An

Introduction

into the nature and causes of
inflation,recessions, and depression and

to

real

Economics

Second Edition

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An Introduction into the nature and causes of inflation,recessions, and depression and to real Economics

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Introduction to Economics

This book doesn’t contain financial advice.

Preface

1. I have written this book to help you understand the importance of not having a paper money-based monetary system and the current situation. People don’t need persuation to buy things, as they have unlimited wants. Either the product is bad, or it is

overvalued, this explains the fake explantion of wealth. Savings are also essential, as they help the economy recover, prosper, or be more efficient. To read more, I reccommend a basics book by Peter Schiff, which also has illustrations, which is a great book for beginners to Economics as a subject. In this book, I assume that you know basic “keynesian” economics. The constitution protects us from politicians, and US constitution has a gold and silver clause, India doesn’t.

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What is economics?

Economics is a field that studies how people value things and the production and consumption of goods and services.

For example, if you have a Rs. 500 note, what can you do with it?
If you have 1 silver coin, what can you do with that?

If you have a toy, what can you do with that?

There are limited resources and unlimited wants.
In economics there are two sides. One is the goods and services side and the other is the money side.
Before money, there was a barter system.

Barter means exchanging goods for other goods instead of selling them for money. For example, if you have a Harry Potter book then you trade it for a Game of thrones book, if you want. But in real life, even to buy the book, you need money.

Money means a generally accepted medium of exchange which has following characteristics:

1. Fungible: All Rs.1 = Rs.1
2. Durable: Able to circulate without much damage
3. Divisible: Rs.1 = 100 paise

4. Portable: Can be carried around easily. (Silver, Gold can be, RBI notes)
5. Scarcity: Supply that can be made should be limited
6. Store of value: It should hold its value for long periods of time.

Seeing this you might wonder, How is rupee a store of value, when it constantly devalues itself by a certain percentage per year? let us consider this percentage as roughly 3% globally. 3% is a huge amount. Well, the Indian Rupee is not money, it is a currency that is a money substitutes. It works because of its legal tender status given by central government of India, which forces people to accept it.

Rupee is really a silver coin, but it has been devalued. Rupee is devalued “temporarily” because of the Bretton

Woods system, which is explained later.

Basics of economics

The most basic thing in economics is demand and supply. This can be explained by the following example:
If there is a large quantity of onions available, their price will be cheap, If the quantity of onions decreases, prices will soar.

Let’s say a large number of people want a toy. Buying them, this temporarily pushes the price up, and then when the boom subsides or supply increases, the price comes back to regular levels.
Now we will discuss about the resources. Let’s say you own a large toy factory which makes toy train sets. To make the toy, you need plastic. Plastic is not unlimited, and . Hence price is decided on the demand-

supply of plastic as mentioned before.
Plastic is bought with rupees which is made of paper as most people will give them rupees and they expect that they can (or their shareholders can) acquire goods and services for that money.
Rupee is a legal tender, that is, you are forced to accept rupees for the goods or services you provide.

A company is an organisation of people (or

part-owners / share-holders). Let’s take an example of a toy company,
you will need to design a train and the tracks. If you don’t know how to make tracks, then you will employ people. So you need resources.
If you want to invest your money in this company to add resources, you can.
Alternatively you can raise money by selling your part-ownership in the company.

Then you have enough money to build the factories and the brand. When someone buys your toy , you make a slight profit,
that is Selling Price(SP or retail price)-Cost Price(CP or production cost) that is, CP-SP.

The profits can then be used to make a better product, or be given to the shareholders as dividends(or the return on investment).

How can the different physical resources be divided in the first place? By land ownership, which can be used to mine metals and minerals and can be used to grow crops etc.

More on this later.

There are two parts of economics: microeconomics and macroeconomics.

The Central problem of an economy

The Central problem of an economy is :-

a)What resources you have

A farmer, who lives there before land allocation, owns the land. He can sell it, others can buy it, mine for metals, or farm for crop

Hence, the resources divisibility problem is solved.

The things you make are yours or you earn your salary.

Anything your owned companies own, you partly own it etc.

b)What should be produced

This depends on the owners and what is the demand.

c)Who wants these goods

Whoever wants it - consumers - individuals or businesses.

Microeconomics

Microeconomics is a branch of economics that studies the behaviour of the people and companies, and is a major part of Austrian economics, where it is not separated, which will be discussed later.

For example if people dump a lot of potatoes in the market(where people buy and sell stuff, in this case vegetables)
then, according to demand and supply, the price will fall.
Factors of microeconomics include demand-supply, economies of scale (which means producing a lot of stuff at once, more cost effectively using

machines),and what people and companies want and have.

Lets say your train set is getting popular, and there is a lot of demand, then you can raise the price of your toy train. But if you have less demand, you can lower the price, and start advertising your product.

If there is a lot of demand for steel , when the economy is booming, steel prices have to rise.

If the economy is at a standstill, then oil prices will fall, as we had seen in 2020.If the taxes on oil increase, then prices of oil will rise.

If fiat ie Paper money supply increases, prices will rise.
This is the result of inflation.

If a major company goes bankrupt, the stock market will generally fall.
If a major company reported a 20% increase in

revenue the stock market will generally rise.

Macroeconomics

Macroeconomics is a branch of economics that studies the economy as a whole. It uses central control such as tax rate, interest rate, to regulate the growth of the economy, and using these levers and metrics generally cause bigger booms and busts than normal.

It uses metrics such as:

1. GDP: Sum of all transactions by everyone.
2. Employment rate:% Of adults having a job.
3. Inflation: rise in the money supply, which raises price of everything
4. Energy prices: cost of electricity

5. and other metrics to manipulate the growth.

The central bank (e.g. RBI in India or Federal reserve “Fed” in the US) , which holds the exorbitant power to control interest rate and the money supply, can do a lot of damage using macroeconomics like in 1920’s when the Fed suddenly raised rates which caused many banks to go bust because they had lent money at a lower

rate, and now the fed has raised rates dramatically, which caused a lot of losses and then
collapse of the banks. The economy which relies on the banks also collapsed. This caused a big problem. After that, the Fed wanted to create a boom in the economy, so it lowered interest rates fast, and increased money supply. This led
to a great boom and bust in the stock market, as well as a complete collapse of a lot of banks.

