

Fund has plenty to spend on its pets, the Banks get to lend all the fiat and charge interest, and all the new spending is getting people to buy again. As part of their reward, the Witch Doctors get to apply their witchcraft to their names. Now they are called "Wise Men." Or "Economists". And those who once were called economists are called cruel and heartless and backward for not believing in Magic.

And a worse inflation hits, and a worse depression.

CRACK-UP BOOM

(Katastrophenhaufe)

If the Fund just keeps pushing fiats on you at the same rate, you will have a steady inflation. And a depression will clear out the bad investment that results. But if the Fund tries to escape the Depression, then what? Suppose it prints more and more, faster and faster, to stimulate a "boom?"

Well, you already know that whenever it stops, you'll have a Depression. And the more fiats, the more bad investment, and the worse the capital liquidation and unemployment. And the Fund can't just stand still. They have to print faster and faster to catch the businessmen unaware and fool them.

Again you run into your old friend. "How much for the milk?"

"100 bills."

"But it was only 50 last night."

"If you think *that's* bad," he says, "I have to pay my helper every couple of hours so his wife can run out and spend it while it's still worth something!"

"Maybe we ought to give up this money," you suggest. "Look, gold has been legal again to own, so we can start paying each other in it."

"Shh," he tells you, "some of us already have. But be quiet or the Fund's goons will arrest you. They call it 'speculation' and it's not allowed—you know, illegal." And as people spend their fiats but refuse to take them, they become worthless. Not all the goons of the Fund can save them. Along the way, though, they caught the dairyman selling milk for a higher number of fiats than they would allow. You know that he could not afford to sell it for their "controlled" price which was, as prices soared, less than it cost him to pay the farmers. And as people began to refuse to obey the goons more and more, he is executed as an example.

And you and many others are furious at the injustice. And you fear for yourselves and your friends.

"Counterfeiters! Con artists! Wizards and thugs!" you call the Fund and bank people. *And they are.*

HOW TO DEAL WITH INFLATION

Above all, *save your savings!* After all, it's *your* money, not theirs. Why should you let them inflate away *your* earnings? The obvious protection against inflation is to store your savings in anything *except* fiat money: gold, silver, tools, useful household goods.

For more ideas on protecting your earnings from political predation, write to the only ones who are fighting for freedom with sound economics:

Movement of the Libertarian Left!

AGORA·ANARCHY·ACTION!

I am a member of the **MOVEMENT OF THE LIBERTARIAN LEFT!** Sign me up and send me the following benefits:

- Tactics of the *Movement of the Libertarian Left* newsletter.
- *New Libertarian Manifesto*, the fundamental book of agorism.
- **STRATEGY** of the New Libertarian Alliance, the-oretical journal of agorism (soon to become The Agorist Institute's *The Agorist Quarterly*).
- *New Left Notes*, irreg. student outreach publication.
- Samples of all issue pamphlets *as they are written!*
Available now or shortly:
 1. Introduction to the *MLL*.
 2. TAX IS THEFT!
 3. Inflation & Depression: Causes & Cures
 4. The Nuclear Question
 5. Our Enemy, The Party
 6. War or Liberty? The Real Choice!
 7. Libertarian Revisionist History
 8. Public Child Abuse: Atrocities of Education Statism
 9. Counter-Economics
 10. CounterCampaign 1988: Vote for Nobody!
- Contact with a local or your nearest cell (chapter).
- Back issues on request (if available) of any of the above.

I ONLY PAY ONCE for basic membership:

And here is my \$25 or 2 gm Au.

