



A Short History of International Currencies *By Christopher Weber*

Money From Long Ago: How it Can Lose Its Value and How it Can Soar

Here I am back in Monaco and it's dreary and freezing outside. It was just a few days ago, but the sun of Palm Beach and Costa Rica----[Thanks Adens, for your wonderful hospitality]---seems like so long ago.

It makes you realize that the sun is always shining somewhere. And this is not just meant literally either. I've noticed that investment-wise "the sun is always shining somewhere" as well. There is always a bull market in something, even if it just means staying in cash. If everything else is falling, it means your cash is worth more today than it was worth yesterday.

Broadening out this concept further, since I was in high school I have been fascinated by the rises and falls of civilizations, especially as symbolized by money. It not only interests me to see great powers ---and their monies--- rise and fall. I am also interested in learning how other places stepped into the vacuum as the great civilizations decay.

It used to be thought, in the West at least, that with the fall of the Roman Empire the world was plunged into the Dark Ages. But we now know that other parts of the world saw golden eras at this same time.

This was again forcefully brought home to me as I stood amidst the Mayan city of Copan, now close to the Honduran/Guatemalan border. This intriguing civilization had a mixture of advanced science and seemingly barbaric practices----the calendars they came up with are extremely accurate, but after ball games either the winners or the losers had their heads chopped off (we don't know which--it could have been the winners as it was regarded an honor to sacrifice yourself to the gods).

But what interested me most was the fact that the Mayan civilization reached its Golden Age, or Classic Age, from about 250 AD to 800 AD. This was precisely the time when Western Europe and its money fell into chaos.

It is not clear what the Mayans used for money: apparently gold and silver meant nothing to them (though jade was prized) and it might have been a sophisticated barter economy. But most other civilizations have always used some form of money. And I have found that if you "follow the money" you are able to follow history and learn from it.

History has taught me much. For instance, it is amazing to me how fast the currency of the globe's greatest power at any one time can utterly lose its value, bringing chaos as well as opportunity in its wake.

I think we are in one of those periods today. The very idea of the US dollar losing its role as the world's reserve currency was laughable even three years ago. Now it is being seriously discussed. How likely is this? What are the signposts up ahead that can tell us the direction things will take? If you are on a road trip and reading signs, it helps to know where you have come from. It's just the same when the journey involves money. That's why I thought it would be valuable to look at the story of money and mankind.

I love this subject, but I know that history is not everyone's cup of tea. So I will try to make it as painless as possible. But while not everyone loves history, most people love money. Maybe you are one of them. If so, then this is your lucky day! After all, when you love something, don't you want to know all about it, starting with where it came from?

What is Money?

If you were all alone in the world or on an island by yourself, you wouldn't need money. You'd have to make due with what you could catch or grow for yourself. If there were others around, you could do what the Mayans did: barter. You could be a fisherman and trade some fish for shoes from a shoemaker. But what if that shoemaker hated fish and was a vegan? You'd have to find a grower of vegetables who wanted your fish and then trade those for the shoes.

Barter is simple, but it is not very efficient. It's far better to have something that everyone wants, something that all people can trade with. But what would that something be?

Anthropologists, archeologists and historians have discovered that for most every group of people that have ever existed, what was chosen as money had at least five properties to it.

1. It had accepted value to everyone. That's obvious. But what is less obvious is that in all societies, what emerged as money was some commodity that was valued by people for itself first, before it became money.

2. It was durable. What's the use of money if it falls apart in a short time? It had to hold its value as long as possible. That's why lettuce has never been money, though in America during the 1930s, this word was used as slang for money since dollars were green, thin and "leafy".

3. It was easily divisible. It could be broken down into small pieces or amounts for small purchases.

4. Even when it was broken down into small pieces, however, it still had to be consistent in value and quality. One unit of it, gram, ounce or whatever, had to be the exact same as any other unit of the same weight or appearance. Otherwise, there would be chaos.

5. Finally, money had to be convenient to use. That's obvious, too.

Gold and Silver

Hundreds of commodities have been used as money, from seashells to paper. But time and time again, in civilizations far and wide, two things stand out: You rarely find a time or place where either gold or silver, or both, were not regarded as best having what it took to be money. In this way, the Mayans were the exception that proves the rule.

Take the above five attributes of money and both of these metals fit the bill. The paper we now use as money only developed as a convenient substitute for having to carry around lots of gold or silver. When they were first issued, it was clearly written on them that they entitled the bearer to be paid metals on demand.

Paper money used in this way can indeed be valuable, but only as long as people have confidence in it, or in the ones who print it. On the other hand, no one today has confidence that the Byzantine Empire has any power at all, yet the gold coins minted by it so long ago still have real and increasing value.

Archeologists are almost monthly increasing our knowledge of past civilizations, but as of now it appears that the Greeks, about 800 years before Christ, developed the first money that has truly lasted. To be sure, the Babylonians came up with the idea of stamping bars of gold and silver with their weights and fineness, but as far as we know these were just the markings of the particular metals dealer or trader. Outside of the immediate community, these markings could not be trusted and certainly no government stood behind them.

A History of International Currencies

We owe the Greeks much. They have been called the clearest thinking of all people in history, and where money is concerned it is hard to argue with this. All of a sudden, they started minting coins that quickly became the first "international currency". Not only did they meet all the five attributes of money, but the money they made was often stunningly beautiful. Many coin experts concur that the most beautiful coin ever made was minted by Greeks in Syracuse (modern Sicily) in about 350 BC. The front, or obverse, is the head of Persephone surrounded by dolphins, and the reverse is a charioteer with Nike --Winged Victory--- crowning his win.

The very objects on this coin give an idea of the universality and timelessness of appeal of Greek money, and for the first time in recorded history money began to exert its fascination over the minds of men. Non-Greeks thousands of miles away treasured this money and Greek coins have been found in China, India and northern Europe. In fact, even though Rome soon rose to eclipse Greece, most Asians kept using Greek money for centuries.

The main currency of Greece was the Athenian drachma. It was a silver coin, and its weight and quality stayed amazingly consistent through the centuries. From Solon, around 600 BC, to Alexander the Great, around 300 years later, it stayed exactly 67 grains of fine silver (there are 480 grains to one troy ounce, so the silver drachma was about .1375 of an ounce). This was the money Alexander brought to India, and from there it traded yet further east becoming the monetary standard of all Asia. And even as Greece declined and was finally absorbed into Rome, its value did not fall much. By the end of the

drachma's life, it had only declined to 65 grains of fine silver. This is an extraordinary achievement. No other civilization has ever had an international currency that stayed the same value ---or pretty much so, since a fall from 67 to 65 grains of silver is a loss of less than 3%. And this was not only during the period of its greatest influence, but even as it declined in power over a period of six centuries.

