

# MONEY

*By Rolfe Monteith, August 2011*

This particular docket is directed towards those future generations who will inevitably experience their own period of financial anxiety and not be aware of the history of money. It must be clearly understood, however, that this in no way represents an academic analysis of the financial world.

“Expenditures rise to meet income.” — Parkinson’s Second Law “Money often costs too much.” — Ralph Waldo Emerson

It is appropriate to reflect on some of the fundamentals of all financial matters:

There is a biblical expression — “The love of money is the root of all evil.” One of the seven deadly sins is Greed. A well-known adage: “Money makes the world go around.” The use of coinage was created by man.

One must therefore conclude that any system must be amenable to adjustment for the common good.

To give a personal perspective to the subject, I will attempt to set down my own experience during the latter half of the 20th century.

As a youngster in the 1930s, while living in Montreal, I can clearly recall one of the consequences of the 1929 Wall Street Crash in the USA. I have vivid memories of the long lines of sad-looking men queuing for a mug of soup. At the time, my father was blessed by having a job — in the Bank of Montreal! UK citizens would recall the thousands of jobless marching from Jarrow to London in 1936.

As history records, the financial world was saved during the 1930s by a man bent on vengeance for the crushing debts imposed on Germany by the victors of World War I — this individual was Adolf Hitler. During the mid to late 1930s nations began rearming, and by World War II there was full employment — either in the Forces or the industry.

In mid-1941 I joined the Royal Canadian Navy as a Naval Cadet — the pay was one shilling (25 cents) per day. Before the end of the war I married a Royal Navy WREN, Peggy Kelly. My rank by then was Lieutenant, with pay being \$2.00 per day. And we had to request permission from the Navy to be married!

We continued to be relatively poor until the late 1950s, when I reached the rank of Commander and was appointed to Washington to serve on the staff of the Canadian Ambassador to the USA. At long last, with reasonable pay and foreign service allowances

and now with two sons, we enjoyed an improved lifestyle and were able to save a little for the future. Accommodation was always rented.

When I decided in 1968 to leave the Navy prior to the proper retirement age, it was with the knowledge that any pension would be at a reduced level. But when we, as a family, emigrated to the UK on 1 April 1970, we were able to purchase a home in Roehampton, London SW19, for £10,000. It was a derelict detached property once owned by a very aged and reclusive lady. The estate agent remarked that it had been listed for ages at £14,000, so that any offer was likely to be accepted.

Both boys were at Fettes College in Edinburgh, so schooling and renovation costs required much of our savings.

Sadly, Peggy died in August 1973 before seeing the final results of restoration of No. 8 Longroad Drive. In 1975 I decided to move into London. I sold the Roehampton home for £100,000 and purchased another derelict place in Notting Hill (11 Courtnell Street) for £25,000. It was an era of rising property prices, so when it was sold in the mid-1980s there was a substantial profit.

Drawing an end to the Notting Hill era, I had purchased a small cottage overlooking Plymouth Harbour — No. 5 Admiralty Cottages — what a splendid address! One could imagine settling in retirement and ending one's days in this location.

But fate intervened, and my linking with one Ann Discombe in the early 1990s created a fresh and rewarding era in Eshen Lunney (160 Lower Green Rd) — all to be part of separate documentation.

The purpose of setting down this personal saga is simply to identify one small example of post-WWII developments in the West. This was particularly evident in the UK, where standards of living in a material sense had markedly improved. But one fact not widely appreciated by the public at large was that in the UK, post-WWII Marshall Plan funds were spent creating the Welfare State, whereas Germany utilised this very generous American gesture to modernise their industrial base.

One other significant piece of history is the 1976 referendum on whether to join a European Economic Community. I, like many others, voted "yes" because it was a trade issue, not political union. As history now reveals, we were deceived, and the European Parliament now dictates much of our way of life.

And whilst on the subject of historic events, a very significant one occurred in 1989 — the end of the Cold War. The wall between East and West Berlin came down on 9/10 November 1989, and as we now realise, a reunited Germany has been an economic success.

As the post–Cold War era ticked on, there were a number of financial blips, but the upward trend of prosperity continued. However, as evidence now reveals, the early years of the new century should have caused alarm bells to ring in many quarters — especially among politicians and financial institutions.

One classic example has to be the UK, where the decline of the manufacturing sector combined with massive increases in the public services created an alarming level of public debt. By 2012, our interest payment on the debt reached a staggering £56 million per day. A credit crunch was inevitable.

The love of the coinage realities in 2011 were:

The UK — continues with pound sterling (£) Europe — the EURO — some 26 countries in the European Union Norway — the KRONER — an example of a country voting to remain out of the EU and the EURO The USA — the dollar (\$) has dominated the world for most of the 20th century

To highlight this point requires some clarification.

In 1944/45 a meeting was convened at Bretton Woods with the US to establish a meaningful world financial system following the devastation of WWII. The UK delegation was led by the illustrious economist Lord Keynes. It is relevant to record that US policy was designed to diminish the British Empire. Even before the war, the US was pressing for the end to Imperial Preference Trading arrangements.