This caused the famous great depression. Although currently people are able to borrow money and start new businesses, they don’t know the long term impact. If there were no central banks, rates would be normalised because if the savers want higher rates for their savings and the lenders want a lower rate for their borrowing, they will settle somewhere in the middle as

- there will be no money where there

are low rates and so they don’t have money to lend, so the banks raise the rates to encourage saving

- there will be a lot of money, where there are higher rates, but no one will be willing to borrow from that bank, so they will lower the rates

This will force them to lower rates for borrowing and saving to the middle, if the savings rate is high, so the borrowing rate also has to be higher. There

will be a lot money deposited, but no one will borrow for such a high rate, this will force them to lower rates.
But the current fiat (paper note) system requires central banks to artificially adjust the interest rates to meet their objectives set by the government.

1. The central banks have an all time low borrowing rate right now (in 2021 first half).

2. Because the central bank has the exorbitant privilege to generate capital through promissory note printing or paper (fiat) money creating and it also has more of gold and silver and the central banks ironically say that it is not valuable,
3. Central banks always print more promissory notes (even historically, china, greenbacks US, INR in 1900s) so it can

lower the rate or it can lower it at will by doing nothing, this creates the booms and busts , this is not good because the savers will also get less.

Name	Rate - Inflation: money supply increase	Effective rate
Savings	4-5	-1%
FD	7-5	2%

This part of economics tends to have central control, like communism.

Various schools of thought in economics- Austrian, Keynesian, Communist

Austrian economics roughly says that the economy is a complex and evolving system and shouldn't be controlled by a single entity and the government’s only job is to protect people from threats and not to create central banks and fiat money (which government can only create), but ensuring right amounts of silver and gold are present in the coins for trade, and nothing else. Money can’t be created, but merely mined (from the limited resources of the earth. it can’t be mined from asteroids as it is not feasible) and exchanged for goods and services. The government can't print/’create’ goods and services as it will be uncompetitive and against the free market.

This means silver/gold coins are preferred. No central bank. The role of the government is to defend us, to build infrastructure, mint silver/gold coins in verified amounts to allow

trade(silver and gold isn’t mined by state), and regulate companies for their foul play
and uncompetitive behaviour. It also says that let businesses go bust if they are uncompetitive, don’t create central banks. The economy is an evolving system and not a machine.
Less than 1% of the land shall be owned by the government, for police stations, fire, armed forces, government buildings etc only.

Market prices are set by the demand, supply, labour (effort) required in both planning and making and scarcity of the resources, automatically. If you are selling an iron statue that no one wants, demand=0, price=melt value, so if you sell it at an equilibrium price of the melt value, then only people will buy it if demand=0. If a fiat currency is slightly undervalued, then we will import from another country, increasing the deficit.

Keynesian economics argues that the free market requires regular intervention through central banks and artificially manipulating the markets. Communism has failed because of this reason, that there is no competition. This idea was created during the great depression as people started to think that the gold standard, less regulation resulted in the great depression. It was quite the opposite. I have talked about this in the macroeconomic section.

The Bretton woods system, which gave the USA a lot of power as £¥₹ were backed by dollars. The dollars, then, were convertible to gold. The US printed
a lot more dollar than it had gold to back it up. After that even if countries tried, they couldn’t go back to the gold standard because most of the gold

is in the US and the price is a lot lower. The gold was in the US, but they could import
a lot of stuff buy just printing dollars (look at the US debt it is larger than the entire GDP of China, and USA itself, as of 2021).
That means they can send dollars, and the world will send them stuff.

Communism believes that the government should own everything and everyone should work for the government. Pure communism can’t be followed as there will be a power vacuum at the top so it is worse.

Various schools of thought are liked by many, but laissez faire (let it be free) capitalism is the principle that works the best. That is, everything but protection to be provided by the free market. The Austrians completely support this, the Keynesians are OK with it and communist completely oppose it.

Imagine any good/service that is made by the government? Very few.

John Maynard Keynes was a socialist and a math geek. So he promoted mathematical models for social science.

Austrian Economics

Silver and gold can hold a lot of value in a single place.
Your life savings in a bag.
Fiat money is devalued at a rate of 2-5% per year. If you compound this, it's huge!
Fiat money can be created out of thin air. What is the fiat thing I am talking

about? Well your ₹$£¥ paper notes and base metal coins are all fiat, at least the day-to-day ones.

The rupee has lost ~99.9% of its value from 1900 till 2020s! The dollar has lost >95% of its value during the same time. If this continues, we will have to carry 50 rupee coins that have the value of today's 1 rupee. Even the inflation rate is understated. Central banks have central control, they are the sole issuer of currency. They

have the control over the interest rate,
which has devastating consequences (for example 1920s 1970s 200s and the upcoming 2021 crisis). Central banks have always printed more promissory notes than there is money.

If there is no central banks, there will be less booms and busts, and if you let these businesses go bust, this will allocate the capital properly.

Gold and silver prices have been severely understated because the big banks have large short positions in silver.
The USA has a lot of welfare programs like social security , medicare, child tax credit, free education etc, which costs the
The US government has a lot of money. Even the taxes are low, and they aren’t rising anytime soon.

The economy is an evolving system and not a

machine. So the government can’t possibly know all the information necessary
to change things, but companies will. Also there is no competition to the government, but there is to the companies,
This lowers the prices to correct levels.

Keynesian Economics

The Great depression which was caused by the Fed, had caused great troubles.

People started blaming the gold/silver standard for this. The real reason for this was the federal reserve.

What happened was that the fed raised rates rapidly, those banks who had lent their money believed that they would borrow the money back from the Fed at a lower rate, to their surprise, the rates were very high because the Fed raised them very quickly.

The thing that caused higher rates was something that was known as the deflation commission.
They thought that raising rates would deflate the money supply without causing any problems.

