

Life on the Edge of a Bubble- Blowing the American Dream

Bursting the Myth, Revealing the History of Power, Film and Book Review

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Reviews of the new film

Life on the Edge of a Bubble- Blowing the American Dream, Produced by William Lewis & Michael Berger (<http://www.LifeOnTheEdgeOfABubble.com>)

And the book

The Lost Science of Money- The Mythology of Money- The Story of Power by Stephen Zarlenga, founder of The American Monetary Institute (<http://www.monetary.org>)

The rules of the national and international financial system keep changing, as we move from crisis to bubble, from prosperity to bankruptcy, from the American dream to the American nightmare. As the American Empire has evolved over centuries and totters on the abyss of decline, it behooves us to step off the quickly moving carousel of daily revelations, and look beneath the surface of events at the historical patterns that have led to this ever changing, yet remarkably the same, moment in time.

Life on the Edge of a Bubble- Blowing the American Dream is a fast paced kaleidoscopic look at the bubbles, panics, and depressions that have reoccurred almost like clockwork every twenty years since the United States government joined forces with the banking interests, back in the 1700's. Using vintage footage, slick TV ads, revelatory statements made by politicians and Federal Reserve chairmen, in the course of the most recent bailouts, the film is paced like a roller coaster, punctuated by thoughtful statements and the dramatic chronicling of past human follies.

Sir Isaac Newton is quoted as saying, "I can calculate the motions of the heavenly bodies, but not the madness of people." Newton, was not immune to the folly of his own time and made 7000 pounds and 100% profit on the speculative South Sea bubble, only to lose 20,000 pounds later, when he bought in at the height of the market. While most of the attention focuses on the US, an exploration of the Dutch tulip mania and financial innovations mirrors the dot com bubble of recent times. Exposing the "con" in the confidence game, how profits are privatized and losses socialized, how the rule makers bend and break the rules to enrich themselves and their financial backers, the film skillfully identifies key aspects of the systemic nature of the problem, a first step in the awesome task breaking that pattern.

The Lost Science of Money- The Mythology of Money- The Story of Power draws from 35 years of experience, nearly a decade of research, and from 800 sources to narrate a detailed history of money that has been obscured for centuries by powerful, wealthy interests. The hardback edition with 736 pages demands time and attention. Zarlenga has unearthed a treasure trove of history. He convincingly argues that those economists and writers whose work supports the creation of money by private banks are placed on pedestals, and the writings of those who challenge the bankers rarely make it into print and are ignored.

Zarlenga's main thesis is- that our "**money system should belong to society as a whole**" that it "is too important to trust to unrepresentative and unaccountable private hands, preoccupied with private gain, with little regard for the detrimental consequences of their actions on the country."

"This "private vs. public" battle for the control of the money power is part of a great ongoing social battle recurring throughout history to this day. This factor shapes the most important outcomes determining how well a money system works. A good system functions fairly; helping the society create values for living. A bad one obstructs the creation of values; places special privileges in the hands of some to the disadvantage of others, and promotes unfair concentrations of wealth and power, and disharmony and social strife."

Money has evolved and devolved over time. Money has been created from clay, wood, leather, bronze, copper, gold, silver, shells, paper, electronic bookkeeping entries and has served multiple functions. According to Aristotle "All goods must therefore be measured by some one thing...now this unit is in truth, demand, which holds all things together...but money has become by convention a sort of representative of demand; and this is why it has the name nomisma - because it exists not by nature, but by law (which in Greek was nomos) and it is in our power to change it and make it useless."

Zarlenga takes a close look at the evolution of the Roman monetary system whose political foundation was laid by its second king, Numa Pompilius (716 BC). Numa's name might have been acquired from his introduction of nomisma, money that had no intrinsic commodity value, but served very well as a medium of exchange within the political boundaries of ancient Rome. The bronze money that Rome issued insulated them from the powerful East and wealthy traders. When gold and silver were introduced into Rome's monetary system and money became "commoditized," a plutocracy arose which served powerful interests rather than the common good.

Zarlenga summarizes that Rome's experience teaches us that the control of the money power is inseparable from national sovereignty. If that control becomes alienated, so has sovereignty, and the nation will degenerate. Basing the monetary system on commodities rather than law accelerates the concentration of wealth and power, destroying the possibility for social justice, paving the path towards destruction.

When precious metals back currency, tremendous energy is required to prospect, mine, refine, and mint coinage encouraging slavery, conquests, plunder of other people and their lands. The ability to determine an official gold silver trading ratio also enabled the rich to take advantage of the disparity between the trading ratios in Europe and the Orient. One's gold or silver could be doubled by taking advantage of or determining the rate of exchange.

Violence and fraud were both used to protect and expand empires. The struggles for control over national currencies, trade routes, the gold to silver ratio and rates of exchange determined the violent rise and fall of various empires throughout the world.

Dutch and English laws forbade the early American colonies coinage in order to have access to the raw materials that were being produced and to maintain control over the colonies. Out of sheer necessity, the colonies became a monetary laboratory and tried to create money out of a wide variety of commodities until Pennsylvania devised a successful paper currency. Subsequent prohibitions against issuing paper currency were a major factor in fomenting the American revolution.

In 1775 the first Continental Congress issued \$2 million bills of credit- Continental Currency which eventually increased to \$200 million. At the time of the Declaration of Independence, a proclamation was also issued stating that any one who refused to accept the currency was a public enemy and authorizing George Washington to imprison such persons and to seize their supplies. The British did their best to counterfeit the Continentals in enormous quantity to destroy their value. The individual states also continued to issue their own notes from 1775 to 1783.

When the Constitution was written, it failed to clarify who would have the power to issue currency, although it denied that power to the individual states and did allow Congress to coin money. The battle over private or public control over the monetary power continues. Hamilton and his associates wished to seize it and enshrine a national bank, like the Bank of England which gave money the force of law and allowed private interests behind the bank to reap the profits. Jefferson, Van Buren and Andrew Jackson fought against the formation of a national bank and a national debt. The drama has been punctuated for centuries by depressions, panics, wars and bubbles. Abraham Lincoln's successful greenbacks issued during the Civil War demonstrated again that the government could create rather than borrow money to meet its needs.

The first twenty-three chapters of **The Lost Science of Money** detail the history of money and the battle of ideas over the definition, the creation, and the regulation of money and banking. The final chapter is a proposal for monetary reform which includes three major parts:

- #1) The nationalization of the Federal Reserve.
- #2) Ending fractional reserve banking, instituting a 100% reserve solution (prohibiting private banks from "creating money").
- #3) Institution of anti-deflation programs including spending money into existence for infrastructure, health, and education.

Since the book was published in 2002, the American Monetary Institute has fleshed out the reforms in the American Monetary Act which are posted online.

The vast majority of people are beginning to realize that they are the victims of the biggest financial heist in history and that the deregulators and bankers who created the current fiasco are enriching themselves with bailouts, and trying to burden the public with enormous, unpayable debts. The revolving door between the financial industry and the government is more apparent than ever. Clearly to have systemic change, we need to know our past, understand the current situation, oust the criminals, demand accountability,

transparency, honesty of government at every level. **Life on the Edge of a Bubble** and **The Lost Science of Money** are excellent resources to educate ourselves, the public, and genuine public servants to break the tragic economic treadmill that threatens to transform life into profits for the few.

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