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The golden new Era of the 1990s has been welcomed and praised by many observers. But I'm afraid a different type of new era is arriving-a dangerous one- heralding the end of 30 years of fiat money. If so, it's a serious matter that deserves close attention by Congress.

There's nothing to fear from globalism, free trade and a single worldwide currency. But a globalism where free trade is competitively subsidized by each nation, a continuous trade war is dictated by the WTO, and the single currency is pure fiat, fear is justified. That type of globalism is destined to collapse into economic despair, inflationism and protectionism, and managed by resurgent militant nationalism.

Efforts to achieve peaceful globalist goals are quickly abandoned when the standard of living drops, unemployment rises, stock markets crash and artificially high wages are challenged by market forces. When tight budgets threaten spending cuts, cries for expanding the welfare state drown out any expression of concern for rising deficits.

The effort in recent decades to unify government surveillance over all world trade and international financial transactions through the UN, IMF, World Bank, WTO, ICC, the OECD, and the Bank of International Settlements can never substitute for a peaceful world based on true free trade, freedom of movement, a single but sound market currency, and voluntary contracts with private property rights.

Great emphasis in the last six years has been placed on so-called productivity increases that gave us the new-era economy. Its defenders proclaimed that a new paradigm had arrived. Though productivity increases have surely helped our economy, many astute observers have challenged the extent to which improvements in productivity have actually given us a distinctly unique new era. A case can be made that the great surge in new technology of the 1920's far surpassed the current age of fast computers, and we all know what happened in after 1929.

A truly new era may well be upon us-but one quite different than what is generally accepted today.

The biggest error in interpreting today's events is totally ignoring how monetary policy in a fiat system affects the entire economy.

Politicians and economists are very familiar with business cycles with most assuming that slumps erupt as: 1.) A natural consequence of capitalism, 2.) An act of God, 3.) Or as a result of Fed driven high interest rates. That is to say, the Fed did not engage in enough monetary debasement, becomes the most common complaint by Wall Street pundits and politicians.

But today's economy is unlike anything the world has ever known. The world economy is more integrated than ever before. Indeed, the effort by international agencies to expand world trade has had results- some good. Labor costs have been held in check, industrial producers have moved to less regulated, low cost, and low tax countries while world mobility has aided these trends with all being helped with advances in computer technology.

But the artificial nature of today's world trade and finance being systematically managed by the IMF, the World Bank and WTO, and driven by a worldwide fiat monetary system, has produced imbalances that have already prompted many sudden adjustments. There have been eight major crisis in the past six years requiring a worldwide effort, led by the Fed, to keep the system afloat, all being done with more monetary inflation and bailouts.

The lynch pin to the outstanding growth of the 1990s has been the US dollar. Although it too is totally fiat, its special status has permitted a bigger bonus to the United States while it has been used to prop up other world economies. The gift bequeathed to us by owning the world reserve currency, allows us to create dollars at will- and Alan Greenspan has not hesitated to accommodate everyone despite his reputation as an inflation fighter. This has dramatically raised our standard of living, and significantly contributed to the new era psychology that has been welcomed by so many naive enough to believe that perpetual prosperity had arrived and the bills would never have to be paid.

One day it will become known that technological advances and improvements in productivity also have a downside. This technology hid the ill effects of the monetary mischief the Fed had enthusiastically engaged in over the past decade. Technological improvements, while keeping the CPI and the PPI prices in check, led many, including Greenspan, to victoriously declare that no inflation existed and that a new era had indeed arrived. Finally, it's declared that the day has arrived that printing money is equivalent to producing wealth and without a downside. Counterfeiting works!

But the excess credit created by the Fed found its way into the stock market- especially the NASDAQ, and was ignored. This set the stage for the stock market collapse, now ongoing. Likewise ignored has been the excess capacity, mal-investment, and debt that permeates the world economy.

Could we indeed be facing a truly New Era, but one unanticipated by all the authorities and one much more dangerous?

The collapse of the Soviet system and the emergence of United States military and economic preeminence, throughout the world, have permitted the dollar-driven financial bubble to last longer than anticipated. But instead of a glorious New Era, as promised, we ended up with a huge financial bubble and an artificially integrated world economy dominated by an unstable dollar. But instead of a single commodity currency driving a healthy world economy, we have

an economy that has numerous imbalances generated by the US dollar, unsustainable trade agreements and total instability in the currency markets.

Sure we have enjoyed cheap imports and they have raised our standard of living and our foreign debt. We have on the short run benefited from our trade and current account deficits since the world has been only too eager to gobble up our inflated dollars and loan them back to us. But soon the countries of the world will decide that enough is enough and they will recognize the bad deal it is for them to continue to accept our dollars. The mal-investment, already becoming apparent, will prompt even more radical adjustments in all markets.

There are many countries only too anxious to get back at the United States for our military and economic aggressiveness, and some unknown economic or military event will one day knock us off our pedestal and a dangerous New Era will be upon us, instead of the golden one dreamed about.

For thirty years the world has operated on a pure fiat monetary system and all the ill effects of such a system are now becoming apparent. Current adjustments will be different than all other previous currency adjustments, which were local or regional. This one is worldwide and may well be the biggest economic event in modern history.

It's reasonable to assume a worldwide slump will ensue as a result of the worldwide monetary mischief our authorities have engaged in the past 30 years. Never before has the world gone so long without money having some tangible value attached to it. Trust in politicians and Central Bankers may have been a benefit in the inflationary part of the cycle but this trust will quickly dissipate in the corrected phase. Monetary heroes can quickly become villains as the price is paid for previous excesses and extravagance.

However, hope springs eternal, so no effort will soon be made to restore sound money. A giant worldwide slump will merely prompt massive monetary inflation and deficit financing. The Congress and the American people should anticipate this will happen even though it should not.

Conditions today could easily lead to rampant price inflation as the dollar depreciates. Trade chaos, already apparent, considering the number of complaints pending before the WTO, will surely worsen, leading to a greater cry for protectionism and militant nationalism which will then

jeopardize international trade even more.

The ultimate solution will only come with the rejection of fiat money worldwide, and a restoration of commodity money. Commodity money if voluntarily and universally accepted could give us a single world currency requiring no money managers, no manipulators orchestrating a man-made business cycle with rampant price inflation. Real free trade without barriers or tariffs and a single sound currency is the best way to achieve international peace and prosperity.

When that day comes we will have a true New Era, unlike the fictitious New Era of Greenspan's dreams and certainly opposite of the dangerous New Era that stares us in the face as the world fiat monetary system falters.