Whatever the secret of the Greeks was, no international currency since then has ever been able to keep its value, even as the government issuing it started on its seemingly inevitable decline.

Certainly the conquering Romans were astounded at how the Greeks had mastered money. They paid Greece the ultimate monetary compliment by fashioning their own money, the Roman denarius, as an exact copy of the drachma right down to the size and weight.

Rome, Another Story

But Rome was a very different place from Greece. Rome had brutal military might and conquered most of the known world, but it could never keep its monetary system stable for long.

In 277 BC the denarius was born. Rome was still a Republic then, though through the kind of "preemptive" wars we have recently seen in Iraq, they had conquered much of the world even before they officially became an Empire. Rome's international money began to decline soon after it was introduced. But for the first 250 years or so the decline was modest. From the original 66 silver grains, by the time of Julius Caesar (or the birth of Christ), the value had only declined 10% to 60 grains. But soon afterwards monetary chaos began. Keeping money's value clear and stable were never big priorities for the Imperial Romans. Indeed, their monetary system was a mess.

At the top was gold in the form of the aureus, made under Caesar's orders to be 125 grains of gold: about the same weight as the old US 5\$ gold coin. Gold was used to pay the army and the Emperors themselves. Then came the real money of international trade, the silver denarius. Finally came the copper coins, used by the poor people in daily life. There was never any official ratio between these different metals.

The history of Roman finance and money makes for depressing reading and sounds disturbingly like that of modern day America. Over time, first the poor and then the middle class got ever more heavily in debt. To make it easier for debts to be paid or simply to steal, the Emperor Nero in 54 AD started to inflate and debase the value of Rome's money. The gold coin was devalued all at once by 11% and the silver one by 14.3%.

Nero did this by reducing the amount of gold or silver in the coin and increasing the amount of base metals, but having it still be officially the same. It was very similar to what happened to American silver coinage in 1964, with one important difference. In the US in the 1960s, all the silver was taken out of the coins at once. But in Rome it was a gradual process.

After Nero Emperors competed to further debase their currency. Even during the “golden age” of Rome, gold and silver were steadily being removed from the money and just as steadily money lost its value. There is also a parallel to modern America in this as well. After the US went off the gold standard in 1933, the US dollar began to lose its value. It continued to do so during the 1940s and 50s, and real assets like food and homes and cars needed more dollars to be bought, meaning that the value of each dollar declined. And yet we are accustomed to thinking of this time as the heart of the American Century.

Follow History through the Money

You can clearly follow the decline of Rome through its money. Exactly 150 years after Nero’s first devaluation, the denarius, formerly made up of 99% silver, only had 50 to 60% silver. During the reign of Septimus Severus, which started in 193 AD, a real turning point was reached. He reduced the silver content of the denarius to 26 grains of silver from 32 grains (a 61% devaluation from the original 66 grains).

Though the devaluation had been gradual, this act was the straw that broke the camel’s back, the “tipping point”. Within a very few years, the denarius stopped being the world’s leading international currency. After Severus, it completely stopped being accepted by the rest of the world.

India was the first foreign country to stop accepting the denarius and insisted on payment in pure gold. And then the rest of the world followed. This blow to Roman trade translated into a huge decline in Roman living standards. Imports became beyond the reach of any but the very wealthy.

When India started to insist on gold, the Romans began to cheat again. They issued “gold” coins that had up to 50% base metal. But this fooled no one for very long, and soon India and the rest of the Asian world stopped accepting these.

I want to stress just how fast this all happened. By the time Severus was crowned in 193 AD, the denarius was still the international currency, even though for the last few generations it had gradually been devalued. But a mere 22 years later, in 215 AD, India first rejected the denarius and then the devalued gold coins.

And of course the world moved much slower in those days, with trade between Rome, India and China taking months. Seen in this light, 22 years was very fast indeed.

After 215 AD and the final loss of Rome’s position as the owner of the world’s currency, Rome’s trade, economy and living standards went into tailspins. The “silver” denarius lost so much more of its value that even Roman’s wouldn’t take it. Emperor Caracalla introduced a new silver coin, the antoninianus, but immediately started to remove silver from it. Within 45 years, by 268, this coin was nothing but base metal with a thin silver coating.

I must stress again how quickly and completely Roman living standards fell from the time that the rest of the world rejected its money as the world’s currency. I want to quote from a book written in 1934, called Money and Man by Elgin Groseclose. The year is important as it

was during the depths of America's Great Depression. And yet in that year Groseclose could write the following:

"The situation of the Roman Empire in the latter half of the third century [i.e., 250 to 300 AD] was a condition of depression and despair to which the modern world, with its dips in the business curve, its paroxysms of commercial expansion and contraction, can present no parallel. Trade was stagnant, the imperial treasuries were empty, money was depreciating, and trade, such as existed, had almost reverted to a barter basis. Everywhere land was falling to waste, untilled, empty, gaunt, the water courses dried and the poplars sere and yellow, the walls crumbling under the elements, the huts and cottages deserted and succumbing to ruin. Peasants had forsaken the soil, seeking the greater safety of the town or the city, where, if employment was not to be had, there was free corn and amusement. The vast estates, which had been built up under the influence of slave labor, the imperial system, and commercial economy, were untended and falling into desuetude, the slaves running away and revolting, the hired managers, sensing the 'end of things' and the futility of effort, hastening to line their pockets with such profits that could still be eked out, and the patrician owners, fearful of the stability of the regime, taking their liquid capital, their gold and silver and jewelry and hiding it against the day of inevitable collapse." (p.28)

We know a lot about those times. The story is told to us by the many Roman coins that have survived and come down to us, many in excellent shape. There is a reason for this good condition. They were rarely used.

Think about it and put yourself in a Roman's place. First, he had pure gold and silver coins, and then gradually coins started to come out with ever-less precious metals in them, yet they were officially worth the same as the ones of pure gold and silver.

Would you trade your pure silver denarius for goods when you could use the base metal ones? Of course not. The real gold and silver coins went into hiding, exactly like the pure silver coins quickly did in 1965 after the copper-nickel "silver" quarters and dimes came out.

