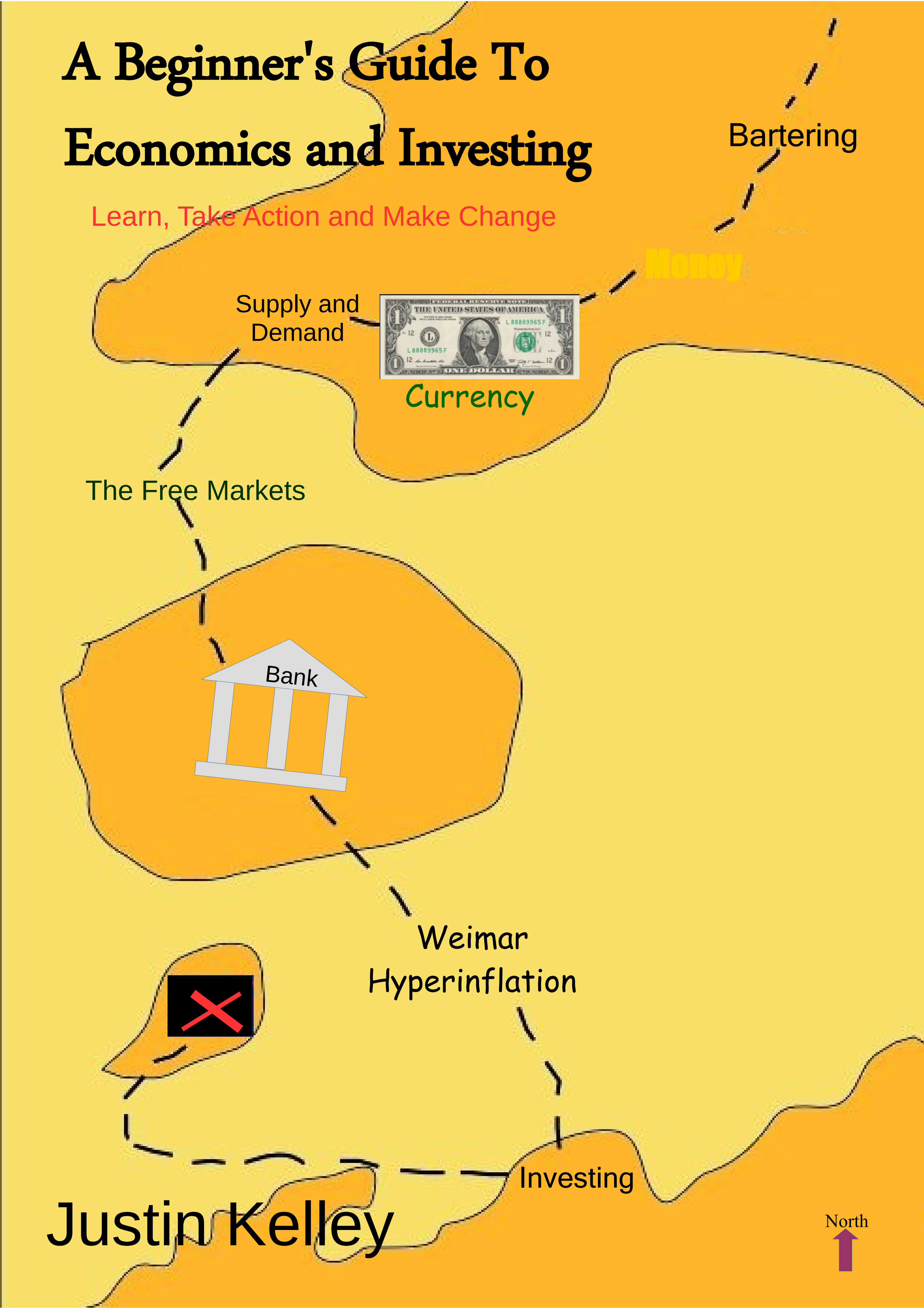
A Beginner's Guide To Economics and Investing

Learn, Take Action and Make Change



Justin Kelley

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A Beginner's Guide To Economics and Investing by Justin Kelley

Foreword

by Craig Lang

Having known Justin since he started high school it was of no surprise to me that he wanted to put pen to paper. Many students express such a desire. Not many have expressed the want to write a book on Economics yet it was equally no shock to me that when Justin told me he was writing a book – Economics was the focus. I use the word focus as Justin has always had the ability to do just that. When interested in a topic he is the literal "dog with a bone". Many teenagers are like this. Where as most are focussed in pop culture and the like it is facts that interest Justin, with the complexity of the Economy being his topic of choice.

As his Commerce teacher it was clear that Justin not only had an interest but also an affinity for Economics. He loved the complexity, the miniature. He was learning to combine his love of detail with a developing analytical brain. Analysis is all through this book. He enjoys forming an argument and has a sense of assurance that comes from being young. You may or may not agree with the book's assertions. Do enjoy the analysis behind them. Few teenagers care enough to think about these issues, fewer would write about them and in my years of teaching only one has written about them in depth with the level of analysis you will read here.