After the banks started collapsing, the Fed started to think about creating a "boom" which resulted in lower rates, which resulted in a boom and bust (a bigger bust) of the economy.

If the free market had controlled the rates, the rates would be balanced out as no one will borrow if the rate is more and no one will deposit (at least the big ones) if rates are low.

The government was to provide specific amounts of precious metals to trade, instead ,
they were not fulfilling their promises and not providing precious metals.

The US even has the same design on the current coins as the silver ones (which were used earlier before fiat was introduced), but the current coins are having a fraction of the price of silver and gold coins if you melt current coins.

The big banks even control the price of silver, by creating ETFs, which stands for Exchange Traded Fund,
but ETFs are not silver at all, as they print hundreds

of times more silver or gold certificates than the silver or gold that they have in their vaults.

This creates a lot more supply than there actually is of gold and silver.

Adam Smith, who researched about the existing free market and originally presented ideas of capitalism , said that the cost of anything is the labour required to produce it.

(finding, mining etc for metals).

The labour required to print pieces of paper, or type on a computer is negligible, so the price of ETF+real supply is low. Fiat money is basically any money that can be created out of thin air and doesn’t have intrinsic (melt) value.
This may change in the near future if people come to a realisation that ETF is not a real silver, but is just

a non-redeemable promissory note with an artificially suppressed price.

Welfare policies and their effect on the economy.

- Social security
- medicare

- medicaid
- child tax credit
- free education
- free daycare
- etc

cost money

Where do they get this money from ? The taxes don’t even make a dent in the debt pile of the US government.

The debt pile is in the trillions 28 Trillion,

maybe 30 40 50 60 100.
Then comes all the stimulus,
tax credits, infrastructure, etc, etc. Even if they spend their entire tax revenue on it will take years to improve their debt situation.

US government needs to pay salaries to their employees, pay all sorts of bills , and much more, so it will take even more time to repay the debt.

If the inflation turns into hyperinflation, this will crash the economy.
The Federal reserve bank (central bank of USA) says that everything is OK. If they say that the economy is in a big trouble, this will crash the markets.

Race to the bottom!

Most central bankers and central planners often say one phrase many times, which is, you guessed it, “Race to the bottom”.

They often say this for taxes, GDP, etc, etc, but I am talking about the fiat system itself that these central bankers have created.

They are constantly devaluing their currency , at the same time, so that people don’t understand that the currencies have fallen.

But the scary thing is that the fiat system is in a big trouble.

Put the
inflation genie

back in the bottle!

The “Fed” says that they can put the inflation genie back in the bottle or
cut inflation by raising rates, but they can’t do that.

Why?

Because they have 28+ Trillion dollars in debt, it will absolutely crush the insolvent government.

Even if the government didn’t get crushed, the economy will be in one of the worst depressions in the history of central banking, and all the blame would be transferred to the Federal Reserve ie “Fed”.

Bonds, Bonds and Bonds

The US government unloads a lot of treasuries

(i.e US govt. debt, i.e. bonds). The supply of those bonds increases, so the nominal price for those bonds should decrease, i.e rising interest rate, as the payment is fixed, but just the
the opposite happens.

Why?

Because the “fed” buys a lot of bonds by creating money out of thin air and giving it to the primary dealer banks i.e. the top bankers club some money. This leaves less bonds actually circulating, hence the low yields.

The US government and federal reserve play this sort of role, otherwise the economy would have collapsed.

The Fed created the great depression, 1970s stagflation,2000s tech bubble, and 2007-8 real estate crash, as it lowered interest rates to encourage speculation.

The federal government and the “fed” are going to keep on doing this, but to avoid this, there are only two options, which are explained later.

End of Keynesian Economics and

their economic policies

Keynesian economics was started by John Maynard Keynes in the great depression because he thought that the economy was not
controlled enough.

But this was false as, before the fed, when there were no wars and no central banking in the USA

There was no crash as big as or even distantly close to the great depression or the dot com crash or real estate crash of 2008.

The end of keynesian economics may not necessarily be near, but their ideas can and be disproven really quickly. The one thing that he definitely said right was "Ideas shape the course of history."

The recession have become worse, every time (dot com vs 08)

End of centralised power

Centralized power often leads to disaster:Fall of communism,socialism, etc.

As the Classical and Austrian economics don’t say that do this , do that ,etc, they are just do mere observations of the free market (which was practised by most of the earliest civilizations automatically way before we started observing it) and not a controlling market like a Keynesian economy, as the government wouldn’t provide the interest rates and constantly changing the value of their money, the progress is dependant on the magical hand that is the free market, that the government has wounded. Keynesian economics is a government-monopolised capitalism and not a free market capitalism.

Communism fell as the government officials didn’t care about producing better products that the economy needs, as there wasn’t competition for the products.

Like that, the government has no incentive to balance the rates (because they always want to create boom in the economy), even the central bankers do not have any incentive to better their economy and drive progress.

This means that eventually the free market has to win, and the free market will win, if the governments all around the world don't artificially protect the market in a recession.

(correcting itself through recessions from the booms caused by the central bank).

The cure is worse than the recession for the central banks as it exposes the

truth and also short term
for the economy.

If the central bank creates an artificial boom, then the bust will be bigger.

The Fed is not a part of the government but a public private partnership.

Let’s see what happens to the “Fed”.

Borrowing vs printing

From the outside, it may seem that the US government is "borrowing" the money from the free market, but the opposite is true, they are "injecting" the money into the free market by printing it.

How is this possible?
It is possible because of "Printing to Borrowing" activity.

Basically what is done is that the government borrows the money from the primary dealer banks, they then sell the bond to the fed.

The “fed” doesn’t receive a lot of money or any money, so it has to print the money out of thin air, otherwise it
Will cause deflation or 0% inflation and 0% deflation.

Short-term inflation and rebound vs long-term inflation and their effects.

Short term inflation means short term rise in (money supply * velocity)+ or - short term problems which causes prices to rise and fall to the same levels

Long-term inflation means long term rise in prices caused by a huge increase in the money supply

Did you understand the difference (cause and effect)?

For example, the cost required to make a book goes up because of a fire in the forests; it will rebound after some time.

