car captivity” (Dinah Shore) and others calling people “...peasants who only owned one car...chained to the land like serfs in the middle ages.”

One article in Engineering News Record noted that “nowhere in the world except U.S. would a skyscraper office building in sound condition be torn down merely to be replaced by another one.”

Consumers were encouraged to throw stuff away. It used to be, if you moved, you sold your furniture at auction. Now look around you! At the end every month at dumpsters around the city there is thousands of dollars worth of home accessories sitting beside dumpsters around the nations. You could conceivably own a second hand furniture store and never have to buy any inventory! You could just go around the city getting it for free.

In 1960 dollars they figured that the average family spent \$500 on packaging of items alone! Salt in little dispenser’s costs 17 times salt in econo packs.

A little investigation was done on why people buy so many potato peelers since they are one of the few items with long durability. They found that people were throwing out peelers with the peels when they rolled the peels up in newspaper. So the producers made the peelers to look as close to the colour of potatoes as they could then packaged them in colourful packages to make them more attractive. Once the peeler is out of the package it blends in and it's gone.

Remember paste pots? They made the stick too short to get all of the paste out so you were forced to throw out good paste. Similarly with lipstick: there was no way to get all the lipstick out and the same goes for aerosol. Spray food...they always put more food or whipped cream in than the pressure can spray out, so you waste. Anti-freeze sales plummeted when they advertised on the bottles "permanent". True, antifreeze is, and just needs to be topped up occasionally...but they don't want you to know that. They fixed the problem by advertising it as "All-winter" or a "full year's protection" to get you to drain the toxic fluid every year and add more. They didn't call it "waste" but a "...sound contribution to the American economy".

They started to deliberately downplay "durability" as a non-desirable characteristic built into products. People were berated for owning a radio for six years even though it operated great and were told that if they were to be a good 100 percent American they ought to buy a new radio. In one well known company, a memorandum was used in a court case which boasted that formerly a light bulb in a flashlight used to outlast three batteries but they were now down to lasting just two and were making progress to have the light bulb last just one battery. Light bulbs themselves used to be incredibly durable. A look in the Guinness book of records mentioned one bulb burning in a fire hall since 1910. Briefly bulb producers even intended to get bulbs to note they would last 750 hours instead of the usual 1000 but said there would be no publicity of this change. That appears to have gone undone, but it certainly appears the light bulbs do NOT last the advertised 1000 hours.

More ways were found to charge people more for the same thing. It used to be your glasses were a complete item you bought, but they tried tricks like stating high prices for eyeglasses and if the customer "didn't blink" they would say that prices was for the frames and add the lenses as an additional charge. Now this practice is standard.

If you wondered why things don't last as long as they used to it was because they were built to break down. Ideally they wanted you to buy new items every two years. It wasn't new technology built into products that needed to be honed...it was a deliberate series of faults built in into manufactured goods. For example I once was given a clock as a present. One day it fell on the floor from a height of about 2-3 feet and stopped working. I thought that seemed a ridiculous effect from such a short fall and I wondered if I couldn't fix whatever went wrong. Most would have chucked the clock, but I wanted to see what made it tick...or stop ticking as the case may be. I found a loose clamp that was meant to come loose on the slightest jarring of the clock. All it took to fix the clock was to slide the "clamp" back down the stem to make the clock work perfectly again.

Already by the mid fifties people were realizing stuff wasn't lasting as long as it should. In fact it got so bad that stuff was arriving for sale already in disrepair. Rugs used to easily last 15 years with no sign of wear or fading yet by the mid fifties rug manufacturers were putting a 2 year ceiling on warranties. It got so bad that they were flooded with demands for replacements and repairs shortly after items were sold. Finally they had to either make the products last as long as the warranty or reduced the time on the warranty!