So I urge you to engage, as Justin has. I have no doubt he would enjoy the debate if you disagree with his conclusions.

As an educator I rejoice that he has come to them.

- Craig Lang

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Introduction

To the average person economics is something that seems to be too complex to understand. The elaborate way economists use terms like banking, investing, derivatives, monetary history and GDP convince people that economics is something that they will not understand. Yet these economists use this fancy way of talking about economics to show off and you will be surprised how simple economics is. The bare essence of economics is the supply and demand of goods, services and money. This book will teach economics and investing without all the complex jargon. You might also feel deep down that there is something wrong with our world economy. Why is it harder to a make a living today then a few decades ago. Well the people in charge of our economy didn't learn from history and are leading our economy to disaster. Yet a disaster for some, a golden opportunity for others. Read this book to make this your golden opportunity.

Economic Energy

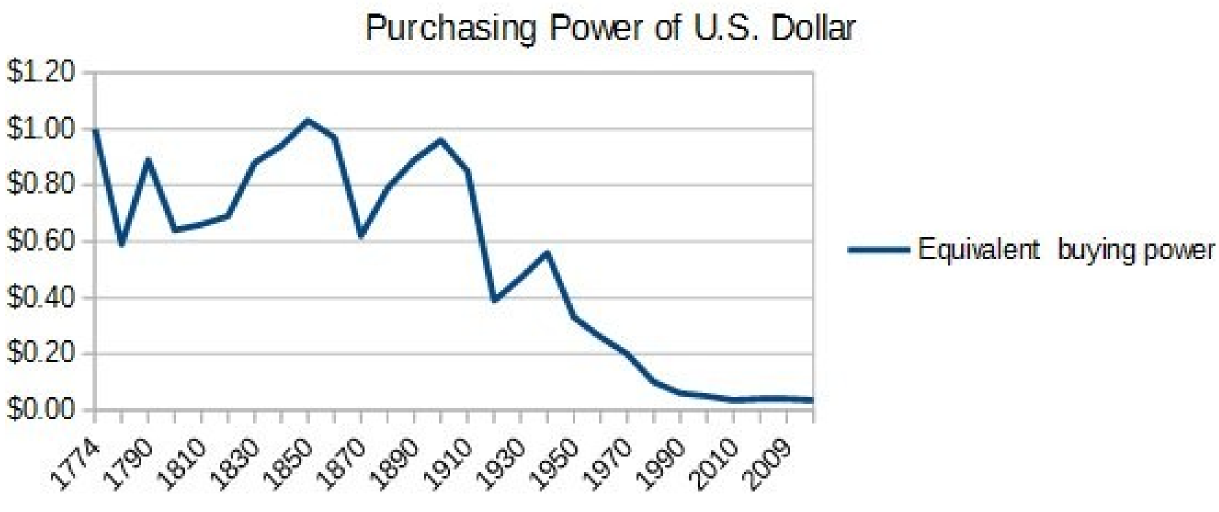
Money is the life blood of the economy. It is used to store economic energy (term Mike Maloney uses), which is one's time and what one can achieve with that time (labour). Money is used to store and trade resources. Understanding economics is critical to know how the powers to be are using the world economy to take away your economic energy.

"Your true wealth is your time and freedom. Money is just a tool for your time. It's a container to store your economic energy until your ready to deploy it, but the whole world has been turned away from real money and has been fooled into using currency. A deceitful imposter that is silently stealing your two most valuable assets: your time and your freedom."

Mike Maloney – "Money vs Currency – Hidden Secrets of Money Ep 1 – Mike Maloney"

The Problem We Face Today

Our current monetary system (the way money works in the economy) is a finite system that is designed to fail. There has been too much tampering with it and since 1971 the entire world has been using fiat currency, which inherently loses its purchasing power over time. The crash happened in 2008 as the Financial Crisis, but it was decided that "kicking the can down the road" was the solution. We didn't recover from the Financial Crisis, it was delayed and made much worse and now the cracks are widening. The rich are prospering from this at the expense of the common people, who will be really hurt when the time comes. However we can prepare for this crash by investing into real assets to protect ourselves from any further loses. This graph shows the amount of wealth we as people have lost in the last century. The irony is that inflation picked up with the formation of the Federal Reserve, which was meant to create financial stability.



Source: Wikipedia

So What Can Be Done

As history shows, our world economy will have to crash eventually and one can position themselves in a way to protect themselves or to maybe even profit from this event. This can be done by getting educated and then investing into real assets like precious metals. The upcoming crash shouldn't be viewed as a grim event as there are few moments like this that allow for massive gains to be made. Understanding how all this stuff works is needed to avoid financial disaster. By sharing this information we can educate others and help them prepare too and if enough people know about it, we can stop the stealing of our economic energy and freedom. So what can be done? Step 1: Educate yourself, step 2: Take action and step 3: Spread the word.

