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ALTERNATIVE HISTORY REVIEWS

by Dale Speirs

STEAMPUNK'D (2010, mass-market paperback) is an anthology of original stories commissioned by Jean Rabe and Martin H. Greenberg. It leads off with "Chance Corrigan And The Tick-Tock King Of The Nile" by Michael Stackpole. The story is set in Egypt in 1901, where a financier who would be Pharaoh is building the Aswan Dam with spider machines to lift the blocks into place, powered by Tesla coil generators. And, of course, airships. The dam is part of a plot to destroy another financier who has bet heavily on futures contracts for next season's cotton crop. There is a damsel in distress who is an archaeologist and views everything as a plot to steal ancient treasures, oblivious to the fact that the villain has no interest in such junk when he can make millions (in 1901 currency, not our diluted currency of today) short-selling cotton. An interesting use of economics, something that most SF stories ignore or handwave their way past into a moneyless world.

"Foggy Goggles" by Donald Bingle starts off with an excessive infodump on how steam-powered airships work, but redeems itself with a visit to the remote village of Las Vegas. A scientist has invented the steam-powered air conditioner, which for obvious reasons has become popular with the local inhabitants. The condensing steam emitted by the air modulation devices has

"The Battle Of Cumberland Gap" by William Dietz is set in an alternative timeline of North America. It is 1830, and having long since hanged George Washington and all the other traitors, the British are now fighting the French. An aging Napoleon Bonaparte wants to secure the coalfields of Tennessee and surrounding areas for the steam-powered economy of that timeline. French troops are moving in from their lands in Québec

succeeds with a neat twist in the plot.

"Portrait Of A Lady In A Monocle" by Jody Lynn Nye is set in
Chicago of the 1890s, where the upper class has clockwork

and Louisiana, using giant steam-powered tanks three stories tall.

A young British lieutenant finds himself trying to stop them at

Cumberland Gap using untested steam-powered cannons. He

Chicago of the 1890s, where the upper class has clockwork servants and drinks at a soiree are served from miniature airships hovering at head height. Penelope Galferd has had her invention of an electrical chromatograph stolen from her, and she means to take it back. She has invented a monocle with a spinning crystal that mesmerizes people into telling the truth and uses it to get a confession from the guilty man. A nice touch in this story is Galferd's struggle against prejudice against female scientists and

the assumption that they could never invent anything of value.

-2-"Foretold" by Bradley Beaulieu is a mishmash of fantasy, steampunk, and AH, far too illogical and unbelievable even for the loose standards of fantasy. The story is set in the Russian Urals, where giant steam-powered walking machines a la Star Wars are used as mobile mining mills. They hunt for freshly-fallen large meteorites which seem so abundant that there is an entire industry based on scavenging and processing them for some mysterious ore. The story is explicitly set in 1899, so there can't be a shortage of mineral resources in the ground. Each walker has a soothsayer with a mechanical oracle. The soothsayer takes a few star sightings with the sextant, plugs the numbers into the oracle, and it predicts where the next meteorite will crash. The story revolves around a soothsayer who is losing his talent at prediction, while his apprentice is supplanting him. Excitement with pirate walkers ensues, the apprentice grows to priesthood, and the reader is left still wondering why the

"The Echoer" by Dean Leggett follows the checklist for AH stories. The protagonists are building an airship (item 1: check) in the shape of a flying wing (item 2: check) propelled by clockwork (item 3: check). The story revolves around the attempts to get the airship up and running in Texas circa the 1910s, just after the Spindletop oil wells blew in. It reads well and would not have been out of place in ANALOG magazine during the John Campbell editorship.

meteorites are of any value.

"Of A Feather" by Stephen Sullivan is about an expedition to Mount Roraima in the Amazon jungles, in search of pterosaurs said to inhabit the area known as Maplewhiteland, an obvious homage to THE LOST WORLD. There is a rival Russian expedition traveling via airship, and the race is on to be the first to bring back a flock of pterosaurs alive. Of course, if there really were pterosaurs, they would have long since flown on to civilization and been discovered. Unfortunately the author adds in an enemy scientist who has psychic powers, a common failing of many AH stories which invoke fantasy when none is needed. Ignoring that, the story is a well-paced action adventure.