The increase in the money supply will cause all things’ prices to go up every year. For example if a book cost 50 rupees and inflation is 5%, in five years, the cost will be 65 rupees. A 30 % increase.

This means that the Keynesian economy’s currency’s value declines over time, then how do the coins have their value?

If we only look at the short term and not the long term, there can be severe consequences. For example, if the government subsidises gas, then, the price will be Rs. 0 directly, but they will have to pay for the cylinders, plus advertisement plus transport plus pay for inefficient companies.

Let it Go!

Capitalism was founded on the basis that the "capital" or money will be allocated properly by individuals properly.

Let's say there is a big bank, who lends money to this questionable, but big company. Now this company goes bust, the company had loaned the money from the banks, now the money is lost. This means that the banks who had lent the money to this company, their money is lost. They had not lent the money properly, then it’s their fault, such an institution should not exist.

If these irresponsible banks lend their money to these people, then these banks’s account holders money,
or the general public’s money is lost. This means that the failed institution loses the money.

If you let these big mega corporations go bust, the capital will outflow from their companies and to the share
Holder who then can do good to the economy ie spend or create new companies (invest)

Banking Speculators

The banks have been turned into speculators because they are lending in a more valuable rupee and getting returned in a lesser valued rupee, that means, that their returns are diminished.

The banks, using people's money, have started to put the money directly into the stock market. This yields a higher return, and is also a roughly accurate measure of inflation (at good times, and indexes like Nifty50 or Standard and Poor’s S&P 500).

This means that, if the banks remove their money , or a big crisis occurs, then the banks will face severe problems, that means, the people may or may not be able to get their money or the money’s value.
The value of the paper money will be the value of

the piece of paper (like 1920s Germany Weimar Republic).

Export oriented growth and globalization

Export oriented growth is on rise as people think that exporting will be good for the economy, but let’s think the
following. Peter Schiff has made this analogy:

There are 5 Asians (indians, Chinese) and one american. They are

hungry, so they divide the work as follows:
One asian will do the hunting, another will fish, third will search for vegetation, fourth and the fifth will cook food. The american will eat the food.

This means that there is no need of exporting to be good, but to raise GDP and show that things are made in India,
this is a good thing.
The reason that any country is rich or poor is because of the goods and

services it can provide to its citizens.

Save! Save! Save!

They always encourage people to save money, but with the rapidly declining value of paper currencies like the rupee or the dollar. The inflation metric used by the central banks, always understates inflation. Even if you count the inflation rate in India, as 6 percent and save for 20 years, your savings will be cut in

third, in reality, it is a lot worse because
the rupee is losing a lot more value.

Dollar to Rupee is a not-so-good way to measure the debasement of the rupee to the dollar, because they can , and do devalue their currencies at once, to fool people into thinking that the money didn’t lose power. Savings, also helps in borrowing for efficient things like productive equipment,etc and the returns are almost guaranteed, but if the banks lend to some leisure loan, personal loan, student loan, car loan, they cannot foreclose anything, but if the equipent doesn’t work, then they can forecleose the whole factory.This is also called as productive credit, as it makes the economy richer (ie more goods and services).

The central bank has the exorbitant privilege to print bank notes, without having any money or “savings”, so it can print anything. This is bad, as they can print unlimited IOU “nothings” or IOUs ~non-redeemable(in real money-with central bank-from 1930s in India, from 1600s-1930,no central bank). This means that they overprint these IOUs or paper notes, so this results in hyperinflation.

Also, the central banking system assumes that the central planners control the economy better than a handful of government-influenced people. (India was poor because the central planners controlled everything, instead, they should only focus on protection.

The move from US to China, and China being a superpower without global demand is impossible.

The Chinese economy is built around export, as all

the technology, all the standards, all the Intellectual property belongs to US and other owners, the Chinese don’t have any right to produce the chips, the mobiles, the equipment, etc.
If the Intellectual property owners (eg. Intel:USA,ARM:England, etc) block them from making these.

The cheap plastic products that they make, also can be made elsewhere, for example India, US, Europe, UK, etc.

If people buy stuff, and import it, they then send the gold or silver abroad , which decreases the money supply,
causing deflation, so their things becomes more competitive than the imported stuff, because there is a cost to ship these products.

If the nations are industrialised, and they have the knowledge and

skills necessary to make stuff
(all of them including India-recently), they can or have to make the stuff in their own country.

In the current system, the US prints the money, then it sends it to China, which invests them in US treasuries (promissory notes to fiat dollars)

or

sends the money for the belt and road initiative, as

converting the dollar to ¥ Chinese Yen would cause the
yuan’s value to rise and make China uncompetitive.

The reason for this is the floating exchange system and competitiveness.

The floating exchange system is a system that measures the value of the currency on demand and supply.

If a car manufacturer in the USA wants to buy $100,000 worth of cars from India.

If the exchange rate is 70 to 1, they will get Rs. 7 Crore, if rate is 50 they will get Rs. 5 crore, whereas,
to produce the car, it requires the same amount of money (mostly).

The wealth of a society is not the amount of currency units in circulation, but the things that you can buy with the money.

Because if you have a lot of silver and no goods, what can you buy? Nothing.

The USA has a lot of wealth.

China has a lot of influence over the world.

But this is unfair because China gives stuff to the USA, but the USA just gives them digital pieces of paper.

Reserve requirements and ban on speculation

Banks were heavily regulated, as to not allow people to borrow to speculate (or put in the stock market), and to protect them from speculated market.

This was so that the stock market was based on the economy and not the other way around.

What is the stock market? The stock market is the market that determines the price of the big companies, which shape the economy.

If you encourage speculation,then it will just create a bigger boom and bust cycle.

The market is always in a boom and bust cycle.

For example if we see that internet giants are earning a lot of money, then the internet stocks will rise.

If a big internet provider reports a loss, the tech stocks will fall.
These boom and bust cycle don’t cause any problems, if and only if the government doesn't allow people
to borrow money, just to put into the stock market,

as most of the money entered into the stock market has to leave. Most of the money has to exit some way or the other.