Manufacturers are aware that the more durable an item is, the longer it takes to be consumed and to increase sales they have deliberately reduced expected life spans of the products. They try and justify this deliberate infusion of death dates in products by saying that scientific progress is accelerating and consumers should be the underwriters of the cost of this development. They examine "old ethics" and have imparted "new ethics" that justifies shabbily produced products. This rather than using the manufacturing leverage to improve and reduce the cost of products further to ship products cheaply to other countries. So they lost the manufacturing base it had to foreign manufacturing. Foreign competitors found it easy to improve quality and durability of the similar American manufactured items and in turn shipped them to us. Other countries have now taken over the manufacturing that was once Americas pride simply because they got greedy. Now we have trade deficits because our consumers know a good product and foreign competitors found it easy to beat the quality and undercut the cost that American manufacturing demanded. Yet still Detroit manufactures internal combustion engines when steam has been proven safe, fast, economical and far less polluting. Someone somewhere soon is going to come up with a car that will put Detroit out of business because Detroit refuses to invest and retool. It seems clear to me that they are in bed with the oil and gas companies. As far back as 1906 a steam car dubbed the "Stanley Rocket" got to 127.66 miles per hour!!! And a year later at least 175 mph but clocked at 197mph!! Steam has come a long way but Detroit deliberately kills it and the money and infrastructure needed to get it going are all that slows its mass introduction. Lear came close...but I digress.

This deliberate waste had immediate repercussions even visible in the fifties! Resources were becoming scarce. USA was using up more than half the world's resources processed each year to supply 6 percent of the world's population. Yet manufacturers and politicians kept pressing people to buy more (and obviously waste more) to sustain the economy!

Admittedly when the realization that manufacturers were deliberately degrading products, some outrage was vocalized calling it a "spreading infection" and taking a "customer is damned" attitude. One spelled it out pretty clear when it said, "it is even a crime against the natural law of God in that we would waste that which he has given us."

A telling note occurred in the stock market in 1959, when President Eisenhower met with Krushchev. The stock market dipped from "peace jitters". It had been noted that every time there had been a suggestion of Pentagon cuts in spending the market went into a tailspin. Similarly the stock market had a surge for 7 straight days when the Russians captured the U2 spy plane...OK OK really old news but the principal remains the same. Keep in mind it was basically the second WW that brought about the end of the depression.

One of the cures suggested to pull the US out of recession was to buy. President Ike said buy what...to which the reply was "Anything". It is well known that one of the indicators of recession is when people save and buy less luxury items and spend more on necessities. But a look at our whole economic structure makes one realize just how much of it is based on luxury items. If nine out of ten items we buy are things we don't need to get on then nine out of ten items manufactured are unnecessary. So if a recession or depression comes these luxury items are the first to go. If a prolonged depression is to occur fully 9 out of 10 workers could be out of work! These gross imbalances started to occur with people flocking into cities.

What I see in this is something of an artificial economy that at some point also has to break down. Nine out of ten items we buy we don't need! That means nine out of ten items manufactured are unnecessary and similarly nine out of ten jobs are supported by this false economy. Thus when it fails it will be far more devastating than the great depression of the 1930's. I have to think this dangerous potential outcome is at least partly a result of the migration of farmers into the cities and taking on lifestyles indigenous to the city. Were society still occupied at the same proportions of the 1850's, or even pre industrial revolution of the 1820's, economic hard times would affect far less people, as most people on their own land were self-sufficient. Now our society relies heavily on perpetual production of wasteful items and will suffer heavily in a persistent recession. Furthermore we actually owned the land back then. Now cities have perpetual leans on homes in the form of city taxes. They can steal your house if you don't pay taxes year after endless year on something you own outright. Potential legalized theft. There should be a mandatory end to taxes paid on owned property.

The economic balancing act being done since this trend occurred in the 1930's (though this could be traced back to the industrial revolution in the 1830's) means the balance is all the more precarious. It took an artificial creation of money to make it work. In reality the money shortage or money famine still exists because the only true money was gold and silver. All that holds the system together is the faith that the paper money is worth something, and the willingness of lenders to lend it and the borrowers to invest it.

## The coming Crash

This next bit is based on the book I found in the laundry room called "How to prepare for the coming CRASH" by Robert L. Preston. This will be something of a summation of his conclusions, accompanied with more current information and my limited understanding of the overall picture. As I reread and continue through all this I'm amazed at how the stuff in the first section here meshes so well with this section as I only loosely associated these subjects. It mostly deals with the coming problems in the U.S.

Though we've seen how the current situation goes back to the depression, this author notes that the origin of the current problems goes back to 1913 with the creation of the Federal Reserve act foisted on the government by some bankers. We'll get back to this.