"Scourge Of The Spoils" by Matthew Mayo is set in a Wild West where cowboys ride steam horses and the evil villain Dr. Ocularius gets around in a tunneling machine. He alters everyone's eyesight so they have to wear special eyeglasses made by him which also prevent them from seeing him. With this ersatz invisibility he manages to control the town until he tangles with a young woman who can see him. A twist ending keeps the story from being too routine. I had to wonder why anyone would bother with steam horses, but thinking it through, they would be the only practical means of mechanical transport in pioneer country where roads were no more than wagon ruts impassable in rain. Wheels are only suitable on smooth surfaces, which are rare in nature. Articulated legs can travel over rough terrain, which is

why so many species have evolved them but none have wheels.

"Edison Kinetic Light & Steam Power" by C.A. Verstraete is an alternative USA circa late 1800s, with interesting political parties and steampunk technology just stuttering into existence. Thomas Edison is busy inventing, assisted by his sister Alva. He invents a wireless light bulb powered by clockwork, but the story is diverted at the end to a suggestion by Edison's friend H.G. Wells for a device that will travel through time.

"The Nubian Queen" by Paul Genesse is set in the year 1854. Five centuries prior, glaciation restarted and Europe is under a continental ice sheet, forcing populations south into the now well watered north Africa and Middle East. This is an AH scenario which could have actually happened in our timeline and almost did. Nubia and its queen are under pressure to become part of the northern empire, but she is resisting. There are railroads, airships, and the usual accounterments for an AH version of a Renaissance bodice-ripper romance.

"Opals From Sydney" by Mary Louise Eklund is a dime-novel story about a woman who has control of a magic opal that can animate automatons. She is being wooed by an industrialist who wants the opal to manufacture a line of sentient automatons. He in turn is being pursued by the criminal underworld. There is all kinds of action and adventure, with airships and androids aplenty.

psychic mutants are confined to workshops where they animate automatons and machines by whispering to them. One of the mutants discovers he can also control humans by the same process and makes his way out into the world. More fantasy than AH.

"Imperial Changling" by Skip and Penny Williams is fantasy, not

"The Whisperer" by Marc Tassin is set in a Victorian world where

AH. The Empress of the Austro-Hungarian Empire is a faerie, and is fighting against an American inventor who would purge the world of faeries. He has invented mechanical devices to destroy the gates into the faerie world, and she must destroy him before he destroys her. It reads well but doesn't belong in this anthology.

The final story in the anthology is "The Transmogrification Ray"

by Robert Vardeman about a mad scientist during the Edwardian era working on a ray that will transform lead into gold by a concentrated beam. Both the British and Portuguese empires are after the secret. Not mentioned in the story is the fallacy of gold synthesis, namely that if it becomes possible, gold would become just another base metal because everyone would be churning it out. That turns out to be a moot point because instead the ray creates a black hole that begins swallowing everything.

On the whole, STEAMPUNK'D was a good read, albeit with some of the usual failings of AH stories. One of the better collections

I have read recently.

For a change of pace, I'll consider

SKY CAPTAIN AND THE WORLD OF TOMORROW,
a 2004 movie done mostly with live actors working against green
screen special effects. The film opens with a sequence of the
Hindenburg 3 docking at the Empire State Building, so that
definitely establishes the movie as AH. The backgrounds and sets
are sepia-toned computer-generated effects, set in a world where
WW2 fighter planes are in use but against a wanna-be evil
overlord using giant robots to conquer the world.

The plot is the standard chase scenes and battles en route to the overlord's lair. There are handheld ray guns, giant airbases in the sky kept aloft by horizontal propellers, flying wings that actually flap their wings, and all sorts of retro doodads. Nobody has access to helium, as even the American dirigibles are lifted by hydrogen and explode at the slightest provocation.

The computer-generated scenery tends to be a bit distracting at times due to deliberate soft-focus effects. Ideally the best effects are the ones no one notices as self-conscious images, not those which call attention to themselves and jar the viewer out of the movie. The movie tries to pay homage to the 1940s serials by following their style but ends up being a parody. As long as you suspend all your disbelief, you can enjoy this movie for the harmless action-adventure that it is.

