

## View from the Bridge

By Clive Hale

an alternative look at the investment world

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Lies, damn lies and history

March 28<sup>th</sup> 2012

Once upon a time central bankers used to be seen and not heard; the Old Lady of Threadneedle Street occasionally "raised an eyebrow" but very little else. Today they are as ubiquitous as reality TV and even less entertaining... The game show host of the week is none other than the Chairman of the Federal Reserve and in his new role as educator of the masses he is spreading lies and misinformation in much the same way that he does in his day job.

The ECB is well capitalised", he told a group of students at George Washington University. Of course it is, if you assume that the odd trillion of toxic collateral that has been passed their way by European banks, in exchange for some real "folding", is valued at par, sans haircut or any attempt to mark the price to market.

His biggest whopper, which he made under oath to Congress in 2009, was that "the Federal Reserve will not monetize the debt". Yet three years later he hasn't been locked up, but is still in office spouting yet more nonsense. He also told the students, many of whom will have been scarred for life by this experience, that a return to the gold standard was an anachronism that couldn't, and wouldn't, happen. You get given a hard time being just plain bullish on precious metals, but mention the "S" word and the men in white suits (sent by the men in the grey ones...) are on their way pdq.

This is typical of much of what some quaint folk like to call democracy. We are not going to have a debate about this because it's all far too complicated and you won't understand and explaining it will eat into the time that you would rather spend watching X Factor...

The truth about the "failure" of the gold standard in the '30s was that governments deliberately meddled with it to disguise their own policy mistakes that led to the Depression. Bernanke, allegedly, is an expert on the history of this time but as Napoleon said "History is a set of lies agreed upon". (He's nearly as good as Churchill for a good quote isn't he?) By denying any debate we are forced into tinkering around with fiat paper and ever increasing debt.

A full gold standard would indeed be a big ask, but let us at least acknowledge that having some backing to what we now nervously call money might just have some merit. In fact it has a stupendous amount of merit, but sadly very few takers. So please wake up USA

and vote Ron Paul or you will all be making history that you will have to lie to your grandchildren about...a lot.

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