I remember when I was a kid...maybe 11 I asked, "What makes money worth something? I mean this is just paper and this is just a piece of metal." Originally things of value were traded for things you wanted or something also of value. Cows were the original money...and the German word "fee" means cattle. With widespread use of gold and silver to make nice things and their scarcity they were quite valuable and stable so they became the convenient way to trade for other things. Governments acquired the stuff through taxes in order to be able to make power more sustainable. When large amounts of these metals were needed to buy things people stored it and got receipts for the amount of metal in storage. Eventually they made many receipts for the same amount of metal for the bearer to not have to keep coming back for parts of the metal and be issued new lower value receipts. Thus was born the bank and denominations of paper money. But it's, or was, only paper...a receipt from a bank allowing you to get that much actual gold or silver. Banks, while holding

the gold and silver found they never really needed more than about 20% of it handy so they could lend the other 80% out for gain. Then the person who borrowed the money put it right back in the same bank and used it as he needed. The bank realized they could loan it out again! So they saved 20% of it and issued more bank receipts or paper money. The unwise banker overdoing this occasionally got the customers suspicious if they needed a large amount of real or paper money and the bank didn't have it at the time. If that suspicion got hold of the population they ran to the bank to get their money out and the bank closed.

To prevent this from occurring the banks pooled money in case one bank got in trouble. They could draw on that reserve. There is \$1.40 for every \$100 set aside. Not much really and if everyone want their money in the same day or week every bank in the country would go under.

Bankers were also needed by the governments...to hold their money or to lend them money. But if that King owed them money and died or decided not to pay it back, there were problems. To stop this problem they demanded control of the nation's money. This was how the Rothschild's got their power. He lent to other countries in case his own country stiffed him then set up banks in other countries so that if he lent it to other rulers in other countries they still deposited it in his banks! Rothchild's five sons were in charge of banks in Germany, Italy, Austria, France and England. This pattern has been held to ever since with banks keeping in close co-operation.

It soon became clear that United States would be the richest nation on earth and the English and European Bankers wanted in on the act, and started buying into important firms in the States. It's known that these bankers had some sort of agenda to unite the world into a central government and gain control of the wealth of the nations to promote their agenda and influence all aspects of society from schools and churches to what governments came into power. They financed Marx, Lenin and Communism. The same way they gained control of European finances was how they planned to get control of US finances.

The bankers of America were "taught" the advantages of having a central bank and by 1910 all the bankers who represented all the important firms of Wall Street were convinced and met secretly to come up with the Federal Reserve Banking System. After a couple tries and some subterfuge the Federal Reserve act was passed in 1913.

Some in congress understood what this bill could mean. In December 1913 Henry Cabot Lodge Sr. said "This bill as it stands seems to me to open the way to a vast inflation of the currency.... I do not like to think that any law can be passed which will make it possible to submerge the gold standard in a flood of irredeemable paper currency." At the same time Charles Lindbergh Sr. said, "The new law will create inflation whenever the trust wants inflation" and "From now on depressions will be scientifically created." All that said by people who understood what was at stake in 1913.

Though in theory the government owns the Federal Reserve, it is in reality more powerful and is independent of the president and congress and they can't get them audited. In fact if you receive mail from the government they don't have to use stamps on the envelope but the Federal Reserve does use stamps, because it is in reality a private operated banking system. They can raise or lower their interest rates to increase their own income and affect the economy at will. They can manipulate the money supply and reap billions of tax-free profits. It is from this fund that the government borrows.

If the government needs money they issue treasury bills, notes or bonds and sell them. The money raised is used to finance the government. The Federal reserve is in charge of selling them for the government in the open market to raise the money. However if the federal reserve decides to buy them they merely print the money up for the cost of the printing (about \$1.50 for \$1000 worth of "cash") and swap printed money for Government bills, notes and bonds. That printed money is created out of nothing and produces inflation. The "open market" that buys the other Government issued treasury bills, notes and bonds are just banks licensed to buy them bought with government collateral and deposited in the Federal Reserve on behalf of the licensed banks. Similarly these licensed banks create these funds out of bookkeeping tricks and they create wealth for the banks out of nothing. They pay one fifth of the actual value of the government issues creating the credit they can now lend out of nothing to loan to the public at huge rates of interest. The interest raised from the government debt in 1969 was more than the amount the government needed to run when F.D. Roosevelt came to office. And at the same time because of extravagant nature of the U.S., they were in debt to the banking industry more than all the other nations of the world put together. In fact they are occasionally so in debt they have to borrow money to pay the interest!