You may think Communism/Socialism is the solution to this problem, but as an early warning it isn't the solution. Capitalism is simply better then Communism, which Germany during the Cold War clearly shows and furthermore Capitalism might not guarantee economic freedom, but is a necessity for it. You find some form of Capitalism in places with economic freedom. Today we have a mixed economy (Between Communism and Capitalism) that is swinging towards Communism and has poor economic policies attached to it. What we need is the mixed economy, but with the rights polices such as a smaller government, less bureaucracy (to reduce restrictions, compilations and paper work) and better economic policies including a simplified tax system. There are different types of Capitalism and we need a competitive one.

Has This Happened Before

The problems we face today happened so many times in the past. The greatest hits are the end of the Athenian Empire, the collapse of the Roman Empire, the collapse of the Spanish Empire and the Weimar Hyperinflation. The process each event goes through can be called the Seven Stages of Empire, which is a cycle Mike Maloney defined. It's amazing on how history repeats itself and people never learn from their mistakes and we can now see how this currency crisis will take place using history.

What this Book Will Cover

This book will cover what money is, monetary history and on how this crisis will unfold and how it will happen. The book will also look at recent news, different areas of economics like banking and on how to prepare for the upcoming crisis. "*A Beginner's Guide To Economics and Investing*" purpose is also to help one peer through the "smoke and mirrors" of economics.

Money

Money is something everyone has heard of and wants. It is the life blood that drives an economy. Money is used in everyday living to buy products, pay bills and so on and everyone tries to obtain more of it. It is used to buy our wants and needs and has come in many forms throughout history such as coins, notes and strange objects. But, what is money? Money has many different names such as cash, bucks, dough and currency. Money is also often said to corrupt, but it is needed for an economy to prosper. This chapter will look at monetary history, different characteristics of money and why the currency we use today is not truly money.

Defining Economics

Investopedia defines economics as "*A social science that studies how individuals, governments, firms and nations make choices on allocating scarce resources to satisfy their unlimited wants. Economics can generally be broken down into: macroeconomics, which concentrates on the behaviour of the aggregate economy; and microeconomics, which focuses on individual consumers.*"[2] Complex right? Well this book will break economics down and after reading, economics will be very simple to understand.

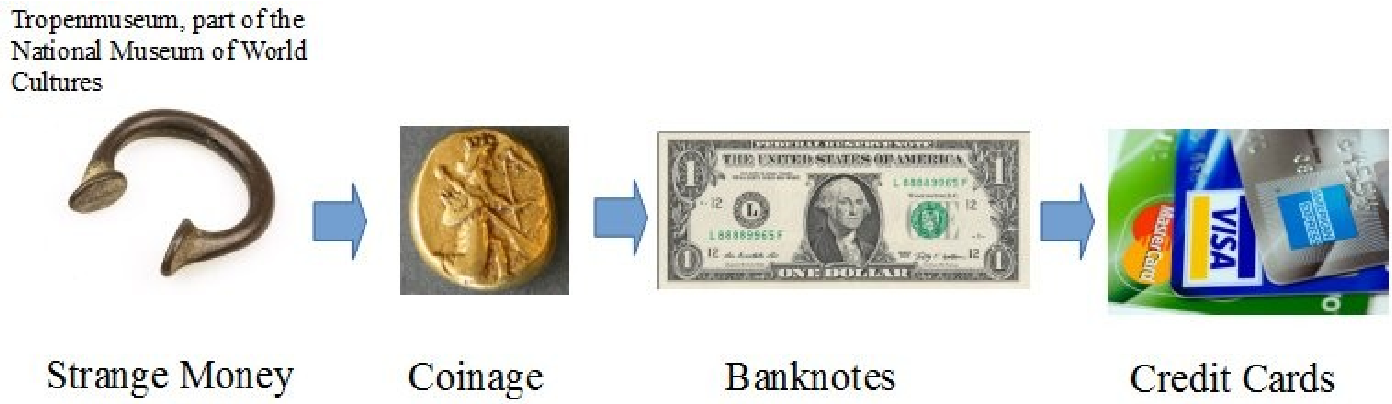
The following bullet points are a way to simplify the definition of "economics":

• Economics deals with the distribution of limited resources to satisfy the unlimited needs and wants of consumers.
• Economics centres around the concept of demand and supply.
• Macroeconomics is the economy as a whole and microeconomics is looking at the individual transactions with the economy.
• Money is the life blood of the economy and flows between different sectors of the economy.
• The Monetary system deals with how money is provided, the management of money and what form of money is used such as a fiat currency monetary system uses money backed by confidence.
• Money and other assets rise and decline in value.
• The issuers of money use their power to benefit themselves at the expense of others.
• Governments today can create money from nothing.

