

Card Tricks and Sleight of Hand Schemes

Card tricks and sleight of hand schemes have been entertaining audiences for centuries, but great magic tricks require much more than the talent to perform them. The magician must have the talent to control the audience.

Magic is akin to a form of psychology that the magician uses to influence people's preconceived ideas. This is what made Houdini's escape act so thrilling. He played to the audience's hopes and fears and so they believed he could do the impossible. Even though common sense tells us that it's just a trick, we still want to believe that magic is real. During the Great Depression of the 1930s, a period of time filled with disillusionment and fear, John Maynard Keynes amazed his audience by suggesting a magical idea to cure the depression problem. Genuine scholars of economics scoffed at his theory as being nothing more than hocus pocus, but government officials saw it differently. To them it was pure genius and they embraced it. Subsequently, the economic world has never been the same again.

Keynes encouraged governments, who are always broke and short of money, to borrow and spend their way to prosperity and not worry about paying it back the way a private corporation would. We see this attitude to this day from our Keynesian economists and pundits, when spending and going into debt are actually encouraged. Hard work and saving money are discouraged and penalized. It's as though Keynes made sound economics completely disappear from the face of the earth. But where was the trap door? *It came by way of counterfeiting the money.*

The trick was to increase the quantity of money enough so as to drive down the rate of interest to zero as a means to maximize investment while minimizing or wiping out savings altogether. Does all of this sound confusing?

The best way to penetrate the magical mysteries of the modern monetary and banking system is to recognize that government and its central bank are the great magicians that create money from nothing in order to pay for expenditures they can't pay with taxes alone. But as with professional magic tricks, here too, it's based on a faulty perception, an illusion.

Yours truly,
Carlos and Bob