All this fuels the system of inflation. That money re-enters the system, occasionally gets deposited and then that deposited money allows banks to lend five times (to as much as 8 or 10 times the amount) the amount deposited back out again.

As far back as 1959 people became concerned and actually started hoarding silver coins still in circulation! The government told them it was silly and they had lots of silver and later President Johnson said they would never stop making silver coins. Less than two years later silver was no longer used to make U.S. coins.

The government occasionally tries to halt or slow inflation but this brings the day of reckoning closer. Businesses slow down or fail, unemployment rates climb and the government gets squeamish and pumps more fake money into circulation. For the economy to be well and businesses to grow they need to borrow money, but if there is a finite amount of money the interest on that money would get higher with supply and demand. Interest in the early eighties was as high as 21%!

Banks run out of money to lend so they have to borrow from the Federal Reserve, who controls the purse strings by their interest rate...making the bank chose between foreclosing on debt to raise the money or getting it from the reserve. The reserve can choose to raise or lower the interest rate, which affects the entire economy. With the governments scared to limit spending, inflation continues and it is a precarious balance keeping inflation in check as the artificial money supply expands.

Part of the reason the U.S. Dollar still has power is because so many countries use it. But the government becomes like the private bank before that if not careful they create "runs" on the "bank" and people exchange their U.S. dollars for other currencies of other "banks" or countries. This was why the US dollar dropped from the sky to about par with the Canadian dollar. Only desperate measures have seemingly stabilized it.

Recently on the radio an economist said, we should to be braced for a global crash and be prepared as inflation paralyses the economy and banks freeze money. At least that's the gist of what I am able decipher and grasp from these quickly scribbled down notes from a month or two ago. Let's go back to the resource book for this article.

Mr. Preston felt certain there was a coming depression that would make the dirty thirties seem like a tea party. He states a depression is a "total loss of confidence in the economy of the nation." And we saw that there was a "money famine" in the depression as a result of this lack of confidence. He cited that a snapping up of gold and silver was strong evidence in a serious lack of confidence in the economy. Prices of gold and silver from 1965 to 1980 went bananas. It's happening again. People are "poo-pooing" it by saying dollar for inflated dollar the price of gold and silver now is far less than 1980...but all the same a long unabated rush to trade worthless U.S. dollars for gold and silver continues.

Unfortunately this book is old (1971) updated only to 1973 so it doesn't go into how the economy recovered in the early eighties, which was done by "Reaganomics". (He lowered taxes to encourage business investment, which in turn actually brought *more* tax dollars into the government holdings. It took about 6 years to actually start working, but it worked great. Had this been allowed to continue, the U.S. could actually have started to pay down the debt around 1990 or so with the surplus.)

When people start to fear economic troubles they spend less and this helps bring prices down "deflating" the economy...which is a good thing. But governments read this wrong and can't leave well enough alone for fear of the voters. Thus you get a vicious cycle: economy gets depressed, politicians get scared add more money, economy appears to get better, inflation occurs, they try to curtail inflation and money becomes tight and the economy depresses a bit again. This cycle gets harder to handle and requires more drastic fixes. If they try price freezes and pump money into the economy, other countries figure it out and the dollar drops in value, causing concern at home and people start buying gold and silver. Back when this book was written the US dollar was back by four cents worth of gold. By comparison the Swiss franc was backed by 82c worth of gold so why would they trade Swiss francs for U.S. dollars? So consequently the dollar dropped. And here is the catch 22. They have to drop it enough for other countries to still buy it but not so much that the citizens in the States get rid of them too. So they drop the value of the dollar in stages and in fact likely make bargains with other countries to drop it in stages so as not to cause a panic. But recently the US dollar lost about 38% of its value in just two years! (This was down from a high of about \$1.62 Canadian to about par.) Clearly the world is not happy with the U.S. Dollar.