Moving forward, money and monetary policy will be covered first as they are essential in grasping economics.

What is Money?

The Collins dictionary defines money as the following: *"Money is the coins or banknotes that you use to buy something"*[3], but this definition isn't very accurate. The true definition of money is much more then just banknotes and coins. Money has come in many different forms throughout history. Money first came in forms such as stone money or objects, then as random sizes of gold, silver and copper and then gold and silver coins. After coins, money turned into paper notes and now it's digital. The diagram below shows the transformation of money.



However, each of these representations of money have different qualities and the problem is that not all of these qualify as money. The gold and silver coins are money, while the rest aren't and they are instead called currency. Money is used to store economic energy. The economic energy is the time and freedom one has. In the next few sections of this chapter, we will first look at the difference between money and currency and then the development of money from bartering.

Economic Energy

Economic energy is the time and freedom a person has. A person's economic energy can be seen as the work you can do within an amount of time and you are given money to store that value. The money is used to store the economic energy to be able to use it in the future. However currency loses the amount of economic energy it has and allows the issuers of currency to take away your economic energy.

Money vs Currency

The difference between money and currency is explained in Mike Maloney's *Money vs Currency episode* in his Hidden Secrets of Money series. The characteristics of money are as follows:

- **A medium of exchange:** This is something that can be used to buy goods and services.
- **A unit of account:** A base value of each unit, such as an ounce of gold all around the world that has the same price.
- **Durable:** The ability to last a long time period.
- **Portable:** Able to be moved around easily.
- **Fungible:** Each unit of currency or money has the same value, that is it is interchangeable. Mike Maloney explains this by saying, *"A Dollar in your pocket buys the same amount as a Dollar in my pocket."*[1]
- **Divisible:** The ability to be divided.
- **Store of value:** The ability to store value.

Money has all these characteristics, while currency has all of these characteristics, except that it isn't a store of value. The reason why currency lacks this ability is explained below.

Money and Currency

Many people, even bankers, don't know the difference between money and currency and this lack of knowledge is one of the reasons why our economy is in a mess, because we use currency. If we used money then this wouldn't happen. Money and currency are a medium of exchange, unit of account, durable, divisible, portable and fungible, but only money is a store of value. A currency like the German Marks from the Weimar Republic is as useless as paper, while money like a gold coin from ancient Greece still has its original value or even more. Currency can't store value, money can and this is because money is backed by its intrinsic value.

Money

Currency

Intrinsic Value

The intrinsic value of an item is its natural value, the value of the materials it's made from. Money is backed by this value and so is very stable. Currencies however are backed by trust, which is a fiat value that can easily vanish. The intrinsic value of today's currencies are next to nothing as they are made from materials like paper and nickel. Even worse a fiat currency on computers have absolutely no intrinsic value. Gold and silver coins can have a fiat value on it such as a perineum value, but when that fails, the coin still has its intrinsic value to fall back on.

Purchasing Power

The purchasing power of money and currency is how much it can buy. For example, if an item costs $20 US Dollars and $35 Australian Dollars, the US Dollar then has more purchasing power as it can buy more then an Australian Dollar. Gold and silver are both suitable as legal tender as they don't lose their purchasing power due to inflation like paper notes and cheap metal coins do. Something retains its value by being scarce like gold, which is valuable because it's rare and that value would be lost if gold become more common. This is why money and currency lose their purchasing power when the amount of it increase. Gold and silver has to be mined out of the ground, while paper money can just be printed with any dominations of numbers on each note.

Why is this Important?

Our use of currency resulted in placing our economy into the current mess we observe and if we had used money instead we wouldn't be in this mess. The expansion of the currency supply is stealing your purchasing power and giving it to the rich and so you need to get your wealth into real assets to protect yourself from this scam.

"In the absence of the gold standard, there is no way to protect savings from confiscation through inflation. There is no safe store of value."

Alan Greenspan (American economist and former US Federal Reserve Chairman)

Inflation, Deflation and Value of Currency/Money

The often accepted definition of inflation is the rising of prices, but inflation is the expansion of the currency supply and prices rising is the effect of it. Deflation is the contraction of the currency supply. These also apply to other areas such as an economy deflating in size. Look at money as an asset, which can gain and lose value. The changing of values of different items causes a change of prices. The price of a loaf of bread for example can increase in price by the loss of the purchasing power of the money used to buy the bread, which is nothing more than the bread increasing in value against the money used. Simple supply and demand.

Fiat Currencies

A fiat currency is not backed by something of value like gold or silver, but is backed by confidence. This can be where a paper note comes from a printing press and the government through law makes the paper note legal tender, which ultimately gives the paper note its value. This is known as a fiat, which is a Latin word for an official decree. A fiat currency is completely based on confidence and if that fails, as happens time and again, the currency will lose all its value. When a government creates more currency and increases the currency supply, the purchasing power is diluted and decreases. The bad part of fiat currencies is that they are created from nothing.

