

How do you measure wealth?

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Highlights

“Do not become a victim of the fraud; rather educate yourself”

The wise man “ understood the difference between a paper rand and a silver rand”

“The issuer (Reserve Bank Governor) of both the paper R1 and the R1 coin was in fact deceiving you because he was assigning the same value to both”

How do you measure your wealth? Do you measure it in rands, dollars or pounds like so many people do? Or do you measure it in physical (real) assets? Does it really matter? In fact it does, because the measure of wealth you use is most probably what you will accumulate.

People measure various things like time, weight, distance etc. What is extremely important when measuring something is the actual measure one uses. The measure needs to be consistent, that is it should be the same today as it was yesterday. If the measure changes then one will draw incorrect conclusions or make bad decisions.

For example, we measure time in seconds, minutes and hours. These measures are consistent since the time we started using them. Imagine your watch is running slow. You will be late for meetings if you use your watch as a measure of time whereas you would probably be on time if you were using a watch that is displaying the correct time.

The difference between the two watches is that the measure (seconds, minutes etc.) of the “correct time” watch is consistent whereas the measure of your slow watch is always changing (the minutes and seconds are probably getting longer).

Fraud is also often committed by using a false or inconsistent measure. This happens for example when a fruit seller uses a scale that is flawed and thus sells his fruit at inflated prices. The fruit seller deceives the buyer by using a flawed scale, and the buyer then gets less than what he thought he was getting.

No wonder God says the following about measures: “Ye shall do no unrighteousness in judgment, in meteyard, in weight, or in measure. Just balances, just weights, a just ephah, and a just hin, shall ye have” – Lev 19:35-36.

Is paper money a good measure of wealth, is it a consistent measure? **NO IT IS NOT, IT IS UNRIGHTEOUSNESS, IT IS FRAUD, IT CHANGES ALL THE TIME.** Therefore also, any other measure that uses the rand or other paper money is in fact flawed; this includes measures such as the inflation rate, GDP, wages, salary etc.

Let me prove with an example why paper money is not a good(honest) measure.

Until about 1967, all one rand coins had an 80% silver content. There was also a R1 paper note in circulation. That is already a problem since one R1 is not the same as another just like one minute is the same as another.

Suppose you had kept one of each. Today the paper note would be worth R1 (they are apparently still legal tender) and the coin would be worth about R35 (that is the approximate silver value today). Now it is even clearer that they are not the same. The issuer (Reserve Bank Governor) of both the paper R1 and the R1 coin was in fact deceiving you because he was assigning the same value to both. The fraud only became apparent some years after.

On the surface (when looking at rand amount) it seems as if the paper rand is consistent and that the rand coin is not. However that is not true, the coin is still the same silver weight and it is that which in reality made it a measure. The paper R1 is also still the same weight however it was not this feature that made it a measure, but notional features (its perceived value) instead. Notions change all the time and indeed it has changed significantly since 1967 (the difference between R1 and R40 today, that is how much it has changed).

The wise man would have measured wealth in silver weight and would therefore have accumulated silver. He would not care for the rand value but instead the silver weight of the silver rand. He would have understood the difference between a paper rand and a silver rand. **The wise man knows that one measures wealth in real assets, and not in notional values.**

The foolish would have measured wealth in rand and would have collected any rands and even given up his silver rands for paper rands. The foolish would have been a victim of the fraud due to lack of knowledge of what a real measure of wealth is.

Therefore do not measure your wealth in the number of rands you have, but instead measure it in the real assets you have. Do not become a victim of the fraud; rather educate yourself.

You can also find my articles at www.oreconsulting.co.za

May God bless you.

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