Before major economic collapses some people catch on and they start to sell stock or dollars, and buy stuff of real value; gold, silver, and food. But eventually people catch on and a panic starts to set in. One serious problem in the stock market is many of the stockowners are speculators that don't see the long haul but only the short profits and / or often can't really afford the stock they own. If they, panic they sell and bring the house down. The bigger the problem the bigger this group of investors becomes. All the balancing act of the government and Federal Reserve do cannot offset the trouble this group can cause. But there is another, more insidious side to this.

Investigations into the causes of the "crash of 1929", show that the panic and the crash were planned. Remember what Lindbergh said above: "From now on depressions will be scientifically created." He saw something in the Federal Reserve

act that made this clear to him. Congressional hearings found that the 1929 crash was not accidental. It was an engineered series of events meant to bring about a "...condition of despair here so they could emerge the ruler of us all." The International bankers had removed their money from the stock market LONG before the crash and bought gold and silver. Suddenly people with good money were far richer when prices dropped and they could buy a lot for a little from the desperate and the bankers were able to buy many businesses and corporations after the crash. They were the people foreclosing on the poor, and even on the rich. After the depression ended the bankers owned nearly every major industry. They were also able to ram legislation into law to their own advantage, which raised the cost of Governments and thus the money they make from them. Historians and economists realize this is so. Instead of doing as instructed by law to maintain "an elastic currency", the stock market financiers started calling in loans on a 24 hour basis, forcing people to dump stocks to pay loans. This resulted in the crash. It was planned. Then the panic took its course. Had no one bought stocks on margin, or borrowed to buy stocks it wouldn't have worked. But everywhere there was debt the banks forced the issue to gain control. Banks not part of the in crowd that bought into the Federal Reserve and it's privileges were run on during the crash, because they were heavily financing broker loans at the time. All their silver and gold quickly exhausted and they went bankrupt despite the rule that said the Federal Reserve should help.

He notes (1971 figures) that thought the Gross National product was expanding by 300% in 20 years the debt had risen 400% in the same time frame.

If the Federal Reserve raises its discount rates for cash to the bankers they have to recall some of their loans to raise capital and the economy would immediately shrink. People would dump stock starting a trend and a panic with a run on the banks and complete stock market crash. In response foreign banks raised discount rates and their capital gets withdrawn from the market, which immediately forces stockbrokers to recall loans to be repaid in 24 hours, as happened October 28 1929...the crash happened the next day. To further the bankers' long-term agendas they can orchestrate something like this at any time.

In 1960 Vance Packard noted that the moral fiber of the youth of that day were deteriorated so much that there was a marked increase of crimes involving lack of restraints that were previously a normal part of society. He notes that huge proportions of POWs were far more willing to help their captors with information, and far more captives stayed in the country of their captivity then a few years earlier in WWII. Kids had become expectant of things that were formerly only considered luxuries. He mentions serious concerns with the overall conditioning of the public at large way back then, as he was able to compare with times before that.

Similarly Robert Preston felt that any depression that will inevitably happen would be far worse than the one in the thirties because moral decay in society would fail to constrain the people as it did in the thirties. And of course that is only one factor of a deteriorated economic climate. People in the country in the '70's, where there was wealth and prosperity were calling for a complete end to a so-called oppressive government and society. (Even here in Victoria I've seen protest groups with banners calling for the end of the "oppression". What oppression? Did these misguided souls get teleported from Russia and not realize it?) If these "people in the '70's" wanted to destroy a wonderful situation where people in other countries in the world would give their right arm to live in, what would they do if it DID go bad? It wouldn't just be a depression but complete anarchy. There was precious little crime in the thirties considering the conditions. But in today's society I don't have to paint a picture for you to grasp the danger of a complete economic collapse like we had in the thirties. Preston paints a frightening picture himself and even though it was written in the '70's, is bad enough! Even in the 70's under normal conditions shoplifting had raised at a rate of 80-100% a year in campus stores for years. He notes that this theft was justified in the youth's minds for lack of absolutes, and a "new morality".

## What will happen?

We continue in the same reference. Eventually all countries and even the American people themselves will lose confidence in its own currency. The manipulators will not be able or even willing to prevent the chaos and complete anarchy will rule. He thinks it will be planned and wrote a separate book called "Wake-Up America" which I don't have.