And because these real gold and silver Roman coins went out of circulation and were kept safe, we still have them today. Any collector can own them and feel the story behind them, the glory that was Rome falling apart.

But there is another, more poignant story for any modern day coin collector. Remember that the gold and silver coins were hoarded by the rich. They had been going out of circulation and hoarded starting in 54 AD, when gold and silver coins began to be filled with copper. Copper coins were the money of everyday life for most people. But by 300 AD, even these coins were debased with metals worth even less than copper. For the poor, this was truly chaos.

As Groseclose puts it: *"A pathetic commentary on the times is the large quantity of Roman money that went into hoarding, the finding of which has enriched the cabinets of collectors. The hoards secreted toward the end of the third century consist almost entirely of copper. In the patina encrusted pieces one reads the frantic uncertainty of the age—the emperor*

an embezzler, the government a liar, and frightened men clutching at bits of copper as the sole reality in a crumbling world.” (p 41)

The history books tell us that Rome fell in 476 AD. This just shows how long the Praetorian Guard of the Roman army was able to terrorize the population and install and remove emperors at will. But all that was truly great about Rome had died over two centuries before. In fact, though historians never date it from the time Asia stopped accepting the denarius as the world's money, from that point on Rome's final collapse was only a matter of time.

To sum up, we have seen the rise and fall of the first two great empires that had money: Greece and Rome. The experience of each is extremely different. Greece declined “gracefully” and its money never lost its value. Rome declined violently and had its money collapse completely. However, it took time....400 years for its currency to lose its value completely. The stored-up goodwill sound Greco-Roman money of the rest of the world was such that there had to be generations of devaluations before Rome's largest foreign trade partners got fed up and stopped accepting the currency.

The US Dollar Loses 92% of its Value Since 1971

The US dollar has been depreciating for generations. Seventy years ago it was first devalued from \$20.67 a gold ounce to \$35. Then 35 years ago the devaluation started gaining strength. The dollar has lost over 90% of its gold value since August 15, 1971.

More to the point of lessons for today, once again the world's currency has been devalued for decades. And once again, Asia is its most important trading partner. What if, once again, Asia stops accepting the world's currency? History never repeats itself exactly, but if you are looking for signposts to the future, then the day when India, China and the rest of Asia that is still tied to the US dollar slip off the peg, will be a very important one. Asia, particularly, is now facing the fact that they are holding a depreciating currency for nearly all of their currency reserves and they are moving to diversify. As I write this, it has just been announced that the central bank of South Korea will diversify its reserves out of the US dollar, at least to some extent.

But just as the old international money was falling apart, another was being quietly born and this one would have a much more healthy life than the money the Romans came up with. The story of how this happened will be told in the next issue.

The Dollar of the Dark Ages

A few kilometers up the hill from where I live is one of only two remaining “Roman Trophies”, designed to celebrate Roman greatness. This one (the other is in Romania) is called the Trophée des Alpes. It was built around 5 BC when the young Roman Empire had clearly conquered the Alps. Now partially restored, you can still sense the pride --and maybe arrogance-- that built it.

A bit down the hill from my home is another type of Roman monument. This one, though, is from a very different era. In the gardens of the National Museum of Monaco lies a

sarcophagus (ornate stone coffin) of the period just before 300 AD. Death symbols are written all over it, as one would expect.

But knowing the conditions of the Roman world in both those times, the extremes of those two living reminders on either side of me become poignant. From one to the other they symbolize the peak, as well as the collapse of Rome.

History is never very far from where I live and it can jump up on you quickly. The man who installed my satellite TV dish lives just down the street from that Alpine Trophy. He was digging in his yard about three years ago and found a small cache of Roman coins. (This is not uncommon. It happens all the time and accounts for the relatively cheap prices that Roman coins can be bought with: \$200 will still buy you a very nice collection.) These coins were in a jar -obviously someone's savings. The coins were from when Roman money was honest, so they were much more valuable than if the stone coffin had somehow rendered up coins from its era.

As we saw in Part 1, by 215 AD the rest of the world (India and Asia) had stopped accepting new Roman money as the international currency of trade. They had become too debased with base metals and were no longer pure gold or silver. You simply don't dig up Roman coins minted after 215 AD beyond the borders of the Empire because by that time no one outside of Rome would accept them.

After that, Roman living standards started to fall fast. By 300 AD there was true chaos. Money was losing its value at a breathtaking rate. Ever more of it was needed to buy the same goods and services. Put another way, prices were soaring. As a response to this, in 301, Emperor Diocletian decreed a comprehensive system of wage and price controls. Every good or service you can imagine (from hair cuts to race horses) had its price set literally in stone and was not allowed to increase. Meanwhile, the currency continued to be debased. Prices in reality had to keep rising. Now real misery ensues: black markets developed for everything, and everyone broke the law many times a day just to survive. The Empire began to come apart at the seams. About this same time, Diocletian does the one other thing history remembers him for... Realizing that the Empire was getting too hard to manage, he divided it for administrative purposes into East and West. In just a few years, this would have tremendous consequences for international money.

Making the Same Mistake All Over Again

However, before we get to this, a word about wage and price controls. Diocletian's Law of the Maximum was such a disaster you would think that smart policymakers ever since would have learned the lesson and never put them on again.

But you would be wrong. The last time inflation reared its ugly head, in the 1970s, then-President Nixon put them on, not once, but twice. Both times they failed and shortages quickly developed. When they were removed, prices soared to make up for lost time. We may be coming into a period where inflation again accelerates. If so, I would not be surprised to see price controls again instituted. No one in power ever seems to learn from the past.

One thing: if they come again, there will be almost guaranteed profits for those who buy the right commodities in the right way. My first foray into the "soft" commodities markets (e.g, soybeans) came in the summer of 1973, when Nixon's second set of price controls came on. It was a rewarding time for me, if not for the economy, mangled as it was by the maladroit controls and rising inflation.

A New Money is Born

Back to our story,,, For the first time in human history, a world currency had collapsed, and a new one was born. So this period of a very few years ---a mere 20 years or so, when things changed radically-- is very interesting to me.

It is impossible to talk about this time period without looking at the early Christian church. Its fortunes are tied to those of Rome and Byzantium.

As Rome began to crumble with poverty, brutality and dishonesty permeating every aspect of everyday life, the Christian church--- not too long before a persecuted fringe group--- quickly gained astonishing popularity.