Also, banks will lend responsively, if they know that they wont be bailed out and also not forced by central planners to lower rates, and the top bankers will also think twice before taking big risks knowing their reputation and bank will be lost.

Monopolies & Profit

The cost in silver rupees is not (also) the actual price, but a close estimate of the work or labour required to make it. If a gold idol is two times more expensive than the same weight of a gold bar, the labour in making the idol and searching and mining the

metal is both accounted for.
If an iPhone’s cost is 2 times real price, it is because of the license of the apple logo and the iOS operating system, whose labour required, is the thinking required in order to make a complex system. It’s price depends on supply and demand of the apple brand. The government’s grant of trademarks results in this, but without it no one will do things. Either they are charging a premium

(slight in gold,book,writing material,etc,etc;large in iPhone). This higher estimate is the very motive of creating a business, if you build a bad product, your competition will defeat you,else you win,except if the government interferes (for the good or bad). Oligopoly of BSNL,Vi,Airtel and Jioo is formed because of high taxes i.e fiscal policy for the telecom sector. AT&T (the old one) was a monopoly because of patents

Import/import restriction (in silver/gold/real money)

The imports and exports have to be balanced, because if the money supply of rupees is sent abroad, the money supply will deflate, so that indian items become more competitive and Indian goods will be exported. This maintains the equilibrium. If we send the silver coins to foreign countries, they can’t use them directly, so they can buy from us as we are cheaper, or melt them and form local currency coins.

Also, if we apply this, then, we can also tell that imported goods, if they are cheaper (in sound money), then we can say that, they will have to import our goods, as they are cheaper, and also, they can be paid using Indian Rupees.

Math models

The mathematical models only give a short term view so it is important that we look at the long term, else there will be (and are) severe consequences like fiat. If the government spends out too much money, less money will be available later on.

People are not fully rational.
Math models say that humans “always” behave a certain way and the short term effects are only we care.

Keynes was a mathematician before he became an economist, so it may have influenced the way he talks about economics using math.

In fact he even said “**In the long run we are all dead**”.

Economic redistribution

Economic redistribution is bad because. For example, if you have chosen to become an engineer, then you will have to spend less time, and brain power(effort) studying your subjects than a doctor, so he will get a higher salary as compared to an engineer.

If let’s say, Bill Gates, who built Microsoft from the start to a big empire, if he is taxed at a higher rate, it is unfair, as he has spent that much time and effort, from Microsoft Basic, Commodore basic, MS-DOS, Windows all versions, Office,etc,etc. He has done a lot of work to achieve this. Same with Jeff Bezos, Elon Musk, Warren Buffett. This only decreases their motivation to innovate.

Let’s say that the government imposes a 17% tax instead of 7%, people will be demotivated to start a business, as they will lose another 10 percent, and maybe in losses.

Progressive taxation (i.e Rich paying a higher tax means that people who innovate, and change things are beaten for their achievements)

For example,
calculation for rich person

Name	%	Amount($)	Tax ($)
Salary	10	1,000,000	100,000
GST	4	900,000	36,000
Corporate	30	864,000	259,200
After Tax	44	604,800	395,200
After Tax (Rs.)	44	4,43,19,199	2,89,59, 900

and

calculation for poor person

.

Name	%	Amount (Rs)	Tax (Rs)
Salary	4	10000	400
GST	4	9600	384
After Tax	**8**	9216	784

Isolation

Economics is a field that studies human action which affects not some but all groups. For example, if the government imposes a tax on the rich, then we can see that the poor are happier, but we cannot see that the innovators have stopped innovating. Seeing the unseen is very important in economics. If the government builds a shiny new bullet train, we can see the train, but what we can not see is a

Hospital, or a park that was in the plans. If we take a look at the bookseller, he gets the books from the publisher, who requests it from the author, who then writes it in a book or a computer. The ink used, paper used, truck used to transport, all this has an effect on the price, so if the ink vendor is separated, then the publishers order cannot be accepted, if the whole chain is isolated, then the entire economy is, because, the end user can get the money from various different sources, and so on, therefore it is impossible to isolate different groups in economics.

Fallacies and meanings

While playing cricket, if you break a window of the club house, keynesian economists would say that (in the short term) it is good, because it boosts spending, but they don’t understand that if instead of wasting glass and labour required, they would instead, add A/C to the club house, this would not only not waste resources, but also provide cool air during events.

War is not great because

- Humans are killed
- Infrastructure (resources=things,labour) destroyed
- Instead of good thing, weapons are made (waste of resources)

Government bailouts are bad because, capitalism was founded on the idea that capital should be allocated properly, and it was a mere observation of the market, and not intervention to destroy the free market. Capital should be allocated by the free market, not the central bank, but to certify the purity of real money, the government can stamp their seal and the image of some one or a denomination onto it. If the capital is allocated according to free market principles, then people may not be fooled to think that people are saving a lot, or that they are allowed to borrow money to speculate in the stock market, to create bubbles. After this artificial credit bubble, many companies, big and small go bust, as they are overvalued, as more and more money is put into many companies that just operate in their flat, and have a billion dollar valuation. The big companies, who have speculated in this mania, lose money, and creates a chain reaction.This causes the crash. To prevent this, the government bails out the big companies (or nationalises it,or buys it) through a massive debt pile, which keeps on growing. The US, who is a big consumer of imported goods, pays in US dollars, and India, China,etc are major exporters of US, accept dollars, so the world accepts the dollar, so the US and others pay in dollars, and so on. If the US dollar wasn’t a fiat currency, others won’t have existed because of this.So we will talk mostly about the USA in the book.