Introduction.

by Dale Speirs

THINGS THAT ARE TO COME

The Great Recession (working title, future generations may know it by a different name) grinds onward despite cheerleading from

the banksters that happy days are here again. Many look to the past to find out not only why the Panic of 2008 happened, but what history might teach us to avoid the worst of it. THE GREAT RESET (2010, hardcover) by Richard Florida compares the aftermath of the Panic not to the Great Depression

as most commentators do, but to the Long Depression of 1873. In the same way that World War One was originally known as the Great War until a greater war came along, the Panic of 1873 was originally known as the Great Depression until a bigger one came along.

The Long Depression was a type of event known as a Kondratieff winter. As the economy slumped, manufacturers had to innovate to survive. The late 1870s saw some revolutionary developments

Florida (the author, not the state) attributes the Panic of 2008 to the long-term failure of suburbanization, which indirectly triggered over-consumption, under-saving, and a distortion of the economy. There is a limit to how much can be consumed, or how big a house can be. With the crash, there was no way to restart the economy and resume spending as before, but the momentum of the system will keep it going for many years at reduced levels. Florida notes that while other great financial cities have risen and fallen (Venice, Amsterdam), they took decades to decline, so we

cycle repeated during the Great Depression when radios became

a popular source of entertainment that cost nothing after the purchase price, and thereby killed vaudeville. Cars became more

widespread, as a result of which the suburbs bloomed.

author) and Arizona.

Looking Ahead. In the second half of the book, Florida (the author again) moves from recent history to what is to be done. He notes that the financial industry will have to make a long slow transition

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from speculative trading, which is parasitical,

should not expect the death of Wall Street anytime soon. The

FIRE economy (financial, insurance, real estate) has been affected

unequally. Places with large FI economies took less damage after

the Panic than RE economies like Florida (the state, not the

in mass production, such as the first cheap safety bicycles, which freed people from the expense of the horse in cities. Printing methods improved dramatically and created hundreds of massmarket magazines and books. A couple of generations later the

by commissions and fees. He also offers the standard solution that future careers must be in services, but most of those will be as sales clerks and janitors. There is, however, one sector that will do well in future years, that of federal capital cities such as the District of Columbia, Ottawa, and Brussels. Federal government jobs in the capital cities will tend to be more stable and pay better.

to investing, which creates businesses and new wealth. Realtors,

bankers, and stockbrokers do not create wealth; they bleed it off

The manufacturing jobs are not coming back. Even with a depreciated American dollar, the wage differential and government interference is too great. American workers want \$15/hour and benefits; foreign workers get \$10/day and no benefits. Factories and mines overseas can be approved in weeks or a few months; in the USA it takes five to ten years to start a mine and factories are constantly harassed by government inspectors for petty regulations.

This ties in with the next point; in North America, "shop til you drop" is dead. McMansions and luxury SUVs are easy to ditch but it will take awhile before people really understand that they don't need the latest iGadget from Apple. The next generation is already downsizing from necessity rather than choice, and consumption will drop. They prefer to rent than buy houses, not so much because they saw what happened to prices but because they realize that houses tie you down and prevent an easy move

Metropolitan cities will continue to exist but the suburbs will not become wastelands, except in special cases such as one-industry towns like Detroit, which has lost half its population since the 1970s. Rather, suburbs will slowly densify along transit routes and around major shopping malls that have essential services such as a supermarket and doctors' offices. Suburban homes too far away from transit lines to walk to in ten minutes will gradually become slums and then be cleared away and reverted back to nature. After the reset, the dwellers out in the urban sprawl will make greater use of transit, although the private car will never go away. Central cores such as Manhattan are actually cleaner and greener than leafy suburban acreages on a per capita basis, because more people use transit instead of driving everywhere. Florida also touts high-speed rail in North America but I think that will be a long time coming. There won't be any budget money to build them unless Wall Street decides to fund them out of petty cash.

The Great Reset will not be the end of the world but will require the next generation to live smaller than we Boomers did. There will be much crying and whining along the way, but so there was during the Long Depression and the Great Depression.

Mostrous, Elliott Gue, and David Dittman looks at sovereign wealth funds (SWFs) and state-owned enterprises (SOEs). Once these were obscure acronyms who operated quietly behind the scenes, but now they are so large and powerful that their movements are scrutinized closely.

