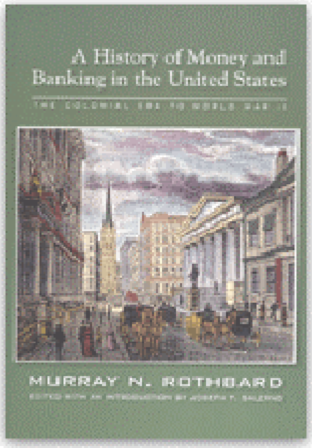

<u>A History of Money and Banking the United States: The Colonial Era to World War II</u> (2002), Dr. Murray Rothbard (1926-1995). Distinguished Professor of Economics, University of Nevada. Academic Vice President, Ludwig Von Mises Institute.

Murray Rothbard is a name that every serious student of economics should read. I have found **no economist that has documented more** economic history (not theory) than Dr. Rothbard.

This book is an excellent example of what sets Dr. Murray Rothbard's writings apart from most economists (today as well as in our past). The level of detail, from dozens of sources, leaves the reader with no doubt that this man passionately sought to know history. Rothbard does not speak in confusing rhetoric to impress his reader. His writings are easy to understand and just make common sense.

"Apart from medieval China, which invented both paper and printing centuries before the West, the world had never seen government paper money until the colonial government of Massachusetts emitted a fiat paper issue in 1690." *Pg.51*

"The total money supply of the United States at the beginning of the Revolution has been estimated at $12 million. Congress launched its first paper issue of $2 million in late June 1775…Congress issued $6 million in 1775, $19 million in 1776, $13 million in 1777, $64 million in 1778, and $125 million in 1779. …The result was, as could be expected, a rapid price inflation in terms of the paper notes, and a corollary accelerating depreciation of the paper in terms of specie [gold]. Thus, at the end of 1776, the Continentals were worth $1 to $1.25 specie…by December 1778 the value was 6.8-to-1; and by December 1779, to the negligible 42-to-1. By the spring of 1781, the Continentals were virtually worthless, exchanging on the market at 168 paper dollars to one dollar in specie. This collapse of the Continental currency gave rise to the phrase, "not worth a Continental." *Pgs.59, 60*

"During the week of the crash [1929], the Fed doubled its holdings of government securities, adding $150 million to bank reserves [this expands credit], as well as discounting $200 million more for member banks…As a result, member banks of the Federal Reserve expanded their deposits by $1.8 billion - a phenomenal monetary expansion of nearly 10 percent *in one week!* In addition, Harrison drove down interest rates, lowering its discount rates to banks from 6 percent to 4.5 percent in a few weeks." *Pg.274*

"Discount rates of the New York Fed fell from 4.5 percent in February [1930] to 2 percent at the end of 1930." *Pg.276*

What is wonderful about reading this work is that you do not need a background in economics to understand it. Your own common sense is all that is required. You will also recognize many tools that the central bank has used in our past that they are again using today.

Doug Wakefield