"The modern banking process manufactures currency out of nothing. The process is perhaps the most astounding piece of slight hand that was ever invented…If you want to be slaves of the bankers, and pay the cost of your own slavery, then let the banks create currency".

Lord Josiah Stemp, Former Director of the Bank of England (1937)

Down to Zero

Every fiat currency ever made has gone back to zero throughout history. Either a fiat currency failed or sound money was debased into currency, which then failed. It's necessary to know that money can also be expanded, which is done through debasing. This is when a gold coin is mixed with copper to make more coins and so each coin has less intrinsic value and the money turns into currency. It's important to note that money can be debased into a currency and then inflated to zero. There are many cases of fiat currencies failing throughout history such as the Weimar Hyperinflation, Hyperinflation of the US Confederate Dollar, Hyperinflation of the Continental (American Currency during the Revolutionary War), Collapse of the Roman Empire, Collapse of the Athenian Empire and the Collapse of the Spanish Empire. This is now happening today. As soon as a fiat currency is introduced it starts losing its value. The US Dollar in 2012 has only 3% of its original purchasing power that it had when it was introduced and a 2013 $1 US note would only be worth 5c in 1913. That $50 note you have will buy you 2 silver coins and in a few decades only buy one and it will then go back to its intrinsic value of paper. Australian banknotes are the same as Monopoly money and all countries in the world are now using fiat currencies.

"At the end fiat money returns to its inner value—zero."

- Voltaire

This is a Zimbabwe Banknote during the Zimbabwe Hyperinflation (2008-09)

This is a Mark Banknote during the Weimar Hyperinflation in Germany

And don't think today, the fiat currencies won't go down to zero after each time in the past it has. The only difference in value of any paper banknotes are the value of the paper they are printed on.

Gold Standards aren't Full Proof

A monetary system can also be a gold standard, which is when the currency is backed by gold. This is better then a fiat currency, but it isn't money as it's the start of the scam and gold standards often lead to a fiat currency. This has happened in the last century. A monetary system using money would be using gold and silver or other valuables directly, but a gold standard still uses currency.

The US Dollar as a Gold Standard

During the 19th century, the US Dollar was on a gold standard and for every US dollar that was circulating there was an equal amount of gold in the US vaults. The government had in reserve the same value in gold to that of the total value of the currency supply. For example if $100 was circulating there was then $100 worth of gold in the vaults to back it up with. This restricted the government in print money and limit its ability to do things like deficit spending. This is why governments don't like using gold and silver because of its restraints.

A Closer Look

To look at it closer, imagine you have 1,000 gold coins and then you hand half of it in to a banker in exchange for a banknote, which is legally worth the 500 gold coins you hand it. So the banknote now has a value to it and can act as a claim check on that gold you put in. This is a gold standard. The banknote now has the value of 500 gold coins and it has the same purchasing power of it, but that purchasing power is based on trust. There originally was a value of 1,000 gold coins and now there is 1,500 gold coins worth in circulation. The bank created 500 gold coins worth of value, however the intrinsic value of that is still 1,000 gold coins and purchasing power for a single gold coin has gone down. This can lead to the fiat value of a gold coin failing below its intrinsic value. This is how a gold standard can expand the currency supply, however the real value is still the same. This happened with silver during the days of the Spanish Empire. Silver is money, but the Spanish decreased its value because of mining lots of it and due to poor money management. This will be explained in the next section of this chapter.

How the Scam Starts

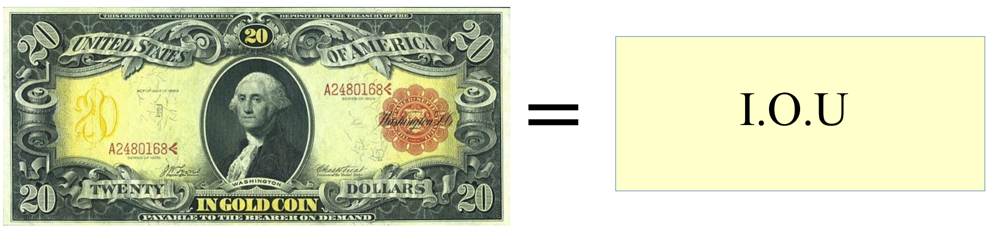
During the classical gold standard, every dollar was backed fully by gold and one has to add the value of the gold and the currency it is backing. Such as there being $1 million in circulation and $1 million worth of gold and that amounts to $2 million. Through this system a government has created wealth out of thin air by doubling the amount of currency but by halving the amount of wealth. A gold standard might not be fully back one-to-one. During the Gold Exchange Standard, every dollar was only back by 40c of gold. A 40% reserve ratio and this allowed for the expansion of the currency supply even more. This quote below talks about how the general public does not know about this scam and if people knew about it, it would not be pretty. Today people are already getting upset about our corrupt monetary system.

