

# The day the machines went off



Imagine there was a huge electrical storm and all electronic devices stopped working and society had no clue what happened to all of the electronic devices to cease working, what caused the storm, why only electronic devices were effected, how much damage the storm caused, how long will it take to correct the effects, how can society as a whole continue to conduct business and how can the issue be fixed and avoided in the future. A few of the immediate effects would be the complete shutdown of our financial institution as we know it.

There would be no banking transactions, the stock market would come to a screeching halt, and companies around the world would not be able to pay their employees or vendors. Another concern would be how people would be able to account for money they have saved or invested and how would people be able to care for their families when their money is trapped within the banking institutional system. How would people buy basic everyday items they would need to survive? There are so many things that we as a society depend upon, like the easy usage of a debit card to purchase things that we all would be hard pressed to adjust.

I don't know of anyone who carries or has access to large sums of money at their disposal when they are shopping. Whether they are shopping to furnish their home or to feed their families. Many families would face the possibility of not having a place to live since they are either paying a mortgage or renting their place of residency. Many families would go hungry if neither of the parents or head of households knows how to grow the food that they would need to feed their families.

If society had to suddenly depend upon paper currency to conduct transactions would there be enough paper currency to allow people to continue to conduct their everyday business? Would crime rates rise due to breakdown of the banking systems? Imagine the multitude of people who would be without jobs. Everyone employed in the banking industry would suddenly be without income. Anyone working in check cashing stores would be unemployed as well. The unemployment rate would skyrocket due to the halt of the banking industry.

When the unemployment rate rises so will the amount of people who will be homeless. With the unemployment and homeless rates rising the crime rate will reach an all-time high as well. When people are without the means to take care of their families they resort to doing things that could jeopardize their family structure. Families would also be subject to possible breakdown as well. Financial issues are the number one reason for tearing a family apart and divorce. The prices for a variety of goods used on a daily basis will rise.

When you go into a store and purchase a gallon of milk today, you might pay as much as \$4.00 for it. If the financial institution were to breakdown the price of a gallon of milk might double or triple. The packaging of food products will get smaller due to the fact that many people will have limited funds to shop with, if any at all. There will be more people on public assistance and/or welfare to help them to provide the bare minimum for their families. You would also see a shortage of food products in stores and many people going hungry due to this breakdown of the financial industry too.

I know that many businesses do keep hard copies of the transactions that they conduct, but, they would be hard pressed to keep up with their day to

day business without the usage of any electronic devices to track and store their transactions at the end of each day. In regards to hard copies that businesses do have, many have locations that they store these copies at. If no electronic devices are usable a lot of these records would not be useful due to the fact that they might be on microfilm which would need an electronic device to read and magnify the images. Many businesses no longer keep paper records any more.

They find it easier, quicker and more efficient to download the information onto a disk or microfilm. By doing this it allows them the ability to store large quantities of information and use less space in which to do so. If society had to revert back to using hand written records it would create a shortage in storage space, a rise in the usage of paper products, and a rise in the price of paper products that would be needed, used and purchased. In regards to the usage of paper currency. Many people still use paper currency on a daily basis, but, more people rely on debit cards and checks than paper currency.

The Federal Reserve takes old bills and destroys them after a while. And since the older bills were so easily duplicated by counterfeiters new more intricately designed bills have be put into circulation as a way to deter counterfeiting. The hard to answer question would be, is there enough paper currency to accommodate society if the banking industry were to come to a screeching halt? My guess would be no, I do not believe that there would be enough to go around because there are people who have millions if not billions of monetary wealth that would want their money on hand just in case they need it right away.

If that were to happen then select people would have an abundance of ready cash while others who are not as well off are left with very little if any ready cash. This would also create the issue of more criminals in the world too. Many people who are well off would have to store their money in their homes or on their property and other people would try to rob them if not for all or at least a substantial amount of their money. With this issue of the rise in crime will cause an overcrowding of the judicial system.

More people will be going to jail due to lack of money which will cause them to rob and steal to feed themselves as well as their families. Families with a history in agriculture will have an easier time caring for themselves since they make their living growing crops and raising animals to supply food products. They would encounter people stealing crops and/or animals to feed themselves and/or their families. This would not be much of an issue in bigger cities due to people in larger cities do not have as much if any land to grow crops or raise animals on.

In larger cities like New York, the city has a multitude of apartment complexes throughout the five boroughs and the reason for all of the high-rises and apartment complexes are to maximize the amount of people in a small area at one time, which is why the access to land to grow crops or raise animals is extremely limited. When you go out to Long Island the individual homes are allotted a small patch of land around their homes. But, still in all the prospect of growing food is very limited even on Long Island. With the lack of functioning banks.