Name _____

Address _____

City _____

State/Province _____

Postal Code/Zip Code _____

Country/Continent _____

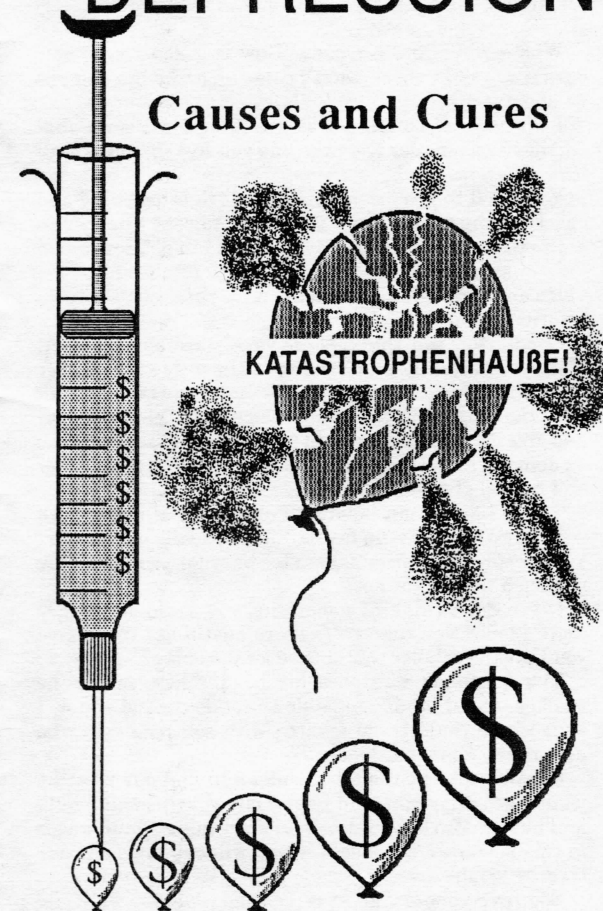
☐ Still checking you out. Here's \$1 for a sample of the rest of your brochures.

Mail to

MOVEMENT OF THE LIBERTARIAN LEFT!

INFLATION and DEPRESSION:

Causes and Cures



MLL Issue Pamphlet #3

Revised Series One • 1987

from the
**MOVEMENT OF THE
LIBERTARIAN LEFT**

Publications available from KoPubCo.com

Why can't my money buy as much? Why are my friends, neighbors, and perhaps even I losing jobs, sales, or even whole companies? These questions weigh heavily on our daily life. Government and its authorized economists answer, "It's inflation," and "It's a depression" — if they have the courage. More likely they will talk about "monetary overstimulation," "recessive indicators," "fiscal readjustments," and other phrases meant to blot out understanding.

Who is to blame? Anybody? How is it done? And how does it work? In short, what's going on and what can one do about it?

Let's back off a bit, and look at a community somewhat smaller and simpler than the one you live in, but not all that different.

You stroll to the marketplace one bright morning and check out the prices. There aren't any. You ask a dairyman with milk and butter displayed on his table. "How much for a quart of milk and a pound of butter?"

He answers, "Well, I could use a pair of shoes — brown oxfords, preferably."

Good grief, you think, these yokels are using barter! Well, you certainly aren't going to chase down a cobbler and find out what he wants for the shoes, and then find out what *that* guy wants and so on. You pull out a piece of paper and give it to the dairyman. "This is my promise to pay you on demand something I call a dollar. Give it to the cobbler and he will give you shoes."

The old dairyman laughs. "For a piece of paper with writing on it I'll give up my hard-earned milk and butter? You must be nuts, friend. I am too busy for your jokes. Do you wish to trade or not?"

If you don't think of something, you could go hungry soon. Inspiration comes: "Is there anything I could give you that the cobbler would take for his shoes?"

The dairyman scratches his head. "Well, maybe he smokes. Awful lot of people do these days. And if not, I suppose he could trade tobacco with someone else who does easily enough."

So you seek out the tobacconist and find out what he wants, get it for him, and finally buy your morning milk and butter. Maybe you decide to start taking your wages in this new town in tobacco so you will cut down on your trading troubles.

Soon everyone else gets the idea and when you walk into town, you see...prices! Yes, now the dairyman has milk for 1/4 lb. a quart and butter for a pound of tobacco a pound. Far more tobacco is being used than will ever be smoked, and non-smokers carry it for convenience too. The dairyman gives you "the usual" and commends you for your invention. With all the time and guesswork as to who wants what (speculation) eliminated, everybody is producing more and has more free time to boot. Only one complaint. You ask him what it is.

"Well, some people give me inferior tobacco, and others are getting picky about taking it. And, well, tobacco lasts longer than milk, or even shoe styles, but it's going to rot and we can't save. And how can we divide it into smaller bits than a leaf or even a slice?"

"Make change, you mean?"

"That sounds like a good name for it."

So you look around and find something which is durable, infinitely divisible, and easily verifiable as to quality. But you remember your lesson — it has to be something people want. No more phony paper jokes!

Well, metals, jewels, and such last forever. But you can't make change with diamonds. So it has to be metals. But only certain metals are useful. After all, iron rusts and even copper oxidizes. And who ever heard of palladium?