But maybe its growth was not so surprising when you consider the message it proclaimed. In a period of growing hopelessness and chaos, that message was simple, but revolutionary; that of a brotherhood of man watched over by a universal loving God and a promise of a better world after the hell of this one. Bands of Christians began to form communities that gave its followers the only condition of organized humane treatment that could be found.

However, as the fourth century (300 AD) opened, they were still subject to Roman persecution. In 303, Diocletian began a new campaign against them, partly using them as frustrating scapegoats for the failure of his massive price controls. But just like his controls on prices, his persecutions backfired and even more Christians were created.

This was the "tipping point" for Christianity. In 305, a frustrated Diocletian took the rare step of abdicating as Emperor and caused his co-Emperor in the East to do likewise. The next year, Constantine was declared co-Emperor.

Constantine turned out to be one of the rarest men in history. He not only had great military prowess, but he was a superb politician who saw the writing on the wall long before most others.

He had rivals to the throne and war broke out. But soon he came to the crucial realization that if he could win the Christians over to his side, he could win. After centuries of persecution, he grasped that the Empire needed the Christians more than the Christians needed the Empire. At the Battle of Milvian Bridge in 312, a legend was born. Though it was not mentioned at the time, years later the story was told that the night before the battle Christ appeared to him in a dream and said that if he tells his soldiers to mark crosses on their shields, they would win. He did, and they do.

Constantine's grasp of actual Christianity was somewhat superficial, and he was never baptized until he was nearly on his deathbed in 337. In fact, while I am writing this I am

looking at a copper Roman coin minted in southern France (Lyon) with Constantine's picture on the obverse and Sol, the Sun God, on the reverse. Sol is naked, except for a cloak over his shoulders, and he is raising his hand in blessing. The motto on the reverse lets all know that Sol is a friend of Constantine: SOLI INVICTO COMITI, or Sol Invincible Comrade (of Constantine). At the same time, coins were minted in the Eastern part of the Empire with Constantine on one side and Christ with a crown of thorns on the other.

Yes, he clearly played both sides of the street. But the existence of both these coins graphically points up the transition phase of not only Rome, but money itself. The year after his battle, in 313, he issued the Edict of Milan, which ended the persecution of Christians. For the first time, there was religious tolerance of both Old Gods and the New One.

Over the next decade he went to war with his main rival to the Roman throne, but gradually won. Finally, in 324, he defeated and executed his rival and was proclaimed sole Emperor of Rome.

The next year, 325, was a vital ---even revolutionary--- year. Constantine did three things:

1. He made Byzantium, on the Hellenic point where Asia and Europe meet, the new capital of the Roman Empire. He renamed it Constantinople. (Today we know it as Istanbul.)
2. The Council of Nicea made Christianity the official religion of the Empire. From persecuted sect in 303 to official religion 22 years later, it was almost dizzying. In fact, this may have been a turning point of Christianity in another way. In becoming an official power, it lost the very independence and informality that were so attractive in the first place. This change, as we shall see, later came back to haunt both it and the monetary system created along with it.
3. This monetary system was extraordinary. Constantine created the gold "solidus". The very name evokes a yearning for solid, honest money. For its model, he reached directly back to the last solid money in the world, the Greek drachma. As that coin had weighed 65 grains of silver, the 'solidus' weight was fixed at 65 grains of gold. One has to remember that all through the Roman triumph, Greek coins had remained in circulation in the Eastern part of the Empire, where modern day Greece and Turkey are. In fact, Greek was the spoken language by the people there not Latin. The Byzantine Empire --as it came to be called-- gradually realized this and changed the official language from Latin to Greek.

Honest Money Returns

But more importantly, the Greek ideals of sound money were never completely forgotten in that part of the world, even though by that time nearly 500 years had passed since Greek power declined into Roman.

This had enormous implications and these ideals were resurrected. So adamant were the authorities that no monetary debasement would take place that a tough series of laws were passed. In the Book of the Prefect, all would-be bankers had to swear they would never file down or clip the precious metals out of the coins, or would not issue false coins with base metals inside. If they broke this law they had their hand cut off. To keep watch on the bankers, all moneychangers were required to immediately denounce any banker

who issued false money. If they failed to do this they were whipped, had their property confiscated, and last but not least, had their hair and beards shaved off which was the very symbol of their manliness.

They went even further. Realizing that debt and the siren song it sang was the ruin of the average Roman, put them into economic slavery and, most importantly, caused the inflation and ultimate destruction of money, they took a radical view on charging interest. Here the old Aristotelian philosophy was in accord with the newer Christian economics. Debt and interest were regarded as abominations, and only tolerated occasionally for commercial transactions. And even in this area, debt played a very small role. People learned to pay with cash or not at all. In this way, the story mirrors what happened in America from the 1920s (when margin loans were all the rage) to the 1930s when debt was hated.

However, in 4th century Byzantium, these lessons were learned for much longer. The solidus started to become the world currency and was popularly called the "bezant". In a very short time, the bezant became the currency of choice all over the known world. It was found as far away as Scandinavia and Sri Lanka in Asia. As Western Europe fell into the Dark Ages, bezants became the only money worth believing in. In England, even into the Middle Ages, we learn from the taxpayer records that bezants were the money used to make payments.

I'm not saying that the Byzantine Empire was a paradise. Indeed, as its power increased, so did its arrogance. Just 101 years after Constantine died, in 438, Theodocius II started persecuting the Jews and destroyed all the synagogues in Constantinople. Those who had endured so much persecution themselves all too quickly began to persecute others when they got power. This same Emperor instituted what the 20th century would call "thought crimes" that brought any unconventional thinking under heel.

Say what you will in other areas, Byzantium remained true to its founding as far as honest money and sound economics were concerned. In fact, they might have gone to extremes. Anastasius, who ruled from 491 to 518, was the one who made Greek the official language. He also reduced taxes, which had been creeping up. He reasoned that more money would flow into the Treasury if taxes were low and trade healthy. He was right. By the time he died, there were a record 3.34 million ounces of gold. This was more than had ever been held at one place and was equal to fully 20 years of all the known global production at that time.

This hoard and the economic power it symbolized created the glories of Byzantine art that came soon afterwards.

Obsessed with Gold?

From Anastasius' death, the gold supply started to fall. The Church began to melt gold coins to make ornaments for the one artistic achievement the Byzantine Empire is remembered for: mosaics.