SWFs were created by resource-rich countries as a place to hold

surplus revenues, usually from oil, and invest them elsewhere for

THE RISE OF THE STATE (2011, hardcover) by Yiannis

the benefit of the country. They operate as holding companies, that is, buying into businesses but not actively participating. SOEs are government-owned companies that actually do some sort of business, such as petroleum or mining. SWFs exist to provide income when the oil wells run dry. SOEs are for strategic purposes, to ensure supplies of energy and minerals, and are not

necessarily expected to make a profit, although it would be nice. One type of SWFs are national pension funds, such as the Canada Pension Plan Investment Board (CPPIB) or the provincial equivalents such as the Québec Pension Plan or the Alberta Investment Management Corporation (AIMCO). These pension plans are self-funding and operate at arm's length from the governments. They buy into the usual stocks and bonds but also into other investments worldwide. AIMCO is responsible for funding plans such as the Local Authorities Pension Plan, which is the one that I get. As an example, AIMCO recently bought into

Alberta government also has another sovereign fund called the Alberta Heritage Trust Fund, which is used to fund deficits during lean years such as we have now, while enabling the province to stay debt-free. It is funded by oil royalties. God bless Peak Oil. There is something that trips up North Americans and Europeans, used to thinking of companies in terms of net income or capital gains. They get faked out when a Chinese or Arabic SOE apparently overpays for farmland or a mine, not realizing that the purpose is not to make a profit but to guarantee food supplies or cheap gasoline for their people. The Chinese Politburo do not fear Russia or the USA half as much as they do the tens of millions of young Chinese who enter the workforce each year looking for jobs. Unemployed workers can cost them the Mandate of Heaven,

and the Premier and his cabinet are well aware of it. Subsidized fuel is essential to help keep the factories humming. No Saudi

prince worries about the Iranians as much as they do about the

young population of Saudi Arabia. That country went from 7

million people in the 1970s to 30 million today, and has no ability

to feed itself. If the price of bread, kept at a few cents per loaf,

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toll roads in Santiago, Chile, so a few pennies of my monthly

pension cheque will be courtesy of Santiago commuters. The

The term "sovereign wealth fund" was only coined in 2005, although what we today call SWFs are dated

rises a few pennies, then riots break out in the street.

back to 1953, when the Kuwait Investment Board was formed. all electronics, whether a cellphone, laptop, solar cell, The first conspicuous clash occurred in 2006 when an American electric car, or large-screen television. About 700 million company was outbid by Dubai Ports World for the leasehold of troy ounces are mined per year worldwide but 600 million of that ports in various American cities. Having lost on the free market, goes straight to the manufacturers, mostly in China and never they stirred up a xenophobic storm and convinced Washington, comes on the open market. The Chinese manufacturers use only D.C., to rescind the deal. Part of their campaign was that two of the 9/11 highjackers had carried passports from the United Arab Emirates, of which Dubai is part. Nothing was said about the fact that 15 of them were Saudi nationals, but then again even the xenophobes weren't going to pick a fight with the third-biggest supplier of oil to the USA. During the Panic of 2008, attitudes towards SWFs suddenly changed when they helped prop up the largest American banks by buying stocks and bonds. In 2011, as the Euro staggered from one crisis to another, it was the Chinese

Much of this book is taken up by a detailed look at how energy and commodity supplies are quietly being locked up by China, India, and Saudi Arabia. The SWFs and SOEs are being used not just to buy the oil, minerals, or grains, but to buy the fields, mines, and farmland producing them. The local populations of Africa, Central Asia, and South America are employed to do the grunt labour, but the production never enters the open market. It is

shipped directly home, quietly bypassing notice of those noisy

Americans and Europeans. As an example, silver is essential to

would touch.

a few grammes in each electronic device but that silver cannot be substituted and is such a small part of the final price that the manufacturers are insensitive to the cost of the silver. Only 100 million ounces are left for jewelry and investment demand, hence the price increase of silver from \$2 per ounce in 2000 to \$30 in 2011. And of that 100 million ounces, 40 million is used by the U.S. Mint as sales of silver Eagle coins soar every time Ben Bernake assures Americans that the economy is recovering with each trillion dollars he prints. Much of the remaining silver is and Japanese SWFs who bought Eurobonds that no one else taken up by other national mints as well; the Royal Canadian Mint works three shifts trying to produce enough Maple Leaf coins. The same scenarios are discussed for energy, whether oil, coal, or natural gas. Even decades from now, about half of all electricity will be generated from coal, which will always be cheaper and easier than solar cells or wind power, at least as long as supplies last. Clean drinking water is of vital concern in most of the world.