During the 1920's hyperinflation lasted a few years before it all collapsed and they were helped out of it by establishing a new currency. But a currency collapse would happen all at once now. There will be NO jobs and food will just evaporate. And anyone who has any will be robbed and even killed to get it. When people feel justified stealing when times are good they will do it more so when times are bad. Rioting and looting everywhere. National Guard would be soon overpowered, and they wouldn't be paid so they wouldn't be any help anyway. Municipal infrastructure would break down. He feels water, sewer, power and gas would all be blown up by long term dissidents. (Like Timothy McVeigh) Medical aid would vanish. With a breakdown of law and order no constraints would be held to by the lawless minded. Martial law would rule and many people would be shot on sight, only making things worse. Disease would be rampant. The modern city would

turn into a deathtrap with a myriad of various plagues. And there would be no food in a hurry. With the collapse of currency people would take it from grocers and run.

He felt this chaos could be imminent. Obviously 35 years have passed since his book, but the concerns are as real as ever. I've long suspected the worst and this book only fueled my certainty in this coming outcome. True I too often tend to see the worst possible outcomes and maybe this is all baloney, but economists even today are starting to paint a grim picture.

Furthermore many nations would like to destroy us all...even in the 70's this was so and more so now. In the chaos no doubt war would follow.

Signs he indicates to know it was coming are Federal Reserve Bank raising its rates. Politicians talking about the economy a lot and pretending it's good. Buying of solid assets sped up. Collectibles drop in value. A prolonged continuous drop in the stock market occurred. Obviously these things have happened a lot and fixes bring the dying patient back to life...but how long can the palliative care continue?

## What can be done

But this author doesn't leave it at that but suggests things that can be done to limit the affects of such a collapse. And I will add my own two cents worth. He suggests immediate action. When the end comes it's too late to act and you are caught in the consequences within hours. I feel certain safeguards are certainly not unreasonable, and the more people give them means the less impact such a disaster can have.

He first goes on about stocking up on water and purification techniques (or soft drinks) shutting off hot water tanks from possible outside contamination, and food. This was almost hoarding. Civilizations not unlike old cities about to be sacked by conquerors were surrounded for occasionally as long as two years by would-be plunderers. In fact he uses two years worth of food as a good stock. During the Cuban Missile Crisis stores were emptied in days. Only one week's worth of food is available in any city on any given day. It was common practice to have large stores of food. It wouldn't hurt to have large water containers ready for filling, and a pantry built up. We produce far more than we need and all too often much produced food is actually thrown out by the producers... so storing up food would only take up the slack and in fact boost the economy somewhat. He mentions building up stores of vital medications and then goes into long drawn out food types to stock up on. I think it might be good to buy stuff that you don't normally eat to resist temptation to reduce supplies if your cupboards are empty. He didn't mention razors but quality razors are hard to find even now! I've bought cheap imported ones and they were useless...one shave was too much for them. I've stumbled onto triple blades that though far more expensive can get up to fifty shaves! He suggests telling trusted friends and getting more people to buy in. He also suggests learning pickling, canning and drying foods. Power failures would be certain and long lasting if ever attended to at all, so lighting and camp stoves might be good.

He goes into self-defense and obviously a more secure living space seems logical. He suggests a second home in the country or a mobile home Or selling your to move to a distant place with just a few close neighbors maybe 200 miles from a real city, and having seeds to plant and spare to trade.

And yes there is even a coin reference here. He suggests buying silver and gold coins to have to spend as money at some point. Laws have been made in the past to make owning it illegal such as during Louis XIV and FDR's time. (Mr. Chace's book "A New Deal" which FDR's new deal was based on, advocated 16 normal wealth gaining practices to be turned into punishable offences, even by firing squad. One was having gold.) Paper will be worthless so savings in banks become that as well. He suggests having \$250- \$1000 actual silver and gold coin. If those Archaeologists have their way they'll make it a federal offence to spend anything older than 1911 so that might be worth considering. He thinks with this real cash you could be like a king in such a serious economic collapse. One person in the depression bought a brand new car for 500 pounds of potatoes. Avoid luxury and collectable items...they lose almost all their value. Though we are theoretically not on the gold standard the fact is it is and will always be valuable. But I find an interesting prophecy that the ruler of the world would have it all. So this might be a moot suggestion. Another one says that a measure of barley (a day's food) would be a penny (a day's wages) so these manipulators may really have it in for us all.