The massive Hagia Sophia (Church of the Holy Wisdom) began soon after Anastasius died. While still tremendously impressive today, the huge amounts of gold used, as well as

its four acres of gold-tinged mosaics, were looted by Venetian Crusaders in 1204. (In a later chapter, we'll be hearing more about Venice and how through her, Europe regained the world currency.) If you really want to see the glories of Byzantine art, as well as seeing how gold was used, you have to go to the sleepy Italian city of Ravenna, 90 miles south of Venice. Its unpretentious red brick buildings do not prepare a visitor (and there aren't many of them) for the brilliant richness of the mosaics within.

Inside the Basilica di San Vitale gold is seen everywhere. From the dome where golden stars glitter, to the mosaics on the walls themselves where gold is used both in portraits and as background, you are hit by a sea of gold. Even when actual gold is not used, the color of gold is venerated to nearly an obsessive level. In the church of Sant' Apollinare Nuovo, the left side was reserved for women and there is a golden scene of 22 virgins offering crowns to the Virgin Mary. The right side shows 26 men carrying the crowns of martyrdom, approaching a Christ surrounded by angels. Again, the overwhelming motif is Gold, with a capital G.

The guidebook, *1000 Places to See Before You Die* lists all three of these churches. But whereas the Hagia Sophia in Istanbul is always crowded and much of the gold is gone, in the gold-rich mosaics of Ravenna you'll have the places to yourself.

The Bezant Lost its Luster Too

All this gold took its toll on the Treasury. By 856, fully two thirds of the gold -over two million ounces-- that Anastasius had amassed was gone. However, the weight of the bezant was kept for nearly two hundred years after that. But by the middle of the 11th century, around 1050, the bezant gradually lost its luster. By 1082 it contained only six carats of gold, down from the original 22. The Emperor of this time, Alexius Comnenus (1081--1118) again started up with the old tricks of the late Roman emperors. While he continued to demand that taxes be paid in the pure gold of the earlier times, he himself issued coins that were adulterated by base metals.

After that, it was pretty much over for Byzantium monetary supremacy. Trade and gold began to flow elsewhere, and by 1204 it had ceased to be a world center. It did not officially fall until the Ottoman Turks sacked it in 1453, but like Rome, when the world lost confidence in its money the final fall was only a matter of time.

That the world was shocked by Alexius' devaluations is clear. After all, it ended a period of over 750 years of keeping the international money exactly stable. No money before or since has matched this record. And while Byzantium went out with a whimper and never shook the world with its cultural achievements the way Greece and Rome did, we should not forget they kept the ideal alive of honest and stable money during the nadir of civilization, and provided economic life to go on from Ireland to India.

The Pendulum Swings

Why did the Byzantine Empire succeed so brilliantly in having a stable monetary standard and an international currency which for centuries allowed trade from Sweden to Sri Lanka during what was otherwise the Dark Ages?

I've thought about this question for years and the best I can come up with is the following: It's human nature and when things go too far in one direction, then you see the pendulum swing back in the opposite extreme. A few examples of this, from the ridiculous to the sublime, and working backwards in time.

Just last week, the 68 year old head of Boeing had to resign for having an affair with a woman who also worked there, but on the other side of the US. This woman had worked at Boeing for 25 years, so has to be around 50 years old.

A very few years ago, aging CEOs had public affairs with much younger women right in their offices, and the world tolerated it. Now it seems to be going to the other extreme.

Just a few years ago, if you asked, "How much does that stock pay in dividends?," people laughed at you. No one bought stocks in the late 1990s for the yield, it was all about growth. These days, stocks paying dividends are very much in demand.

During World War II, it was common knowledge that around the "movers and shakers" in Washington D.C., you could make fun of the rest of America's wartime Allies... Britain, France and China.... all you wanted, however, and in every possible way. Saying something bad about Stalin and the Soviet Union, however, would get you passionate defenses of the Russians and even Communism from these very same people. Vice President Henry Wallace was a particularly vociferous defender. But after 1948, when the Soviets invaded Czechoslovakia and (very probably) killed its hero Masaryk, US opinion turned and started going to the other extreme. In just a few years came the McCarthy "witch hunts" and persecutions of anyone who had attended a gathering where Communists might have been present. Again, from one extreme to the other and in just a few years.

The 17th century in Europe was made extremely bloody by religious wars between Catholics and Protestants that had seemingly no end. After generations of this, Europeans became fed up, and the following century, the 18th, became the most tolerant century that Europe --and maybe the entire world-- has ever known. I'm sure you can think of many more examples of the same thing.

Going back further, by the time of Constantine the world had graphically seen what can happen to an Empire and its way of life when money loses its value over the centuries. Remember that by 325 AD, the world's most important currency had been steadily losing its value for over 250 years, resulting in chaos and depression for over a century, since as far back as 215 AD.

So terrible were the memories of this that whatever else the Byzantines did, they were sure to prize a stable currency and prize it to the extreme. No other international money, indeed, no other currency at all has ever held its exact value for nearly 800 years. Remember that we call them the Byzantines, as somehow apart from the Greeks and Romans, but they considered themselves Romans. The history of the Roman currency collapse was their own history and they were resolved to not let it happen again, even going to the extreme of hoarding up to 20 years' world gold production to make sure it didn't.

So what, if anything, does this tell us about our future? The world's main currencies--first the British pound and then the US dollar---have been steadily losing their values since 1914, when the pound went off the gold standard nearly a century ago. As things now stand, the world is in danger of rejecting its old reliance on the U.S. dollar as the world's reserve currency, yet there is no clear substitute at the moment.

We could be on the verge of a virulent period of having a world currency breakdown into competing and even warring currency bloc factions: a dollar bloc, a euro bloc, a probable renminbi bloc and a possible Islamic dinar bloc. At the very least, the way things are heading, the world will continue to experience a global currency --the US dollar--- that keeps losing its value.

At what point will the world become fed up, and have the pendulum start to swing in the other direction? After all, in just nine years from now, the world will "celebrate" a century of currency instability. It took the Roman world 110 years (215 to 325) of true currency chaos to utterly reject it and embrace honest money. So following this, can we expect an official embrace of gold in the global monetary system in 2024, 110 years after 1914? Or will our world have to wait the 271 years that lasted from the time Nero first devalued the Roman currency in 54 AD to the 'solidus' birth in 325? In that case, we are looking at the year 2185.

My bet is that since things move so much faster today, the pendulum will start swinging sooner rather than later.