"It is well enough that people of the nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before morning."

- Henry Ford (American industrialist and founder of the Ford Motor Company)

Currency as an IOU

The way a gold standard is a claim check system is that you can hand a $20 note into a bank and get $20 worth of gold in return. This makes the currency that is backed nothing more then a claim check. A promise to pay the holder of that check in the same amount of gold the check is valued at. Nothing more than an I.O.U.



Money can also Lose Value

Money can also become victim to value loss too, but at a much lower rate and it's much less likely. This is actually money turning into currency as an asset only remains money when it meets the right criteria. If silver become abundant it wouldn't be money any more, but gold and silver are just too short in supply to become currency. Before the discovery of the New World (Americas) silver was rare in Europe, but the Spanish brought back so much silver from the New World that it caused the value of silver to lower back in Europe.

The Spanish Empire and Silver

The Spanish would colonise most of the Americas, forging an empire, while becoming very rich. The first source of wealth came from sacking the treasures of the Inca and Aztec Empires. Gold was found, but silver also in far greater quantities. Francisco Pizarro González (Spanish conquistador who conquered the Incan Empire) would get 11 tonnes of gold and 22 tonnes in silver as a ransom for the Inca Emperor. After these initial sources were gone, Spain would find many sources of gold and mainly silver, especially in the Andes. 57,000 tonnes would be mined in 250 years, which lead to inflation of silver. The Spanish Empire would lose a lot of its wealth in wars, poor fiscal management and from piracy.

Spain used large quantities of its silver to buy goods from other European nations. These nations would obtain lots of silver. But, Spain was buying more then there was and prices rose while silver's value dropped. This resulted in the European Markets being saturated with silver no one really wanted. Spain in turn went into debt as they couldn't get enough silver imported from the New World to keep up with the demand. Prices were estimated to have risen by 400%. The silver crisis the Spanish caused would last for several centuries and the Spanish Empire would default several times before collapsing.

Debasement

Debasement is the ancient way of debasing money into currency. They produce more silver or gold coins by mixing more copper into the coins, which allows them to get more coins to spend with. However once the debasement is noticed then inflation kicks off. This isn't gold and silver losing value, but their coinage having less gold and silver in them and they turn into currency as a result of this.

The Dawn of Money

The invention of money happened many thousands of years ago in Lydia (Iron Age kingdom of western Asia Minor located in modern Turkey). Before the invention of money there was the bartering economy, which was limited. Money allowed an economy to become more complex and improved. It achieves this by making trading easier. The first forms of money were gold and silver. The invention of money supported the creation of the first great empires and also to the first great economic collapses.

From Bartering to Money

For many thousands of years before the invention of money, the world lived on a bartering economy. Bartering is the exchanging of goods between individuals. People didn't use any money, but exchanged goods for goods such as one cow for three chickens. The value of a product to another had to be established when trading. Bartering can also be used for services such as someone gives a person a cow in exchange for them doing something in return like building a house for them. This system was basic and made trading difficult and time consuming, which meant that the economies during that time were limited on how much they could grow. Bartering is even used today when money isn't around or not usable such as during economic turmoil or when making a trade between two people such as a phone for a Nintendo DS game console.

Around 5,000 years ago bartering changed into money in the form of gold and silver. However before that and after that currencies were invented in various forms and materials. Writings say that around 4,500 years ago in Ancient Mesopotamia silver was used to buy items in weighed amounts, which led to the creation of money. The Ancient Egyptians weighed precious metals to give them value. There are also strange forms of currencies used such as copper rings called manillas that were used in West Africa in the 15^{th} century. In Santa Cruz, the natives there created their currency by having tiny red feathers glued together and attached to vegetable-fibre coils. The brighter feathers had more value. In Ethiopia, bars of salt were used as the medium of exchange. These are currencies as they lack creation properties that real money has.

Gold and Silver in Ancient Egypt

5,000 years ago gold and silver were first used as a medium of exchange in Ancient Egypt. Gold and silver were weighed using scales and then given a value. Value of items like rings, bars and lumps (See below) was based on weight and so trading was done with scales and prices were calculated in weight. The size or shape of gold, silver and copper pieces didn't matter. Their weight mattered. As each piece was different in size and weight they weren't interchangeable, which limited them to being a currency. To be interchangeable each unit needs to be same. At this point in time, as standard coins did not yet exist, items still did not have a standard price, making trade difficult. During transactions each chunk of gold or silver had to be weighed and have their purity guessed to determine their value to complete the transaction, whereby coins do not have this problem. Coinage is standardised by the mints that make them and governments also have a role in enforcing this standardisation.