Jewellers seem to do a brisk trade in gold and silver. Well, let's see which people want.

And after a while, gold and silver take the place of tobacco and people start giving prices in ounces of gold or silver instead of pounds of tobacco. Finally, they are even tired of quoting gold in silver terms and vice-versa, so one wins out. Gold, for example.

Then a scandal hits town. The goldsmith has been giving people receipts for gold stored with him. People have been trading the receipts so they wouldn't have to carry all that gold with them. But one smith has been spending some of the gold entrusted to him. Since he always has some gold from somebody on hand, he would just shuffle around his stores to pay off whoever came around. Of course, a day came when too many people wanted their gold. Now he's under guard, working off what he has stolen.

The dairyman didn't lose anything. No way he would ever fall for that paper nonsense.

The people who run gold warehouses, over some time, remember the dishonest smithy and some of them meet with a gang of bandits who have been extorting "protection money" from the populace. This mob is trying to become more respectable, and now calls itself a "Fund" and says it is asking for "contributions." But you'd *better* contribute. [See our **TAX IS THEFT!** brochure for how this "Fund" operates and what to do about it.] The deal is that the Fund provides the muscle and the crooked gold warehouses provide the brains.

INFLATION

The most important thing the Fund does is to have only *one* warehouse receipt allowable. It is the only money that you can "tender" (hand over) for what you buy "legally" (what the Fund allows). The crooked gold warehouses call themselves "banks" now and issue "legal tender." Perhaps they put a picture of the Fund leader on the Legal Tender to remind people that his goons will be around looking for them if they don't accept the paper.

As long as people have gold, though, all is not lost. And a funny thing is happening. Prices, in terms of Legal Tender, are going up and up. But in terms of ounces of gold, they are only changing a little bit, up and down, the same as they used to do!

Everybody is wise to this. The Banks are giving out more Bills than they have gold to redeem. Everybody rushes to the Banks to get their gold back...and the Fund acts.

First, they refuse to give the gold back. They set up the Fund Reserve Board to which all banks must belong. They close down all the free gold warehouses and take that gold, giving them Legal Tender bills as payment (whether or not they want it). The old dairyman is arrested and his gold stash is taken.

To top it off, the Fund says everything is all right now. It was those *wicked hoarders* who were causing the trouble! To keep *their* hands off gold, the Fund will guard it all. Everybody will use only Legal Tender, and everything will be all right.

And you see the lights on at the Fund Reserve's printing presses late at night as more and more Bills are printed. Some people protest that prices are getting higher and higher and this is getting out of hand. The Fund gets worried about a revolt, so it gives some of the bills to some businessmen in trouble and to some of the needy. These people clamor for even *more* money and now defend the Fund's extortion and its counterfeiting.

DEPRESSION

You find your old friend packing up his dairy table. Why?

"Well, the people that were getting those subsidies and welfare payments were spending like there's no tomorrow, right? So they wanted ice cream and whipped cream and such for desserts. So I put more of my milk into that because they were bidding up prices for the luxury stuff. But as all the prices went up, everybody found that they really could buy *less* even with more money. So they had to cut back on the fancier stuff and go back to milk and butter — maybe not even butter. And I don't have much milk because I thought I would make more money in ice cream. Now I'm selling ice cream cheap just to get rid of it. And I have to lay off the guy I hired to make ice cream. Maybe when I get back on my feet I can hire him to churn butter, or maybe make ice cream again too, but not until I get back to making what people want first.

"The price jump from all that phony-baloney paper money sure fooled me. Others, too. The old tailor had to get rid of all those fancy suits he made. And the young guy who borrowed money to go out on his own had to give up because he couldn't make the money he thought he could to pay back his loan."

"Bet you're feeling bad," you sympathize.

"Everybody's *depressed*," he groans.

And still the Fund prints more "phony-baloney paper" (*fiat*). But now people are adding on the extra inflation (*or discounting the depreciation of the currency*) ahead of time. They begin to mutter and complain about the Fund. The Fund worries.

The witch doctors now come to the aid of the Bankers and Mobsters. They make their mumbo-jumbo and say, "What we need is *more fiat*!"

And so the Fund Reserve Board issues more and more fiat faster. And instead of just printing it, they set up a complicated process with the Banks involving "creative accounting" which ends up as "credit expansion."

"See," say the Witch Doctors, "good voodoo." And the