Lenin said the best way to destroy the capitalist system is to debauch the currency. Keynes wrote that those in control of process of inflation could "confiscate, secretly and unobserved an important part of the wealth of their citizens". Interestingly advanced a program of economics that he knew would bring about financial destruction to any nation that followed them.

The foresight of Thomas Jefferson is well worth repeating here. He wrote "If the American people ever allow private banks to control the issue of currency, first by inflation then by deflation, the banks and corporations that will grow around them will deprive the people of all property until their children will wake up homeless on the continent their fathers conquered.

The love of money is the root of all evil.

## Insult upon insult

Some joker I overheard on the radio...who apparently wasn't joking wanted to change the Canadian coat of arms...again! He said our coat of arms looks like something out of the "Kingdom of Narnia".

## What's new department

Well Canada mint finally decided to announce the new coins celebrating Canada's 100<sup>th</sup> anniversary of the Canadian Mint. I'm betting none of them are circulating coins...let's read the email now...

1<sup>st</sup>: There is a five ounce silver and a five ounce gold coin. The gold coin has a face value of \$500 and costs \$8,159.95 and the silver coin has a face value of \$50 and costs \$369.95. I don't think those are going to be circulating coins with a mintage of just 250 that's right two hundred and fifty coins. It would take a lot of circulating to get everyone in Canada to have that come in change.



2<sup>nd</sup>: There are two silver dollars, one has the loon and other one has the maple leaf, limited mintage of 25,000 and they cost \$59.95 again not a circulating coin. Boy Canadians are going to get pretty excited about these. >whee<...>sigh< The other is the Hudson (train).



3<sup>rd</sup>: ...Hmm another one! I actually closed the attachment and thought I better give it another look. There is one more combination set. You can get a stamp and a double dated 1908-2008 fifty cent piece But it's only limited to 16,000! And it costs you \$44.95! Boy! Talk about gouging! Makes announcing these coins seem like I condone this nonsense.

## More What's New stuff

You can buy a \$15 silver card "Jack of hearts for \$89.95.



A "lucky Loony" has been minted for the Olympics...with a loon landing in water, but they didn't say which one was the "lucky" one...after all they are minting ten million of them...enough for every third Canadian to get one. Maybe they think if you get one you'll feel lucky. I guess they think this is the case as they gave one to each Canadian Olympic participant. Maybe they think luck is what makes champions. So much for skill, perseverance, and endurance!



August, 8 08 (08-08-08) Canada at the Beijing Olympics unveiled the Big Million dollar gold coin to show off and promote sales and to get rid of our gold, platinum and silver for other peoples paper money and of course to invite hostile takeover. And possibly get business of minting coins for other countries.

**Want/ sell/ trade lists**

Feel free to place your personal wants in this section...people often read this and pick stuff up they know people are looking for:

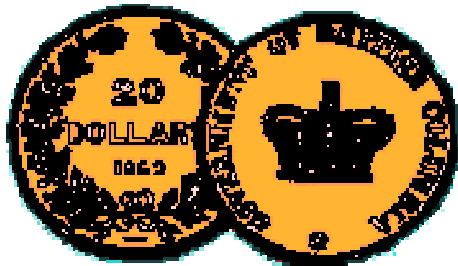
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*Michael Tarantino* (250) 384-1315 Phone (250) 384-4516 Fax

- **Stan Hunt** is wishing to acquire a 1947 silver dollar. Anyone having one for sale may contact him at 250-479-4204
- **Rick** has a 1915 Canada 25c in High grade for trade or sale. Though not ICCS graded it's been independently graded as AU55 and Au58. This would make it one of the ten best.
- **Causeway Ken the Coin Cutting Criminal** would like to obtain for ... uh... "crafts"... as much as a roll of the 2000 "Harmony" quarter (The one with the people shaped like a maple leaf) and as much as a roll of the 1992 Inukshuk (NWT) quarters.



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