This will cause a large issue due to many people either receive paper checks or utilize direct deposit to receive their paychecks either weekly, bi-weekly or

monthly. If there were not functioning banks how would these people get paid for the work they perform on their jobs? How would people be able to pay their bills, whether it be by writing a check, electronic bill payments, swiping their debit cards, western union or money gram bill payments or by cash payment? With the troubles of paying bills let's discuss the interest rates. Interest rates are currently going up. " With the interest rates going up the housing market in America might suffer" (Bair, S. (2013)).

When the interest rates go up mortgage payments will be higher and the demand for expensive properties will go down. This will cause a lot of the large estates across the country to be left empty and unattended, open for thievery and squatters. Many individuals are paying mortgages and the terms of those mortgages may differ. " Individuals and businesses who have long-term fixed-rate mortgages will not feel the pinch as much as those who did not opt for the fixed-rate loans and utilized the adjustable-rate mortgages (Bair, S.(2013)).

When an individual or business chooses to utilize the adjustable-rate mortgages their interest rates can either rise or fall according to banking industry. If there were no functioning central banking I do not see a lot of the smaller local banks surviving. They would not survive due to the fact that they do not have the financial muscle the larger national banks have. This is due to their limited consumer base. They deal with local customers and if these consumers are without employment these local banks would be hard pressed to remain open.

In regards to larger national banks they would lose money when people can no longer pay off loans and mortgages, but, the individuals and businesses

that can afford to pay the higher interest rates will be able to obtain loans easier due to the banks would be able to apply a higher interest rate onto the loans. Let's discuss the demand for gold. In 2011 the demand for gold in the third quarter rose 6% higher than the previous year. " Banks and individuals alike invested more than 57 billion dollars in gold assets in 2011" (Struck, H. (2011)). Central banks increased their purchases of gold to 148. 4 tons in 2011.

In August and September of 2011 the price of gold rose above \$1, 920 an ounce and many who invested in gold saw a profit during this time. The reason behind the rise in demand for gold in 2011 was due to the poor performance of other main stream assets like the stock market and real estate (Struck, H. (2011)). As of February 2013 the US Central Bank has 8, 133. 5 tons of gold holdings. Other investment drivers for investing in gold are hedging against inflation, low real interest rates, a currency alternative and protection during times of Geo-Political turmoil.

Both China ranked #1 and Japan ranked #2 hold the largest reserves of gold while the United States ranked #17 in gold reserves in the world. So that everyone is on the same page let's define bartering. Bartering is the fair exchange or swapping of goods, materials and/or services. As of 2010 bartering is up 23% between small businesses (Walsh, D. (2010)). Many companies barter services with other companies and often barter their services out in exchange for goods or services that can be used at a later date.

As per Paul Bensman, bartering is generally used by startups, but due to the economy it has become appealing to companies of all sizes (Walsh, D.

(2010)). A Troy based company provides its services to over 2, 000 companies in Michigan and Ohio. They establish accounts for the cost of their services to other companies, something like lines of credit (Walsh, D. (2010)). A Portsmouth, VA based nonprofit International Reciprocal Trade Association stated that bartering is economically efficient (Walsh, D. (2010)).

They take wasted excess and turn it into capital so that businesses are able to fund various projects and nothing is greener than modern trading and bartering (Walsh, D. (2010)). In order for bartering to be successful the people involved need to communicate and agree on equal exchanges before the exchange takes place. When bartering it is recommended to have the deal put in writing before the exchange takes place. By putting the agreement in writing both parties are able to negotiate the terms so that they are both comfortable with the agreement before any goods or services are exchanged.

In conclusion if there were an instance where all electronic devices were to cease working and society had no alternative but to revert to using paper currency many people would be hard pressed to find ways to care for their families and find ways to continue to do business on a day to day basis. As I stated above society would have many different and difficult issues to deal with that could possibly cause many families to no longer exist and/or fight the good fight to remain intact.

The interest rate may rise which could be a good thing for people and/or businesses who have fixed-rate mortgages or loans and create hardships for people and/or businesses who have adjustable rate mortgages or loans. For banks and individuals who have had the capital to invest in gold assets they



would be a lot better off than those who were not able to invest. In regards to bartering, anyone who has goods and/or services that can be exchanged for money, services, food or essential items will have an easier road to travel. They would at least be able to provide a somewhat comfortable life for themselves and their families.

The financial institutions that would need to be the first to be brought back online would be the Federal Reserve along with the banking institution. Without these two institutions up and working society would have to depend on paper currency that they have on hand and bartering to provide for themselves and their families. There are some people who are so dependent on electronic devices that they would more or less be in a boat with no paddle. Some people have no clue on how to grow vegetables and are not willing to convert to a meat free diet to reduce the amount of monies that they would need to provide for themselves or their families.

There are so many things that individuals take for granted. Many people think that farming and raising cattle are occupations for people with in the south and were given basic or limited education. In reality the people who farm and raise cattle would be better off than individuals who have lived in large cities all their lives. We all need to try to prepare ourselves by broadening our skill bases to include tasks that we may think are beneath us. You never know if or when those skills or that knowledge will come in handy.