

Gold Money Writes of Escaping the Inevitable Debt Trap

[Quoting from Full Gold Money Newsletter](#)- "The Jackson Hole speeches of Janet Yellen and Mario Draghi last week (August 24) were notable for the omission of any comment about the burning issues of the day:" ...where do the Fed (Federal Reserve Bank and Janet Yellen) and the ECB European Central Bank) respectively think America and the Eurozone are in the central bank induced credit cycle, and therefore, what are the Fed and the ECB going to do to interest rates? And why is it still appropriate for the ECB to be injecting raw money into the Eurozone banks to the tune of \$60billion per month, if the great financial crisis is over?"...

Instead, they stuck firmly to their topics, the Jackson Hole theme for 2017 being 'Fostering a dynamic global economy'. Both central bankers told us how good they have been at controlling events since the last financial crisis. Ms Yellen majored on regulation, bolstering her earlier-expressed belief that financial crises are now unlikely to happen again, because American banks are properly regulated and capitalised."

More from Gold Money: "Over time, this suppression of interest rates has led us all into a global debt trap, because of the sheer size of it, which has accumulated to well over \$200 trillion. That's about three times global GDP..."

Normalising interest rates would spring the debt trap firmly shut. The whole Western financial system would be threatened by a combination of defaults and collapsing asset values, starting from the weakest point in the global financial system. With debt of today's magnitude, it will take nominal interest rate rises of only one or two per cent to set off the crisis Ms Yellen believes will never happen again. It is a repeating credit cycle endemic to the fractional reserve monetary system and central banking's monetary intervention. And when the crisis hits, yet again for the umpteenth time, central banks will flood the system with ever larger quantities of cash."

And more from Gold Money's editor: "The silence on monetary policy was resounding, given the looming credit crisis, which in this credit cycle looks like starting in Europe. Ms Yellen, who, far from finding that the Fed has successfully banished financial crises to the dustbin of history, will find her retirement marred by an even greater crisis than that of nine years ago..."

The reason we know it will be bigger is the unfinished business of the last crisis left us with misallocated capital still tied up in failed and failing businesses, demonstrated by the steady accumulation to record levels of private sector debt. You need only look at the financial condition of the Mediterranean members of the Eurozone for prime examples of the evidence. The seeds of the next crisis lie not only in the misallocation of capital in this recovery phase of the credit cycle, but those of the previous one, and the one before that. In deferring credit crises, a super-cycle of credit boom and bust has built up, requiring greater and greater quantities of new fiat money to sustain it, a solution that will eventually fail..."

No, Ms Yellen and Mr Draghi, your attempts to tame through regulation what you wrongly take to be a business cycle will fail spectacularly. You do not seem to realize your credit policies are the cause, never the solution. It is too late to stop seeing no evil in your actions, and speaking no evil about your own systemic failings."- End Gold Money Quote, click title above for full story

Link to We Hold These Truths account of the August 21, [Eclipse of Reason at Jackson Hole](#)

WHTT does not recommend investment, but editor CEC does own [Goldmoney.com](#) a gold backed savings account with a debit card attached.-CEC