Lydia and Greece: The Birth Place of Money

Currency first became money in 680-630BC in Lydia (today Turkey) when the first coins were invented. These coins were standardised and made from a mixture of gold and silver called electrum. This process of making coins is called minting and each coin had a stamp put on it to confirm its weight and value. Each coin had the same size and weight and so they were interchangeable (fungible). Each coin also was a unit of account and so became money. This way of organising money became successful and would soon spread over to Greece and then beyond. Money made trading easier and would rapidly expand in use in Athens. The Athenian Empire would flourish because of money, but the empire would become a shadow of its former self due to economic ruin, which is the first example of the Seven Stages of Empire.

Timeline Of Our Recent Monetary Systems

Years	Monetary System	Length	Description
1873-1914	Classical Gold Standard	30-40 years	Currency was backed by gold on a one-to-one basis, such as in the US handing in a $20 note will give you $20 worth of gold in exchange.
1914-1918	World War I Fiat Currencies	4 years	Currencies were taken off the gold standard to allow governments to print currency at will and do deficit spending to pay for the war.
1913-1944	Gold Exchange Standard	30 years	This was a gold standard, but not fully backed. It was only backed by 40% gold. A $1 note is backed by 40c of gold.
1944-1971	Bretton Woods System	28 years	The US didn't get involved in both wars fully for a while and the European countries paid the US in gold for consumers goods such as cars and foods. After WWII, US had 2/3 of the world's vault gold and European almost none and many US dollar notes from loans and the monetary system wouldn't work. The new monetary system was made in 1944, where most currencies were backed by the US dollar, which was then backed by gold at $35 per ounce. Each country was fixed and allowed trade to grow. No reserve ratio was set, so governments weren't restricted by how much currency they could print.
1971+	Dollar Standard	44 years+	Since the US wasn't restricted to how much currency they could print, the US could do a lot of deficit spending and printing on things such as the Korean and Vitamin War. The US currency supply expanded and loaned out to other countries. Soon other countries found out that the US didn't have enough gold to back up all their dollars and other countries started to ask for their gold back. The gold amount in the US dropped by half from 1959 to 1971. If the US lost all their gold then, the monetary system would collapse. There was 12 times more US dollars in 1971 then gold to back it. In 1971, Nixon took the world off the gold standard, stating it was only for a “temporary” amount of time, but we have been on the dollar standard since 1971. Each currency was now backed by the US dollar, which was backed by nothing. The world in its entirety was now a fiat monetary system.

Our world monetary system has changed every 30 to 40 years and our world's monetary system is on a fiat system and should change this decade or shortly after it. Every fiat currency ever made has failed and our world is now on a fiat currency. If a collapse now occurs, it will not be limited to one place, but it will affect the entire world! Governments will try to print themselves out of the crisis today as they have done almost every time in the past. Currently we are in the 6th to 7th stage of the Seven Stages of Empire.

Fundamentals of Economics

Having an understanding of economics is a necessity in today's world, as it plays such a big role in our lives and this understanding is also needed to avoid being financially devastated in an economic crash. Learning about money was the first step and the next step in obtaining a foundation in economics. This chapter will look at the fundamentals of economics in regards to the problems we have today, the different statistics used and the role of the IMF.