My working scenario? I'm looking for things to come to a head around 2020, give or take a few years. By that time, the era of currency debasement that the world has experienced, and even tolerated and encouraged for a century, will become very much out of fashion. The world will then start to go to the other extreme of rigidly stable monetary values. When that time comes, I would want the vast majority of my wealth to be in gold and silver.

The Old Islamic Gold Dinar... And the Future One? Part 3 in the History of International Currencies Plus, Safe in a Cash Bunker Wearing a Full Metal Jacket

The World of Mohammad

In 600, the world was not in great shape. The old Roman Empire in the West had collapsed and most of Europe was ruled by a collection of ruthless barbarians of various tribes, Huns, Vandals, Goths and Visigoths: the names changed, but all of their regimes spelled "Dark Ages" (that is, they would have if these rulers could have spelled at all!). In the East, in Byzantium, things were better; at least the remnants of civilization remained. But 300 years later, the Empire that had started with such promise in 325, had become a static and bureaucratic place with ornate rules and --too often--- stultifying taxes. There was at least one good thing about the static nature of the place: the content of the gold bezant never changed. At least the world had money it could count on.

When the "gold hoarding" Emperor Anastasius died in 518, the treasury in Constantinople contained a huge amount of gold. But from then on that gold drained away: slowly at first, but in retrospect we can say that the century just after this represents the high water mark of the Byzantine Empire in terms of world power and artistic creation.

By the early 600s, cracks were beginning to appear in the Empire. Even at its strongest, Constantinople had never been able to conquer the Persian Empire, at least not for very long. Most of the time, they were in "peaceful coexistence". Trade flowed through Persia (modern-day Iran) to India and China, with all traders using the reliable gold bezant.

But Persia had been cut back in size over the years and longed to regain lost colonies. Just after 600, the Persians made their moves. First they advanced into Syria. In 613 they took Damascus. In 614 Jerusalem, the very cradle of Christianity fell to them. In 616 they took Egypt.

Byzantium was in crisis. The Emperor Heraclius stroke back, and after bloody wars, Jerusalem is finally retaken in 630.

Emerging Arabian Tribes

As these great powers fought, no one noticed the poor tribes of the Arabian peninsula. Though they were just a few hundred miles from Jerusalem, they might as well have been on another planet. Sand alone was abundant and the motley collection of tribes fought over the little water there was. They still believed in pagan gods, and some made idols of stones and worshiped them.

And yet, within a scant 100 years after 630, these very people were united by a simple idea and went on to control most of the world -from France down to Spain- into Africa and across to the Holy Land, Persia, into India and even beyond.

How this happens is among the most extraordinary stories in history. And most historians to this day have never been quite able to explain it. One of them, Thomas Carlyle put it this way: It was "as if a spark had fallen, one spark on what seemed a world of black unnoticeable sand; but lo! the sand proves explosive powder, blazes high from Delhi to Granada!"

Soon, a new currency is found trading in all these lands and well beyond. The gold bezant of the static Byzantine Empire has a dynamic new competitor. And the light that first blazed around 630 is blazing again today.

But we are getting way ahead of our story. To understand Islam and its lure, you have to understand Mohammad.

Islam and the Re-Discovery of Freedom

Picture a poor boy, pretty much left to fend for himself and with very little, if any, formal schooling. He soon develops, however, quite a talent for business, specifically trading. He's sharp, he's smart, he's personable, and most of all, he's honest. In fact, he

becomes known as Mohammad the Trustworthy (Mohammad is his birth name, the other part was to set him apart from the other Mohammads in the town.)

At the age of 25, he marries his boss, a 40 year old widow. After a few more years of relative prosperity ---their trading firm probably makes about \$300,000 a year in today's money, a solid if not spectacular success--- they retire to a place in Arabia akin to South Florida today.

He finally had time to read and to think. He came up with ideas that were completely revolutionary, going entirely against the established religion of his world. They held "get togethers" for their friends and neighbors, and little by little, when he felt he could trust his listeners he told them his ideas: *There is only one God, the God of Abraham. Further, all men are free by birth. They control themselves: no priest, no bureaucrat, no one else should get in the way of their relationship with God.*

Bit by bit, this idea (we'll call it Islam) spread. But the local priests, who direct the tribes in the worship of idols, view Mohammad's ideas as a direct affront. They came to kill him, but he escapes.

This happened in the year 622: he was 52 years old and only 10 years are left to him. His life work had begun.

The tribes came after him, and Mohammad proved himself a military genius. He did not invent trench warfare, but he introduced it to Arabia. So when the tribes ----which greatly outnumber his followers--- came to attack Medina, where he had fled, they were utterly surprised and defeated by the arrows coming out of the ground from all around them. After a few battles, he returned to Mecca in triumph. Though he died a couple years later, in 632, his ideas spread fast.

By 639, all the land from Syria to Egypt was won. Just 21 years later, all of Persia, which had never been really conquered by anyone, was Islamic. 60 years after that, all the land from Spain to India was won. A person could travel from the one to the other with no passport or visa, and a new trading empire was quickly born. As the years passed, lands from Southern France to modern-day Indonesia were also won over.

Of course, some of what the Islamists did was outright hostile, especially in the centuries after Mohammad died. In 846 a naval expedition sailed from Islamic Sicily up the Tiber and looted once-proud Rome itself. To protect itself against this happening again, Pope Leo IV built a wall around St Peter's and the Vatican palace; this wall became the boundaries of Vatican City today. But at least for the first century after Mohammad's death, his ideas and soldiers swept easily across much of the world.

How did this happen? People speak of lands being "conquered", but I wonder if this is the right word for most of what took place. Much of this land had been controlled by the Byzantine Empire, which by this time had become overly rigid and intolerant of any religion aside from the Orthodox one. By 600, any non-believers were crushed.

This was something new: the old Roman Empire, like the Greeks before them, had their gods, but they did not interfere with any of their conquered people who did not share them.

To be sure, the Romans may have smiled at the Egyptian's worship of their animal-like gods, or the Jew's belief in one god, but so long as they did not threaten the Empire politically, they were left alone. It was not so much the different nature of religious worship that made the late Roman Empire persecute the Christians, it was the fear that they represented a threat to an increasingly corrupt and despotic Roman rule.

But the Orthodox Christian Church in Constantinople soon began to persecute others who did not believe as they did. At first they turned on each other. Huge fights broke out about the exact nature of the trinity for instance. Then they turned on the Jews and anyone else who did not share their view of the correct religion.

