# Whatever Happened to Penny Candy?

**by Richard Maybury (1989)**

The Roman government wanted money to build roads, but they could only raise taxes so much before people would revolt. So, when silver coins came back from taxes they would shave some off the edges, but this only caused prices to rise when the coins were smaller. Later they melted them down & added cheaper metals, but again prices rose & this time people hoarded the good coins. By debasing [lower the value] of money, people want more because the money is worth less [law of supply & demand]. That is why coins now are ribbed [reeded] edges so it would be obvious if someone shaved them. US coins were 90% silver before 1965. Now they are clad.

People & companies that had extra money needed a place to store it. A money warehouse would give them a receipt [banknote] that they could later exchange for the gold or silver. Until 1960's US paper money was called silver certificates & could be exchanges for silver. But when government printed too much money & couldn't guarantee the silver anymore. So, they took us off of the gold standard in 1971.

Us currency [Continental Dollar & Greenback Dollar] were severely devalued during the wars because government printed so much to pay for the war. If the amount of money in a system does not change, then raising the pay of one man would have to balanced by lowering the wage of another. However, since government is always printing more money then both get a raise & the price of goods rise as well.

During WWII, government controlled prices & amount of goods that could be bought so got by with less or went to the black market. And in the same time Germany was counterfeiting British & US money to cause inflation. Your granddad might have only earned 25 cents per hour, but his new car cost much less than it does today as well.

A depression is a corrective period following inflation. Government inflates until it is scared of rising prices [inflation], then back off until it is afraid of unemployment [depression]. If your neighbor loses is job it is a recession, but if you lose your job it is a depression. A recession lasts months, but a depression lasts years. People's spending habits increase in good economic times & decrease in bad.

Economic cycles should be watched carefully. Some make a fortune timing when to buy & sell, but most go broke. The Federal debt is out of control. It took about 200 yrs to reach $1trillion & only 5 yrs for the 2$^{nd}$ trillion [almost $20 trillion in 2016]. In the 70's, most families became a two-income family, but the 2$^{nd}$ income pretty much goes to taxes.

Study history & you will find a stable money system in healthy countries, they decline with unreliable money [Switzerland & Germany are strong, while Mexico & Argentina are weak]. 1945 Germany was chaos until Ludwig Erhard lifted price controls, lowered taxes & created the stable Deutschmark [other countries took a different approach did not do as well].

When the US government stepped in to correct the Great Depression & in some ways it made it worse. There were more unemployed in 1940 than in 1931. WWI caused financially hard times, but the Jews were the only ones that understood money & had some. Hitler told the public the Jews caused their problems & began persecuting them [& took their money].

Books: How You Can Profit from the Coming Devaluation (Harry Browne) [explains how the Federal Reserve causes inflation]; Clipper Ship Strategy (Richard Maybury) [business cycle management]

There ain't no such thing as a free lunch.