North Americans and Europeans seldom think about it because we

turn the tap and get it anytime, but most of the planet's population

does not have access to clean water. The SWFs and SOEs are also

hunting for it in a big way.

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SOE, and looks at how they have developed in the past decade. While Americans were betting on the price of houses and Greeks were enjoying early retirement on gold-plated pensions, the Chinese were building out massive ports and railroads and India was taking over the call centre industry. The authors also make numerous detailed recommendations for individual investors on how to prosper by following the megatrends now rolling over the planet. This book emphasizes the practical details of how SWFs and SOEs are changing your future. You will not find these details in the mass media, not THE GUARDIAN nor the CNBC network. SF fans who read near-future SF might like to

The book goes into specific details country by country, SOE by

SINGING POLYWATER DOODLE ALL THE DAY

by Dale Speirs

Introduction.

Those of us of a certain age who follow the science news will

reconsider those stories in light of the real things to come.

instantly recognize the word polywater. It was a brief fad that could have been a contender, but ran up against reality after a few short years. Its cousin appeared a few decades later when cold

fusion briefly sparked hopes of electricity too cheap to meter. I

recently stumbled across an interesting account of the rise and fall

Most substances are denser in solid form than as a liquid, but water as a solid (ice) floats on its liquid form. It has an abnormally high ability to store heat, which is why ocean currents can carry warmth to the North Atlantic and keep England from being like northern Ontario. These two factors alone preserve life on Earth, elsewise over time the oceans and lakes would freeze solid and stay that way. To find an even stranger form of water in the 1960s caused a sensation.

of polywater. The author was Felix Franks, who was an observer

of the controversy during those days, and knew the people involved. His book POLYWATER (1981, hardcover) is quite

Ordinary water is by itself an anomalous natural substance. As

Franks remarks: "The fact is that water offends against nearly all

the criteria of normality laid down by physicists and chemists."

readable, but if you want a copy you'll have to search online.

We Want To Believe.

A subject of considerable importance to chemists and biologists is that of "bound water", which is the behaviour of water along a solid surface and in microscopic tubes such as the capillaries of the blood stream. Water behaves differently at a contact with a solid surface. Its surface tension varies, and electrostatic charges alter its response to chemical reactions. Water flows

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differently along the contact of a solid than

The Russian scientists published their results in the early 1960s, but it wasn't until a British conference in 1966 with Deryagin as a guest lecturer that polywater became widely known. Solids can exist in multiple forms; water ice is known to have eleven. Water as a liquid is only known in one form, so the existence of polywater created a stir. (Heavy water, used for nuclear reactors

times more than ordinary water.

is a different species altogether.)

For the next couple of years, there was a lacunae as British and

grabbing the credit.

American scientists tried to replicate the Russian experiments. The technology was simple in theory but it was fiendishly difficult in practice to purify ordinary water and decontaminate the equipment. The Russians continued their research and announced that polywater had a molecular weight of 72, which corresponded to a water molecule with the formula of H₈O₄, instead of the normal H₂O. This suggested that the anomalous water was a polymer, or a chain of bound molecules, hence the name polywater. The Russians published frequently, while the British and American scientists cut each other out of the loop so none of their competitors could pre-empt them by publishing first and

is deuterium oxide, not hydrogen oxide as in ordinary water, and

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subject. In 1960, Nikolai Fedyakin was studying the behaviour of water sealed in very narrow vertical glass capillaries. He noticed that over several days a column of water at the bottom of a half-filled capillary would shorten and another column grow at the top in the same proportion. Analysis showed that the water in the upper

column was denser than in the lower column. Fedyakin published his results in 1962 in a Russian journal. No one in the western

world paid attention, the few that could read Russian. He was

noticed by powerful scientists in Moscow, led by Boris Deryagin,

who then co-opted his work, although they always gave him full

credit for the discovery and listed him as co-author in many

Deryagin and his colleagues hoped the anomalous water was real

and not an artifact of contamination. They began replicating

Fedyakin's experiments using better equipment such as quartz

capillaries and ultra-pure water, and went out of their way to

eliminate any kind of contamination. The anomalous water still

appeared. It had 15 times the viscosity (thickness or ease of

flowing) as ordinary water. It did not freeze until -30°C and did not boil until 250°C. When heated, it expanded in volume 1.5

subsequent papers.

it does away from the surface in the middle of the flow, which

By late 1969, polywater was beginning to attract notice from popular science magazines and the more intelligent newspapers.