They also began to crack down on independent thought in science as well. By 650, any independent thinker who could leave, left Byzantium. Most of them went to Persia. This is the "backdrop" for the tremendous success of Islam. The early followers of Mohammad proclaimed his message that all people were to be left alone to worship or think as they pleased. Of course, there were powerful incentives to become Islamic. No Muslim had to pay taxes. Christians, Jews, or anyone else were left free, but they had to pay a tax.

Further, no Muslim could be a slave. And in a world which had always known slavery, this was also a powerful draw. Finally, Mohammad specifically said that no black man was any better or worse than any white man and as we will see, this had a vital effect on the Islamic supply of gold.

When looked at this way, the enormous success of Islam during the few years after Mohammad's death does not seem so strange. The nations were not so much conquered as liberated.

The virtual complete freedom of thought had immediate consequences. First of all, came the universities in the modern sense of the word. (One in Cairo is still in existence.) There was a near-complete lack of structure or formality, at least at first. If you knew anything (or thought you did) and wanted to teach it, you advertised for students. If you were a good teacher, you were successful.

But unlike anything seen in the past, at least for 900 years, students did not so much want to study religion or philosophy, as they wanted to study science. For the first time in centuries, the works of the Greeks were taken seriously. Plus, the Mohammadans proved adept at learning from the people they had "liberated". For instance, in the West until then, when you wanted to number anything, you used Roman numerals. But because this method had no zero, it was very limited. The Hindus in India had discovered the idea of zero, the lack of a number was in effect a number too.

This idea was freely accepted by the new rulers, and what we now call "Arabic" numbers --the ones we use-- are actually the result of this amazing openness for new ideas. Without the concept of zero, no real mathematics is possible and it is no surprise that algebra is an Arabic name.

When I say "Arabic", it should be understood that Arabs were only one group of several who started to work together and learn from each other. Not just Hindus, but Jews and Christians lived together in peace.

This "living together" (or "convivencia" as they called it) had its most brilliant result in Spain. In modern day Andalusia (also an Arabic name), the cities of Toledo, Cordoba and Granada, among others, were the world's most advanced places for centuries. Cordoba, a city of nearly a million, had street lights, sewage, and paved streets fully 700 years before London or Paris did. It's doctors were performing surgery (forceps were invented there, for instance) at a time when northern Europeans were hanging dead spiders around their necks to ward off evil spirits.

Denarius becomes Dinar

There has been a debate for centuries on whether the Islamic civilization was basically derivative or actually original. Both sides have good arguments. Certainly Islam took good ideas wherever it found them --that very openness was one of its attractions. It revived classical Greek learning and even kept alive texts which almost certainly would have been lost by a West that had long stopped prizing them.

On the other hand, the confluence of different races, religions and cultures led to great advances in science, and one could make a very good case that the Spanish discovery of the New World was directly due to the great contributions made by Jews, Christians and Moslems working together in Spain during the centuries before 1492....the very year when both Jews and then Moslems were expelled from Spain.

But certainly, Islam copied the best of many cultures. We've seen India's influence on its mathematics and the Greek influence on its science and philosophy. But the very religion used Christian and Jewish religion traditions in formulating its own (Abraham, Moses and Jesus were all highly esteemed).

Finally, from Persia Islam it took ideas on administration, although with some changes and refinements. (Not enough, in my view: in centuries to come Islam's power was to wane the more it began to ape the despotic aspects of ancient Persian political workings, a curse that continues in too many Islamic countries to this day.)

But our focus here is on money, and here you can definitely say that Islam copied the best. In the British Museum's Money Gallery, you can see two coins side by side. One is a bezant minted by Emperor Heraclius from no later than 641 and the other is an Islamic dinar, minted by the Umayyad Caliph Abd-el-Malik in either 691 or 692. They are exactly identical, except that all overtly Christian symbols are removed. Just a few years later, in 696 only Islamic inscriptions were allowed on the money: you never see any pictures of rulers or even mint information from then on.

This was to be Islam's money: the weight (65 grains of gold) and the quality (.979 fine) was the same as the bezant. As for the name, the Moslems took the name of the ancient Roman denarius, which was itself a copy of the Athenian drachma, except that the Islamic coin was gold, not silver. Denarius became dinar. They also had a silver coin for average people to use. This was the dirhem containing 43 grains with fineness between .960 and .970.

Africa, Islam and the Flow of Gold

Mohammad's message of freedom and equality between races was soon to bear unforeseen and fortunate fruit. Gold had been discovered in West Africa, around present-day Ghana. It had been going to Constantinople, mined and transported by black slaves with no love for their masters.

But as Islam spread, its message found eager converts. Muslims were free. Black and white were equal. None could be a slave. So it should be no surprise that after 700, almost all of the gold was mined by West African Muslims, and transported by camel caravan to the mints of the Islamic world. So much gold came that a new mint was established at Tripoli to add to the older ones at Damascus and Baghdad.

With the dynamic new ideas and trade routes through the new Islamic world, the Byzantine Empire soon found itself shut out of the flow of new gold. Since almost none of the new gold came to Constantinople after this time, in retrospect, this can be seen as the start of its decline. Granted, a couple of centuries were to pass before the bezant was obviously questioned as the international store of value, but at least some of the seeds can be seen with the change in the flow of African gold starting around 700.

Who knows what would have happened if the Christian world of the Eastern Roman Empire embraced the dynamic ideas of freedom and equality before God that Mohammad proclaimed? Certainly the world would have been a very different place. As it was, the static and heavy handed Byzantine Empire began a slow decline.

This change in the pattern of the flow of gold lasted for 500 years until about 1200, and the rising power of the Italian city states. The first sign of the change was that African gold began to flow to Sicily, and from there to the Italian mainland specifically to Genoa and Venice. But that is for another chapter. However, by that time the Byzantine world was pretty much finished, the bezant devalued and Constantinople itself was attacked and robbed of much of its gold.

To see how dramatic this cut-off of the flow of new gold was to Byzantium, remember that by 856 the treasury in Constantinople had just one-third the amount of gold it had at the peak about 350 years before. In other words, 150 years after Islam won over Africa and gold, and became the most dynamic center of the world, most of Byzantium's gold was gone.

450 Years of Currency Stability

Islam copied the best from the Greeks in another important way. They continued to maintain the basic gold and silver content of their coins for centuries. Exactly 1000 years ago, over 300 years after the first dinar was minted, Spanish mints were coining dinars of no less than 64.5 gold grains. For a further 150 years, until 1144, the weight never fell below 60 grains.

