

—THE—
TRUTH
—IN—
MONEY
—BOOK—

BY
THEODORE R. THOREN
AND
RICHARD F. WARNER

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PUSTAKA PERDANA



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The invitation

When Ed and Martha moved into the neighborhood, our friendship began in the usual way. First we exchanged remarks about the weather, then it was gardening tips. Now we exchange tools and talk about our families and local politics and world affairs.

We hadn't talked much about money, until recently. Ed has a good job. He bought one of the nicest, though oldest, houses on the street and did a great job of fixing it up. He isn't a man who worries about life. So I was surprised to hear him complain the other day while we were out on an errand together. He had just bought a tank of gas for the Jeep and we were ready to pull out of the filling station.

"I don't know where my money goes," he said as he urged the Jeep to start with three quick pumps on the gas pedal. "From what I read in *The Wall Street Journal*, inflation is supposed to be under control. I'm not sure how they figure it. I haven't noticed prices going anywhere but up over the last five years. The money goes through our household budget so fast you wouldn't believe it. And we're not extravagant, that's for sure."

"Yes, when prices keep going up, even if only by a little bit each month, it's still inflation, no matter what *The Wall Street Journal* says," I replied.

“What inflation really means is that our money is losing its value—its purchasing power.”

Ed thought about this for a moment or two and then said, “You’re right, I don’t always look at a dollar bill and think, ‘Hey, this doesn’t buy as much as it did two years ago,’ but that is really what is happening. As the dollar buys less, companies start looking for ways to cut costs, and they end up moving to the Far East, Mexico, Brazil or some other place where it is less expensive to operate. This part of the country has really suffered from major companies leaving to find cheaper labor. I’ve been fortunate to hold on to my job. Some of my friends haven’t been so fortunate.”

“Ed, have you ever considered . . .” I started to say but he broke in impatiently.

“My friends who lost their jobs aren’t lazy. They’re not greedy. They were working hard making tires and cars and radios—things that people need. Look what happened. They lost their jobs and the next thing you know they lost their houses. They couldn’t make the interest payments. The banks moved in and they were forced out. The farmers were the first. They were put off their land by the thousands and nobody seemed able to do anything about it. It makes me think that there is something fishy going on in this country.”

“Yes,” I replied. “It does make you wonder when you see the progress we have made and the way the country has grown and at the same time see so many people struggling to make a living.”

“The thing I don’t understand,” Ed continued,

“is how we can have economic problems over the years and still not seem to learn anything from them. You know what I mean? We have had depressions and times of inflation and the economic experts say, ‘Sorry, folks, guess we got it wrong again. Just hang on for the next boom.’ That kind of attitude doesn’t make sense.”

“You know, these were just the problems that bothered me for years. After I retired I finally had the time to think about money and the problems it causes,” I replied.

“I know you’ve been studying the money system for a few years. I only had a basic economics course in school and that was so confusing I forgot everything I learned as soon as I passed the final exam. If you have the time, I sure would like to talk with you some more about what’s going wrong with our money,” Ed said.

“That would be great,” I answered. “If you and Martha would come over to our home some evening—bring a few friends if you want to—I’ll explain to you exactly what causes our money to lose its value. It’s an amazing story and, unlike your economics courses, it isn’t hard to understand at all. What may seem even more amazing is that there is a scientific way to prevent the economic collapse that so many people have been predicting.”

Ed quickly accepted, “I’ll be there! I want to learn about what is wrong with the money system so I can protect my savings.”

So he and Martha and their good friends Carl and Nancy came over. This is what I told them.