Nothing Is Forever.

be, there was no threat.

The NEW YORK TIMES had an editorial about it in the September 22, 1969, issue. In peer-reviewed scientific journals, the first English-language papers began appearing. American mass media

outlets were not prepared to accept that Russians had discovered polywater. Remember that this was during the height of the Cold War. While Apollo 11 had taken some of the sting out of Sputnik, there was still much insecurity. Some reporters managed to dredge up experiments by American scientists in the 1920s that

had only a tangential connection to polywater and used them as

proof that the Russians were copying someone else's work. Many

newspapers reported American polywater research in such a way as to imply that the British and Russian scientists were only following the American lead.

There were fears that a seed droplet of polywater could polymerize all the world's water and destroy life, much like Ice Nine from Kurt Vonnegut's novel CAT'S CRADLE. Scientists pointed out that polywater was formed on quartz in the laboratory. Since countless crystals of quartz in nature were regularly wetted by natural water but never polymerized, even though they could

papers were suggesting that it was a form of silica-contaminated water. The main problem was that no one could synthesize enough polywater to do any decent studies. The contamination was microscopically low and a challenge to identify with the technology of the day. Although papers on the subject continued to be published as late as 1972, the excitement fizzled out. Deryagin and his colleagues quietly exited the scene. The proponents of polywater faded away, and for many it became the embarrassment of their careers.

Polywater as a fad peaked in 1970. By then, more and more

by Dale Speirs

AURUM EST POTENTIA

1.5 trillion dollars per year.

Introduction.

Governments hate gold as a basis for currency. It imposes discipline on them because it cannot be manufactured in endless supplies on a printing press or, in modern times, by tapping a few keys on a computer. Gold takes considerable time and effort to dig out of the ground and refine, and the rate of increase in its supply is only 2% a year. By contrast, the U.S. Federal Reserve quadrupled the supply of American dollars in five minutes with a

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computer in late 2008, and is currently printing

hand, and spend a chapter or data dumps on things

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Soft money is paper banknotes, coins made from base metals (copper, nickel, zinc), and electrons on computer screens. Governments and central banks like soft money because it can be easily and cheaply manufactured in infinite supply. After World War Two, the eastern European countries were brought under Soviet control not only by force but by hyperinflating the existing currency to make pensions, bank savings, and bonds worthless, not to mention outlawing gold. Hard money is gold and silver, accepted everywhere in the world. No matter where you are in the world, every moneychanger will accept gold. Hard money requires financial discipline because you can't spend more gold and silver than what you physically possess.

Humans, of course, tend to resist self-discipline, wanting instant gratification. During hard money eras, low interest rates and fixed prices lasted for decades or centuries, while soft money economies fluctuate wildly in boom/bust cycles such as we are now living in. Historically, nations alternate between the two, prospering in hard money times, then falling to the temptation of printing money, only to see it all end in tears when the soft money plays out.

them onto the gold standard. Opponents trot out the old saw that there isn't enough gold in the world to act as reserves and if it were done, the price of gold would go to at least \$16,000 an ounce. The real reason for their opposition is that if it were done, the public would suddenly realize just how much the dollar had devaluated if it now took \$16,000 to buy an ounce instead of \$20.67 as it did in 1900.

Many people suggest that governments be made honest by forcing

The History.

Nathan Lewis is a look at the economic history of gold, the only universally accepted medium of exchange throughout human civilization. He begins with a capsule summary of the search for a means of exchange in prehistory. Barter is difficult if one doesn't have anything to trade with that others want, so human societies soon established equivalents such as seashells, tally sticks, and, most successful, gold and silver. Currency allowed the specialization of labour, and the gold standard allowed stable prices, sometimes for centuries. The gold standard failed on August 15, 1971, when Richard Nixon took the USA off the gold

standard. Fiat currencies (paper money unbacked by any kind of

physical reserves) now dominate the world. The chapters in this

book consider the ongoing struggle between soft money advocates and the gold bugs. Lewis tends to veer away from the subject at