Islam's Downfall

What happens after that is a sadder story. Islam's power begins to break up for many reasons. Internal divisions between Sunnis and Shiites, among other groups, cause the

followers of Mohammad to turn on each other. Many local rulers decide to set themselves up as virtual despots.

In Andalusian Spain, which was more advanced than most of Islam, fully 23 different and often bickering sheikdoms are formed. At the same time, Christianity becomes more powerful and starts a series of Crusades against Islam. They are able to benefit from the internal divisions and begin to re-conquer important parts of Europe. Some of the great Christian rulers, like the Norman French Roger II of Sicily, continue the tolerant policy of having Jews, Moslems and Christians live together. In 1139, he commissioned what comes to be known as the Book of Roger, where the brightest minds of the day describe in a book of world geography how the world is actually round. Columbus was to rely on this book 350 years later.

But all too soon, in most places the best that Islam gave to the world is replaced by intolerant and narrow-minded institutions like the Spanish Inquisition. But that's another story, and one outside the realm of monetary history.

It's New... It's Easy...It's Paper Money!!!

There is another aspect of the downfall of Islamic money that should not be ignored. Islamic traders went all over the world, including China. At some point --we still don't know exactly when, but likely around 1150-- they brought back news of an amazing Chinese innovation: paper money. Like all the innovations it stumbled on, Islam gave it a try.

For the first time in history, a ruler didn't need to actually rely on hard-to-mine gold and silver. He could slap on ink on a piece of paper and have that become money. It was great! It was revolutionary! And it was a disaster.

First those Islamic sheiks closest to China began to issue paper, then most others did. But the result was always the same. They couldn't control themselves. The ability to print paper money was too great a temptation.

I don't have to tell you what happened. But combined with all Islam's other problems around this time, the introduction of paper money helped destroy Islamic world power. The Christian countries resisted the use of paper money and instead started to copy the classical Islamic dinar. From 1142 to 1214, the Christian states nearest to the Islamic world (Castile, Sicily, and Jerusalem) even used Arabic engravers as the "gold standard" of great money. By 1250 monetary power had clearly passed back to Western Europe for the first time in 1000 years, via the Italian city-states. Exactly five years before this, in 1245, the last Islamic gold dinar was minted. Then the Islamic world began to fall into a period of despotism, intolerance, division and misery that much of it is still in.

But while it lasted, Islam kept the ideals of civilization and stable money alive. It was a ray of light in an otherwise dark world. Dinars and trade flowed all over the known world. From Africa to India to England, dinars are still being dug up. The Vikings were the great traders of Northern Europe starting around 700. But they never really had a sound monetary system of their own. They mostly used dinars, since they traded heavily with the Islamic world, exchanging fish and other resources for gold and silk. Not many years ago in Yorkshire, England, the so-called "Goldsborough Hoard" was found. Dating from about

920, it is filled with Islamic dinars and dirhems. It shows how, within three centuries of Mohammad's flight to Medina, the civilization he imagined made a profound impact on lands far away.

Islam Stirs Again and the Gold Dinar is Reborn...Or Is It?

As recently as the start of World War 2, the Islamic world was, from Morocco to Indonesia, European colonies or puppets. But after 1945, nation after nation gains their independence.

And for the first time in 1000 years, Islam is on the move making converts in the West and showing new strength at home. Though still beset by many of the problems of the past, there are signs of a new pride in Islam. This extends to the monetary arena. In 1991, the idea of a new Islamic gold dinar was first raised, and since then the Islamic Mint in Malaysia has minted them. (Go to google.com and type in Gold Dinar and Islamic Mint and you'll even see photos of them.)

Part of this rebirth of interest comes from an effort to wean Islam away from Western money; some from all paper money, and some to hopefully re-capture the lost glories of Islamic money. However, there is little agreement on how to proceed. Most of the Islamic world still tie their currencies to the US dollar and this includes such enemies of America as Syria and North Korea (not that this one is an Islamic country, but you get the picture... some surprising countries are still pegged to the greenback).

Rising anti-American sentiment, coupled with a falling US dollar would appear to give this policy a shaky future. But what would follow a tie to the dollar is far from clear. Former Malaysian president Matihir wants a gold-based Islamic money, but the oil-rich Gulf states like the United Arab Emirates have been talking of tying their currencies to the euro.

65.6 Grains: The Tradition Continues

But I do find it fascinating that the new Islamic gold dinars which have been minted are exact copies of the old one, which further means that they are copies of the bezant. And this also means that they are indirectly copies of the silver Athenian drachma and the early Roman denarius, both of course, containing like amounts of silver rather than gold.

Specifically, the new gold dinar contains exactly 65.57 grains of gold. Or to put it in more modern measurements, 3.25 grams or .1366 troy ounces. At a price of \$450 per troy ounce of gold, this means that the new gold dinar would be worth \$61.47. And knowing that this sum is too large for most people to use in daily life, the Islamic Mint has resurrected the silver dirham. This coin is 3 grams of silver, or .096 of an ounce. At a silver price of \$7.50 an ounce, the dirham is worth 72.34 US cents.

So is the idea of stable gold and silver money first practiced in ancient Greece 2500 years ago about to be continued in the Islamic world today? Who can tell for certain now, but what we can say is that the next generation of money and currency will be extremely interesting.

Here are some links you might find of interest:

<http://www.islamicmint.com/islamicdinar/history.html>

<http://islamic-world.net/economics/dinar.htm>

<http://www.moneyfiles.org/goldwar.html>

Published bi-weekly by Chris Weber. \$199 per year. Subscriptions to 11 Oval Drive, Ste 107, Islandia, NY 11749-1746. Market related questions to Weber Global Opportunities, Dept. SJO 874, P.O. Box 025216, Miami, Florida 33102-5216 or **E-mail** customerservice@weberglobal.net. Questions will be answered in future issues. Copyright Chris Weber 2005. All rights reserved. This publication's sole intended purpose is to provide investment-related information and opinions to subscribers and the recommendations and analysis presented to members is for the exclusive use of members. Copying or disseminating any information published is strictly prohibited. Members should be aware that investment markets have inherent risks and there can be no guarantee of future profits. Likewise, past performance does not assure future results.

Website: <http://www.weberglobal.net> Call **toll free:** 1-866-301-2933 or for subscribers outside the U.S. and Canada dial country code 00506-2712293. **Fax:** 00506-2726261.