Quantitative easing means that the central bank buys the bonds from the market, to increase borrowing. The USA borrows money (indirectly, illegally) from the fed in exchange of newly printed (digitally created dollars) through the top bankers’ club. Then they give out this printed money to consumers in social security, tax rebate, etc and also save money by paying school fees out of this money. This money is spent by retired people, school teacher, parents, etc and anyone with a bank a/c and earring less than 700k dollars per year(i.e a lot of people/most everyone),stimulus check for both housing bubble and covid crash. Then they spend these dollars to buy real stuff from India and China. This reduces the stuff available to buy in India. The wealth of any nation is the goods and services it can provide. If you have a lot of dollars or even silver/gold, if there is no stuff, the metals are useless, as gold/silver are claim checks on goods and services. To work is to provide a good or service, in return you get money i.e a claim check on the amount of goods or services you help provide (directly or indirectly). In fiat money, the inflation-deflation paradigm doesn't work, so the money Indians earn is a lot less that the work we do, as we send our goods every time to the USA for their newly printed paper. This means that the dollar is at the center of the fiat world, and without it, we will be a lot richer i.e we would have a lot more goods or services to buy with real money. The paper (fiat) money can be created out of thin air, so it a money substitute and doesn’t have any real value except it’s legal tender (i.e force acceptance) value, and is not a claim check on goods or services.

Inflation is a rise in the money supply, to inflate is an analogy to the balloon from the start until the fiat system. I have an old dictionary from Webster, which displays a (somewhat) correct meaning but also says that a abnormal amount of money needs to printed instead of any amount. Capitalism is free market, free markets have been there since the start of barter and money some thousands of years ago, and the change from increase in the money supply to rising prices is from the 2000s. The principles of free markets have been observed since 1700s, but the principles don’t change if the government doesn’t intervene. If the government intervenes, the free market will force the government out, after some time. The current monetary system is on the ventilator since 2008.

You might think that the government shouldn’t exist, but if the government doesn’t exist, then a new government will form. Let’s say there is no government, then groups will form to protect themselves, and provide protection and contribute their salaries to protect themselves from fraud(laws, minting real money to assure purity) internal problems(police, fire) , external threats(armed forces) ,from problems for travelling(roads, license, etc), and from chemicals (fda, fssai). Tada, a government is formed to protect the citizens and take a minor contribution eg taxes. The taxes paid should not exceed a certain amount, so that the rich are taxed, as they are the ones who innovate the most. Even if they innovate, they will be taxed a lot (income,corporate,gst), so they will be discouraged to innovate. Even small entrepreneurs have to pay income, corporate (less), gst, so it is the same problem. Even if politicians try to buy your vote by saying that you will get welfare program for free, but you are not seeing that the money that go in form of taxes are way less than the welfare you get, and the rich who the politicians are saying need to pay their “fair share”, will innovate less and raise prices for the taxes they pay, so you sell your vote. The opposite is not also true, like the telecom business in India, where the government imposes retrospective tax so that old competitor, who is silent cannot come back, and who are competing go bankrupt or have to merge, to keep up with the absurd retrospective tax, and the PSU BSNL faces severe losses, and new entry has to pay a lot of taxes and has to pass through many hoops, which ensures Jio-Vi-BSNL-Airtel Oligopoly, or have to merge, to create a monopoly, this is also bad. The good is between all govt (socialism) and no govt(Anarchy) is laissez-faire capitalism (real free market capitalism, which has been practised since the ancient times in Magadh, Maurya, Greek, etc starting around 1500BCE ~3500 years ago). Market was there, king was there, kothwal=police, soldiers were there, and justice was provided by the king. Things have somewhat changed since the greeks. The roman republic was having an assembly for people, who were represented by the middle class (ie not rich and not poor), and having a decent experience in life, eg >30 years, so that young people don’t vote because church was formed instead of a mosque , etc which doesn’t matter, but the economy has more goods,matters.The economy is not a machine, as if there is no internet shopping, so to look at the thing, you have to go to the shop, but because of this evolution and innovation, how people think has changed and evolved. eg, clicking a picture instead of painting/portrait, drawing with pencil on paper and a lot instead of limited stone, searching and streaming on mobile instead of laptop, switching a light on instead of Rockel lamp and so on and so forth, so the way people think has changed, and the government can’t look at every possible factor and change the rates artificially, but the free market can change the rates automatically, as

	Old Rate Borrow = +3	New Rate
A	7	4 (no one borrowing)
B	4	4 (equilibrium)
C	2	4 (no one depositing)

Some people say, cryptocurrencies are the future, they aren’t, because you can create your own crypto currency, so it is very less valuable. Government fiats are better, as there can be only ~200 different fiat currencies, but they are less than that as some countries use US dollars, and Europe uses Euros, and they are backed by governments, so they are more valuable. Gold and Silver are even better, as they are backed by nature, and you cannot create them, only find them, and it is getting more and more difficult to find gold. Some people say that gold can be mined out of asteroids, but how are you going to transport such huge amounts of gold, it will cost more to transport than the metal itself. And also, you can not create

your own different
element of gold.

Great depression and the run on the banks

The term “run on the bank” means that everyone is rushing to the bank to withdraw their money at once.
Of course, the banks don’t have all the money with them at once, this doesn’t mean,

that they don’t have the money, it’s just that it is not available at once.
The great depression caused most banks to fail , this resulted in a bigger depression,
this was caused by the central bank of the United States, the federal reserve.

All of these banks, who already lent the money, of course don’t have the money in hand.
This is how things work, but the depression, which

was caused by the “fed”, this resulted in the great depression, and the run on the banks.

History of the use of Gold and Silver as monetary metals in the world

The following is the list of civilizations that used precious metals as money:

- Egyptians
- Chinese
- Greek

- Romans
- Modern Europeans
- India (magadh-1900s)
- USA (1700s-1960s)

The fall of most of these is or will be because of the central anchor of the economy that is the money. The Chinese civilization fell because they printed more receipts than gold,silver,etc to back them up.

The fall of roman empire was also because they devalued their coins too much.

Modern europeans i.e french, german, italian, swiss, etc fell because they devalued their coins and removed the direct connection to gold and silver and backed their currencies to the dollar

The same can happen to the United States, as the confidence was lost in the dollar in the 1970s,2000s,2008. The reason that the US dollar retained it’s value was because the european central bank and all its members, the Fed, RBI (India), RBA (Australia), RBZ, SARB (South-Africa), RBNZ, SNB (Switzerland), etc saved it from collapsing and ending of the dollar standard.