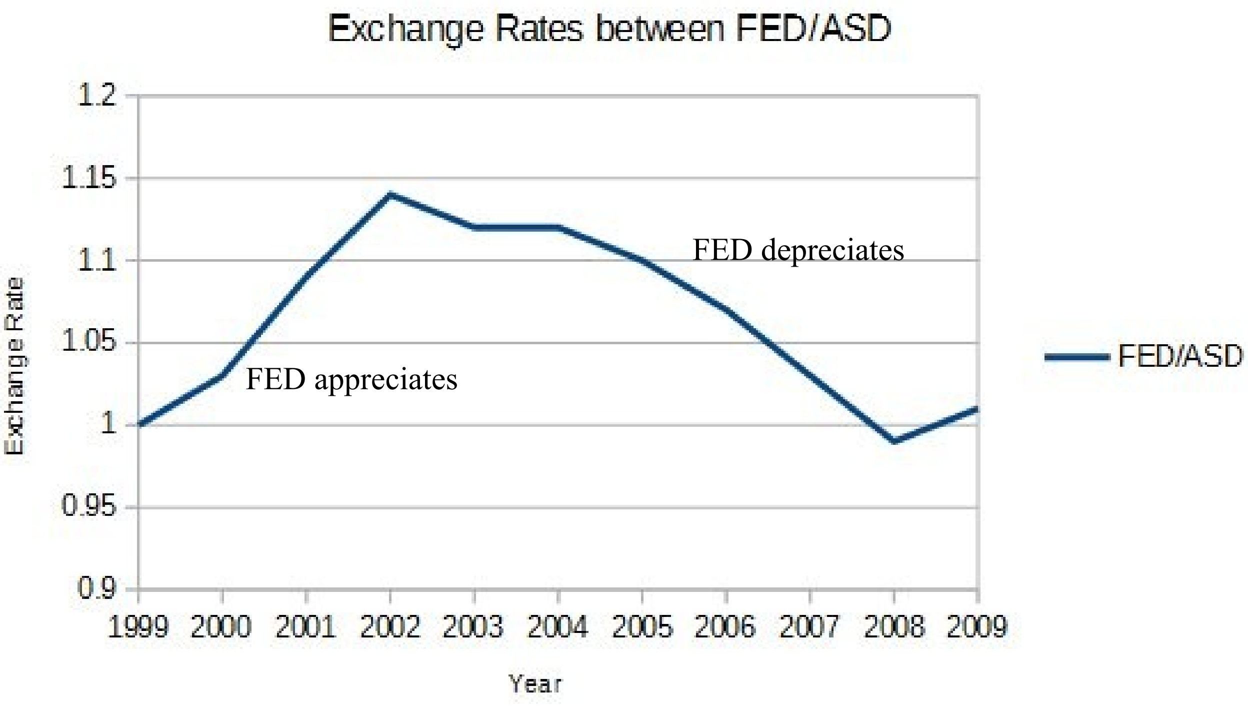
Basic Economic Terminology

Gross Domestic Product (GDP)

A country's GDP is the total value of the economy including consumption, investment, production of products and exports. The GDP displayed by statistics changes depending on the criteria the government uses. Today the governments are changing the criteria of what counts as GDP to make it seem better then what it is. Governments in some countries like in the EU include drugs and prostitution to make their GDP seem better then it is. GDP is even lower when inflation is included.

The Exchange Rates

These are the rates of exchange between the currencies around the world, which are often called the foreign exchange rates. These measure the value of one currency to another such as a rate of USD$0.72 per AUD$1, which means you can get 72 US cents for 1 Australian Dollar and USD$1 for AUD$1.39. When a currency such as the AUD increases against another like the USD, it is appreciating and when it loses value, the currency is depreciating. Below is a visual example of two fictional currencies.



List of Important Currencies

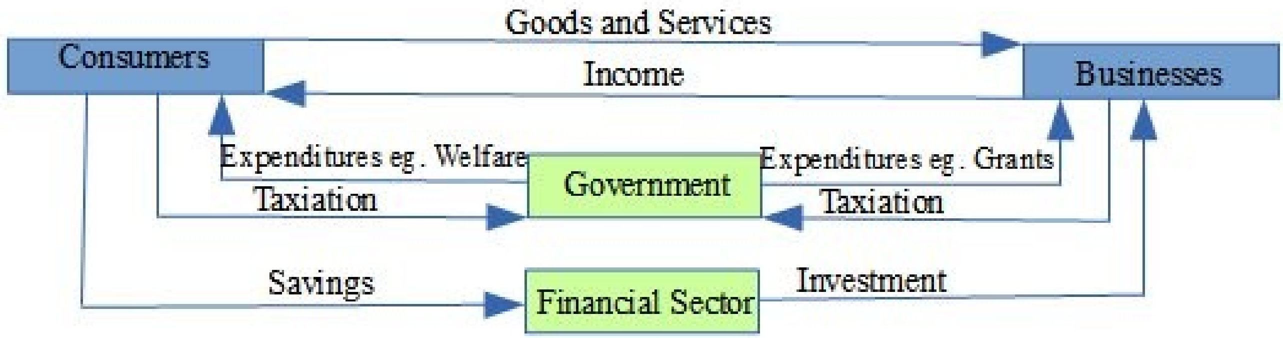
US Dollar: This is the current world reserve currency and currency of the US, most goods are traded in US Dollars, but countries are trying now to move away from the US Dollar.
Chinese Yuan: The current currency China uses and important as the possible currency to replace the US Dollar as the world reserve currency. China is also one of the strongest nations in the world.
Euro: The currency used by the European Union. A widely used, strong and important currency.

Marco and Micro

Macroeconomics is looking at the economy at the whole, while microeconomics is looking at a much smaller area of the economy.

The Flow of Capital in an Economy

The economy is made up of a number of areas, which are linked together. A number of models have been made to show how an economy works and money is the life blood of the economy that flows between these sectors. Money also flows between asset classes with money going to an asset creating a bull and a bear occurring when money leaves that asset. This is a simple economic model showing the links between different sectors.



The Business Cycle

The business cycle is the booms and busts in an economy. The economy fluctuates between booms and busts from the change in economic activity. Below is a table that displays the characteristics of booms and busts.

Characteristic	Booms	Busts
Level of economic output	High	Low
Level of consumer spending	High	Low
Rate of inflation of prices	High (depends)	Low (depends)
Interest Rates	High	Low
Wages	Increases	Decreases
Unemployment	Low	High

The rate of inflation of prices can also be high during a bust that involves hyperinflation. Prices in booms tend to be high due to high demand and high circulation of capital (money), as supply can't meet that demand prices will rise. Below is a diagram of the business cycle.