One little-known example of American tactics was that payment for Lend-Lease was to be effected by gold. This caused Churchill to initiate a search for gold from any and all resources. One in the public domain was gold from Russia being transported by HMS Edinburgh when she was torpedoed en route from Murmansk in 1942. The Norwegian gold aboard HMS Devonshire in June 1940 was another example. The most intriguing instance, not yet in the public domain, was gold extracted from German banks during the war — of course via Switzerland.

China — the YUAN India — the RUPEE Brazil — the REAL Japan — the YEN

Some of the factors influencing economies and national currencies:

The Market The Banks The Rating Agencies Company Shares Institutional Investors Taxes Debt Bonds Hedge Funds Derivatives Balance of Payments, etc.

I have avoided any attempt to define the above. It is a formidable array of factors, but it brings to mind an event following the 2008/09 credit crunch, when there was (so we were told) near collapse of world economies. Famous institutions failed, banks required huge

rescue packages from taxpayers, and in the UK the coalition government introduced drastic measures to contain and reduce the staggering national debt. Comments included: "Our grandchildren will be paying for it."

The event referred to above was a letter written to The Times, signed by fifty eminent economists to resolve the crisis. A few weeks later the same newspaper received a letter from fifty quite different economists recommending a different approach to the financial challenge. What hope is there when the professionals cannot agree on the way ahead? They are a totally discredited profession.

"If all economists were laid end to end they would not reach a conclusion." — George Bernard Shaw  
"The only function of economic forecasting is to make astrology look respectable." — John Kenneth Galbraith

For those who wish to have a deeper understanding of the 2008/2009 debacle, it is strongly recommended that they view a documentary titled Inside Job. It won first prize at the 2011 Oscars. It cleverly describes how collusion between various organisations in the US financial world led to the near collapse of the country's economy.

A further interesting ingredient to the UK's jigsaw puzzle is the role of the Bank of England. In 1982 I called the Bank just as Britain had declared war against Argentina over the Falkland Islands issue. I informed the telephone operator that I had hoped to visit the Bank to see the Chief Cashier (my term) to find out how the cost of the war would be organised.

My rationale was that I was a UK citizen and a taxpayer and thus entitled to such a visit. I was transferred to several bank employees until I eventually spoke to a very refined gentleman who very diplomatically explained that I had no right to enter the Bank to discuss their activities. The Bank reported solely to the Chancellor of the Exchequer.

To those within the financial industry, the Bank's role is probably well understood — but not to the layman. This organisation must have a crucial role to play in safeguarding the stability of our financial sector.

Sadly, the public have been let down once again by the vast array of organisations, professionals, and political masters. But from the UK point of view, this should come as no surprise. Since World War II, Britain has experienced significant social changes influenced by political correctness, the decline of discipline and parenting, unfiltered immigration, excessive legislation (including Health & Safety and the Human Rights Act), etc., etc.

Recent statistics reveal that an alarming percentage of students leave the school system failing to reach acceptable standards in the basics — i.e., reading, writing, and arithmetic. Captains of industry report that these youngsters are unemployable. This is not the Britain to which I emigrated in 1970.

Shortly after arriving in the UK, I wrote a letter to Prime Minister Wilson lamenting the government's decision to close Grammar Schools — you will find copies of the exchange in my personal papers. You will note that the PM's reply was "comprehensive"!

To provide evidence of the decline of this nation, it is relevant to highlight an event in Parliament in 2009 when a Minister of the Crown rose and declared, "My department (the Home Office) is unfit for the purpose." What a staggering indictment of some 15,000 civil servants.

"I believe that banking institutions are more dangerous to our liberties than standing armies." — Thomas Jefferson  
"A bank is a place that will lend you money if you can prove that you don't need it." — Bob Hope

I wish to record my Jesus Christ story.

In 1975, in Nairobi, Kenya, it was 07:00 and I was about to pay my hotel bill. As was my custom in those days, I presented an American Express traveller's cheque. The cashier expressed concern over the loss arising from recent exchange rate changes. For some reason I lost my composure and, pointing my finger at the cashier, declared in an angry fashion:

"Jesus Christ, when I take over this world that is one of the rackets I will close down!"

Quickly I apologised to the cashier for my outburst, but he immediately agreed that it was indeed a giant racket to line the pockets of the few.

The cashier then observed that I had used the words "Jesus Christ" — again I apologised, as Kenyans can be quite religious. He took no offence and proceeded to relate to me a very relevant story.

The cashier spoke:

"Mr Monteith, you will recall that Jesus Christ was once addressing the multitude and declared: 'Hear ye, hear ye, I am going into yonder temple to deal with those... men, the money lenders.'"

The cashier paused and then remarked, "Mr Monteith, what happened to Jesus Christ?"

I put my hands in the air depicting Jesus nailed to the cross.

The cashier then calmly remarked:

“If you closed down this exchange rate game, there would be a contract out on you within an hour.”

Amen.