Why? Everyone benefits from the non-fiat or real money standard, without the central bank. If the central bank and the country fails, then the blame will be on the politicians and the central bankers and planners. In addition, the central bank also provides the top banks with safety, so they will force the bankers to help the dollar recover.

After the great depression and the world wars

After the war, a new flawed monetary system was made by the winner of world war 2 (and a big economy).
This cemented the success of America. As all the currencies in the world were backed by the US dollar,
which was in turn backed by gold. The US government print many multiple times the US dollars than the
gold it had in its reserves, during the guns and butter economy.

This meant that the US was fighting the Vietnam war, and at the same time it was fighting in the space race against the soviet union.

This lead the foreign governments like France to redeem their dollars for gold and demanded physical delivery.
Seeing the gold outflow, President Nixon immediately stopped the convertibility of the dollar into gold in

1971 (on 15th of August by chance).

This caused the runaway inflation in the 1970s.
This is known as the Nixon crash.
Before this, the US government also removed all the silver from all it’s coins, but also kept the looks of coins the same.
Then it used its power to end the soviet union.

But the next crash was even bigger

The dot com crash

- The internet was getting popular and overhyped in the 1990s.

- It created a bubble.

- The Fed lowered the rates.

- This caused the speculation to increase.

- This let the useless companies like VA Linux also get the money.

- Many more companies were formed.

- Then no more money was available to invest.
- The bubble burst.
- A lot of money was lost.
- But companies like Amazon, Flipkart, Facebook, Google lived on, becoming the largest companies in history.

- A lot of companies went bust.
- But the upcoming crash was even worse.

- Although the internet became very popular these companies never came back.

The Housing bubble

- In the 2000s, banks were lending like crazy, to this new-fangled real-estate package thing.

- This was very risky as they lent to random people with little income.
- More and more people started buying homes as anyone was getting the loan to buy one.
- This led to the real estate price skyrocketing.
- Many people who shouldn’t get home loans, got home loans.
- Many people started buying homes.

- When the bubble popped a lot of homes were foreclosed.
- But the loan they had taken was for a lot higher amount than they would get by selling the homes.
- This caused huge losses to the banks.
- The trust in the US was temporarily lost.
- The government started forcing people to spend using policies like ObamaCare.

The Upcoming Crisis

The upcoming crisis is going to be really bad.

As 2020 covid lockdowns hit

- US govt started sending stimulus checks
- Fed Started QE
- biden’s family plan
- infrastructure bill
- Prices alway rising

The stock market is at artificially high valuations.

Real Estate prices are skyrocketing (in US).

Food prices are rising.

There is a lot of debt (more than the entire economy of the US itself)!

This means that the economy is in a bubble as the money is transferred from the fed to the stock market and real estate market.

The US dollar has lost more that 20 percent of its value in one year.
(The FED is lying as they revise the CPI to show lower numbers every year.)
They even stopped reporting the money supply numbers.

There will be at least a small crisis.

The end of an era and the everything bubble.

If the government converts the private sector to the public sector, they know that they don't have any reason to improve their work as they don't have competition or relevant competition.

The precious metals coin minting business doesn't require you to have a better product , as the value and guaranteed fineness is the same.

It requires trust (which we have in our government more than random people who can give us less silver/gold).

The banking sector doesn't require that level of trust, but it requires a stable rate (or at least less influence from one entity) and a good rate which maintains the stability of the economy.

The current economy (in 2021) has a lot of speculation going on in it. Stock market , Real estate , etc. If this continues, then this could be the very end of the fiat system.

Of course, I am a human and can not predict the future with 100% accuracy, so do your own research.

Even bigger booms and busts and “great”er problems

Keynesian economists often say that the booms are lower than they should be and vice versa for busts, but during a boom (like in 2020 or 2008 or 2000 or 1920,etc) the booms have continuously

reached record highs. This indicates
that flattening the booms and busts is not working.
Same for busts, the 2000s crisis
was much lower than 08 which was lower than what (may very well be) a very large bust, unimaginably large.

Austrian economists like limited government and no central bank (or fiat currency),
that means, they cannot artificially low rates to

create booms, or do
anything like that.

The only thing is, if a
natural disaster occurs,
then, there will be a
problem, but
after the rich people figure
out what to do, (because
their businesses are
affected),
then the free market will
do its job.

What is fiat money and what is real money?

Fiat means “Let it be done” in latin. Basically like an order. Fiat money means “Money having no intrinsic or melt value, but has value based on the sole fact that the

the government has a monopoly on money creation.

Whereas real money has it’s value on the fact that there is a lot of work and effort to mine it.

Government money was just a promise that this coin has a set amount of silver in it and has a set amount of purity. This doesn't mean that they control the supply because the miners do, but

we can use regular silver
as well.

Silver Savings

- Imagine your great-great-grandfather
- (because they were before license raj)
- They get some money as a child.
- You can Still melt them and buy the same stuff as that much money could buy in those times.

- But now imagine your father
- (because they were after license raj mostly)
- The money they got as a child were cupro nickel or steel coins
- (which have 0% silver)

- If you melt those , you wont get any money.
- If you use them as regular money, they will have a lot less value than they used to have.

- This is the power of silver (and gold!)
- The reason that we don’t use silver coins are because of their artificially low value
- This is because of ETFs.

Derivatives and the problems they cause.

The current currency market is very volatile.

If X ,is a measure of Y

X	Y
Meter	length
kg	mass
litre	volume

Would change everyday then it would cause a lot of problems.

Even if currency changes this would be similarly a problem as it is a measure of wealth.

If let's say a company invest 10,000 dollars in India , they will invest 700,000 rupees but if three yrs lates 1 $=100 rupees, if their business grows to 1,000,000 rupees ,still they will only get 10,000 dollars back.

In comes derivatives.

$1= 70 rs in ‘21
$1= 100 rs in some year
you can make a contract with the other company to

exchange some money at a specific date at the price you paid or a set price so it reduces your risk.

