



THE GUNS OF AUGUST

Small Money Museum displays eventually will be incorporated into a larger World War I exhibit.

HELLO AGAIN! This month, I want to discuss World War I and its aftermath, which continues to affect us despite the passage of more than 100 years. The conflict often was referred to as “the war to end all wars,” one that would “make the world safe for democracy.” In actuality, it was the war that introduced the full range of mass-produced weapons of destruction and propaganda designed to ensure that the citizenry of the various combatant nations would continue to support the war regardless of cost and incentive.

The toll in human lives was enormous (more than 17 million soldiers and civilians died), and the

loss of standards of civilized behavior was incalculable. Economically and numismatically, the war led to the collapse of the gold standard, which contributed to the pre-war era of international prosperity and economic expansion.

Over the next few years, the Edward C. Rochette Money Museum will create a series of small exhibits for the ANA World’s Fair of MoneySM, focusing on some of the numismatic and historical aspects of World War I. Eventually (sometime in 2017), these “prelude” displays will be incorporated into a larger exhibit commemorating the 100th anniversary of America’s entrance into the war.

The first of these smaller displays, “The Guns of August” (borrowed from the title of Barbara

Tuchman’s seminal work about World War I), was presented at last month’s World’s Fair of Money in Chicago as part of the Museum Showcase. It focused on the war’s beginning and covered two major elements of pre-war European civilization that became casualties: Europe’s royal families and the international gold standard.

The relationships between Europe’s ruling families were a critical factor in pre-World War I European politics, with England’s Queen Victoria the key to understanding the royal scene in 1914. The “grandmother of Europe” died in 1901, but her influence was felt through her children and grandchildren (including King George V, Kaiser Wilhelm II and Czar Nicholas II), some of whom ruled the opposing countries.

In 1914 the gold standard was at its peak, where it had been for the previous two decades. The economic stability brought about by standardized gold currency resulted in an unprecedented increase in international trade and prosperity in the industrialized world, especially Western Europe, North America and parts of South America.

World War I’s economic stresses caused most countries to suspend or abandon the gold standard within the conflict’s first year. The cost of financing the war and abandoning the gold standard resulted in drastic inflation. Prices doubled in the United States and England, tripled in France and quadrupled in Italy. Exchange rates changed less, although Europe’s more severe inflation made American goods less expensive. Between



▲ AN 1897 SILVER CROWN OF QUEEN VICTORIA (bottom) features the “grandmother of Europe.” Although the popular queen died in 1901, her influence was felt through her grandchildren, including Czar Nicholas II (top), depicted on a 1904 5 ruble.

Actual Size: 32mm (crown) & 18mm (ruble)

PHOTOS: ANA MUSEUM (COINS) & WIKIPEDIA.ORG

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Money Museum

continued



August 1914 and Spring 1915, the dollar value of U.S. exports tripled, and the country's trade surplus exceeded \$1 billion for the first time. The United States went from being a "net debtor" to a "net creditor" by 1919.

The pressures of war and rapid technological change created too much stress on the system, and ultimately, the gold standard was unable to deal quickly with large financial deficits and surpluses. By 1927, many countries had begun to return to the gold standard, but the Great Depression brought an end to it once and for all. The reparations imposed on Germany, and the resulting hyperinflation, crushed the German middle class and paved the way for the rise of Adolf Hitler and the Nazi Party. However, the United States was able to continue on the gold standard during the war through the newly created Federal Reserve, which played a crucial role in controlling the influx of foreign gold and the domestic money supply.



PHOTOS: ANA MUSEUM

▲ **THIS 1908 GOLD 10 CORONA** features Austrian Emperor Franz Joseph, who was in power when his country entered the war in 1914.

Actual Size: 18mm

I hope you get the opportunity to visit the ANA Money Museum in the upcoming months and view these exhibits. While you look at the displays, perhaps take time to reflect on the war that began a century ago and how it affected the course of numismatic history.

museum@money.org

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1241 Adams st. #102 ph: (707) 364-6474
 St. Helena, CA 94574 fax: (707) 967-1191
greg@NorthBayRareCoin.com