GOLD: THE ONCE AND FUTURE MONEY (2007, hardcover) by

Inflation is common throughout history, either by reducing the amount of gold or silver in circulating coins (debasement), or by

circulating more currency than is needed (commonly referred to

as running the printing presses). It favours the debtor and reduces

the income of the creditor. The biggest debtor in any country is

the government, so there are no prizes for guessing why inflation

is favoured. The problem is that creditors retaliate by demanding

Cheaters Always Prosper.

high interest rates and shorter terms on leases and mortgages. Those of us who were adults during the inflation of the late 1970s/early1980s remember the double-digit inflation. I was paying 17% interest on my mortgage, a good deal at the time because most people were paying 18% to 22%. In 1982, my coworkers and I got a pay rise of 13.5% per year for two years, yet we justifiably grumbled it wasn't enough. Gold standard eras, on the other hand, had interest rates below 1% for decades at a time, 25 cents an hour was a good living wage, and you paid the same

price for bread as your grandfather did. Floating currencies are paper currencies whose value in relation to other currencies change daily, and are what every nation uses today. When a burst of inflation or deflation occurs, it takes about a decade for the currency to re-value itself. This is due to the time required to re-set long-term contracts such as mortgages, bonds,

or union contracts. In the days of gold standards, where each

with the colonial days of gold and Spanish silver dollars (8 reales face value, hence the expression "pieces of eight") upon which both the American and Canadian dollars were originally based. The only hyperinflation the USA has ever experienced was during the 1776 Revolution. The Continental dollar, a paper banknote, was used from 1775 to 1781 to fund the war. It began at parity with the Spanish dollar and ended at \$168 per coin, if you could

currency was a fixed amount of gold, such disruptions were rare. Since 1971, these disruptions have been continuous and exchange

Lewis has a chapter on the history of American money, beginning

find anyone who would accept Continentals. From there,

American economic history is a series of fluctuations between

hard and soft money, paper versus gold versus bimetallism (gold

for large debts, silver for daily commerce), high and low tariffs,

larger failure.

rates fluctuate by the second.

and financial panics (1819, 1837, 1873, 1893, 1907, 1929, and 2008). The Panic of 1929 is taken by many as synonymous with the Great Depression, but it was actually just the prologue to a The Gold Standard.

Gold supplies are steady over time. Little is consumed or lost. During the Spanish conquest of the New World,

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and the Yukon/Alaska gold rush of the 1890s,

Over the last millennium nations have gone on and off the gold standard. Going off the standard is easy. Governments refuse to redeem paper money for gold but will take it as payment for taxes and fees. Taxes gradually increase and exceed the amount of banknotes in circulation. The government prints more banknotes to keep the taxes coming in, then a bit more, and soon ramp up the printing presses to full speed. The currency then devalues slowly over a couple of decades, then crashes, and finally is refused by the people. The government is forced to back the notes with hard assets, and the gold standard comes back.

The chapter on the history of central banking is not recommended to those who suffer from high blood pressure. Bank runs and credit freezes are nothing new. The earliest liquidity crisis as we use the term today happened in Rome in 33 A.D. (in an unrelated matter that year, a provincial governor in Judea sentenced a

Jewish carpenter's son to death by crucifixion). Central banks

were intended to provide liquidity during panics, but soon spread

their tentacles into other parts of the financial system. They could not resist attempting to fine-tune the economy with stop-and-go monetary policies that bounced the economy up and down, up and down, up and down. During the gold standard era, until 1971, such mismanagement was relatively moderate. This excepts the Great Depression, sui generis among economic crises, but that was due to an international trade war and cannot be blamed on the banksters. Not everything is the Devil's fault.

causing booms and busts to become more extreme.

-14-

The Fall Of The Gold Standard.

There are two categories of economic disasters: a) the Great Depression, and b) all the others. Lewis adds his voices to the millions of words that have been written about the Great Depression. A wide variety of the usual suspects have been blamed, but trade protectionism is generally agreed to have turned what would have been a one or two year panic into a lost decade. The Americans imposed high tariffs on imports and the other countries retaliated. Roosevelt then tried to sneak around them by devaluing the American dollar from \$20.67 per ounce of gold to \$35. This made the dollar so much cheaper against other gold standard currencies that even with the retaliatory tariffs, American goods would be cheaper internationally.

After the world went off the gold standard, there was no restraint,

policy, as countries raced each other to the bottom. The gold standard fell apart, protectionism escalated into commodity embargoes, and the social stresses made World War Two an inevitable result.

The other countries had no choice but to devalue their currencies

against gold. "Beggar thy neighbour" became the universal

In 1944, the developed countries established a new type of gold standard, known as the Bretton Woods agreement. It was a weak agreement that allowed currency devaluations, soft money, and gold prices that were controlled but mostly fiction. In the post-

war era, governments and voters wanted good times again, so inflation picked up steam, and by 1971, when the USA officially went off the gold standard, fiat currencies ruled. Ronald Reagan, for all his other sins, recognized that the ruinous

boom/bust cycles of soft money could be stopped by reverting to a gold standard. He intended to make it part of his 1980 election campaign but was shouted down by his party advisers. The decades since turned out to be a wild ride everywhere for fiat currencies and economies. There was no standard anywhere to anchor a currency and provide discipline. Lewis illustrates this by

going into an extensive blow-by-blow account of each currency

disaster, from the Asia crisis of the 1990s, the Russian hyperinflation after the fall of the Soviet empire, and the Mexican

peso collapse.

The Future Gold Standard.

The Wall Street banksters are opposed to the gold standard

because they make their money on trading commissions. It

doesn't matter if the markets are climbing or falling, the traders

get their cut, and chaos such as we have had since the Panic of

2008 only favours them. No broker gets paid for letting his clients sit on cash or gold, hence the antipathy. Many banks do not buy or sell gold for physical delivery at the retail level for this reason, so individuals have to buy from coin dealers. The only bank in Canada that sells retail physical gold to walk-in customers is the Bank of Nova Scotia. Most retail gold is from coin dealers. Lewis views all history through the lenses of currency and gold, such as attributing the Balkan wars and breakup of Yugoslavia to the exchange rate between the American dollar and the dinar. His concluding chapter discusses the only known method in human history of stabilizing currencies, that of tying them wholly or partially to gold. One problem he notes is that there are no people left with actual experience in running a gold standard. Anyone

retired or dead. The vast majority of people living today came to adulthood after the gold standard was abolished, and thus have no memory of a time when \$200 a month was a good pension and you paid the same for a loaf of bread as your parents did when they were your age. -15-

who was a 30ish adult in the banking system in 1971 will now be

SEEN IN THE LITERATURE

noticed by Dale Speirs

Bowles, S. (2011) Cultivation of cereals by the first farmers was not more productive than foraging. PROCEEDINGS OF THE NATIONAL ACADEMY OF SCIENCES USA 108:4760-4765

"Did foragers become farmers because cultivation of crops was simply a better way to make a living? If so, what is arguably the greatest ever revolution in human livelihoods is readily explained. To answer the question, I estimate the caloric returns per hour of labor devoted to foraging wild species and cultivating the cereals exploited by the first farmers, using data on foragers and land abundant hand-tool farmers in the ethnographic and historical record, as well as archaeological evidence. A convincing answer must account not only for the work of foraging and cultivation but also for storage, processing, and other indirect labor, and for the costs associated with the delayed nature of agricultural production and the greater exposure to risk of those whose livelihoods depended on a few cultivars rather than a larger number of wild species. Notwithstanding the considerable uncertainty to which these estimates inevitably are subject, the evidence is inconsistent with the hypothesis that the productivity of the first farmers exceeded that of early Holocene foragers. Social and demographic aspects of farming, rather than its

productivity, may have been essential to its -16emergence and spread. Prominent among these aspects may have been the contribution of farming to population growth and to military prowess, both promoting the spread of farming as a livelihood."

"However, an evolutionary argument may be able explain the eventual spread of farming once it was adopted in a few places. Because of extraordinary spatial and temporal variations in weather, soil quality, scarcity of wild species, and other conditions that could make farming rather than foraging an efficient provisioning strategy, it is likely that a few groups would have found it advantageous to take up farming as their primary livelihood. Then, in order for farming subsequently to be adopted by other groups, farming need not have lessened the toil of subsistence. Even if health status and stature declined, the lesser mobility of farmers would have lowered the costs of child rearing. This lowering could have contributed to the dramatic increase in population associated with cultivation and, hence, to the spread of farming. Or the fact that agricultural wealth (stored goods and livestock particularly) was more subject to looting may have induced farming groups to invest more heavily in arms and to exploit their greater population densities, allowing them to encroach on and eventually replace neighboring groups."