GDP and Inflation

Some Keynesian economists say that an increase in GDP will cause an increase in inflation, as the economy is
running “RED HOT”, but this is not true, in fact, in 2020, even if the prices were rising , the government
spending economy (i.e. GDP) and real economy (excluding the “G” i.e. Government part Consumer(C) +Industrial(I)+Net

Export(X-M)) was shrinking,and still the prices were rising. Even now this is the case.

GDP is the sum of all transactions, which means that all GDP is, is the sum of all the spending in the economy. GDP isn’t the true indicator of the economy, as, it is a measure of spending, including spending on unnecessary things.There can’t be a single metric that can look at the economy as a whole, because we have to intervene to measure it, and the central planners have the control,so they can manipulate it, and the business make decisions on gdp,so releasing it is also harmful, let alone fiscal and monetary policy.so that’s why central control is bad. Controlling fiscal policy is bad as debt grows and the economy falls and more reasons are explained later. Monetary policy always results in fiat money, overstimulation

(US, which is the "sutradhar" for the fiat "play"),and the economy correcting itself several times (crashes) and the government stimulating it even more, so the booms, cause even a larger bust and return to real money for times to come.

If you look at a beggar, he is 28,000,000,000,000+ dollars (i.e 28+ Trillion dollars)
richer than the USA government as US debt is at 28+ Trillion.

28 Trillion (even adjusted for inflation) is one of if not the largest debt ever incurred by any government.

I agree that MV=PT is a clostest estimate to prices:

M=Money supply - increased
V=Velocity – has decreased more
P=Average Price – increased
T=Number of transactions – decreased more

M*V=P*T
That’s Why inflation has not shown itself (to that extent) in the Real prices.

Also, the specific amounts of money entered into different amounts of stuff needs to be observed, as prices are dependant on that, but to generalize, we can use this formula for the whole economy.

But it has shown itself in the Stock and Real Estate markets.

Why devalue your own currency?

If someone of some company wants to buy some things from India and they want to buy some stuff.
If the cost of producing that stuff remains the same but the price of $/Rs Falls, this
is a advantage as foreign companies can buy a lot

more stuff for a lesser price than other countries, that means more stuff from India gets exported and it increases our real economy and nominal gdp.

Another advantage is that you can show that your economy grew by a lot more percent than it actually did.

Gold

Gold has been used as money for thousands of years from the egyptians to the americans to the europeans.

Gold is a really unique metal as it has that sort of golden colour which no other metal has.

Gold also has a limited supply, so you can save your money in just a handful of coins.

Gold also has a lower price than it should really have , that is , “it’s undervalued”.

Gold is not that volatile as compared to other metals.

Silver

Silver has also been money for thousands of years

You can store your entire amount of wealth in a bag as well as it can be less valuable per coin.

For example 1 silver dime=1 burger,etc.

Silver is a lot more undervalued as compared to gold.

Silver has been made in India from the very beginning of the free market.

The fiat money standard and its problems

Voltaire famously said, 'Fiat currency eventually always returns to its intrinsic value, that is, zero'. Unfortunately, we're watching the final stages of that process unfold now.

The problem with fiat currencies is that it can be created out of thin air.
The Chinese were the first to implement a fiat currency which caused the entire chinese economy to fall very rapidly.

The world is heavily monetized and a lot greedy, and unfortunately things may get
a lot worse than anything you can imagine.

If they let the “Inflation genie” back into the

“bottle”, they would crush the economy,
worse than the Great Depression. If they continuously stimulate they will cause hyperinflation and crash the economy any way. In other words, they are between a rock and a hard place.

What really is inflation

Inflation is an increase in the money supply within an economy.

Nowadays, if they used the correct definition, they would not be able to print this much money,
as they would have caught the public’s attention. The point is that if they say that inflation is a rise in prices and not that inflation causes rise in prices, they can basically say that inflation and money supply are not

Correlated, which allows them to raise money supply which raises prices Dramatically, either due to rising prices or shrinkflation.

Now what is this shrinkflation thing? Imaging a biscuit packet, which costs around Rs. P and you get
N number of biscuits. price/biscuit = P/N, if N falls , the real price will rise

The word inflation is an analogy to the balloon and the air is the money supply.

This has not only happened to English but to French, German, Hindi, Marathi, etc.

Keynesian Coins

The coins in a Keynesian economy have an intrinsic value a fraction of their face value.

The money supply keeps on increasing to be more competitive in the market or USA, increasing welfare.

This means that the coins have to be returned each year or they will be driven out of circulation
by the principles of Gresham’s law.

Gresham’s law states that if you have the face value more than the melt value, then it
will be melted or sold at price of the metal and collected.

For example take the one rupee coin from 1930,

it has a face value of one rupee, but its melt value is in the thousands, therefore people collect
and don’t spend it. Same with other coins.

This would mean that the government would spend a lot of money on just minting coins.

So,the value of any fiat coin is just a fraction of what it would take to produce it.

How does fiat money come into circulation?

First there was barter, this means you exchanged your goods for other’s goods. As the transactions increased,it became inconvenient to trade specific commodities (ie goods that are fixed in value to each other)

for other commodities. Then the most marketable commodity(ies) to exchange as money. Beads, shells,wheels,etc were used as money, but silver (and gold) became the most
marketable as they can be cut, measured for purity, stamped, melted , cut , measured , stamped and so on and cause
no damage to the content. They also store a medium amount of money in a place, for example 10 cent

(size of modern coin, modern coin has cupronickel instead of silver) for a burger (McDonalds,1950s). Then they come up with an idea of a promissory notes (RBI in india), then they print a lot more than gold,silver they have, then they stop to redeem and remove metals from the coins and
change the definitions (eg inflation old=money supply increase new=rising prices,money

=5-6 factors including store of value, new=generally accepted medium of exchange)
In inflation:inflate means increase the air in the balloon.
balloon=economy,air=money.

World currency

Having a world currency makes getting out of it difficult. This always causes problems and breaks down

(eg. Scandanavian Monetary Union,
Latin Monetary Union
,Bretton woods,
UK pound backing before 1940s
,etc).

I think that a world currency like SDRs would be worse as the fiat system is there and, it is global, so there is no way of escaping it.

Hyperinflation near

There very well be hyperinflation in the coming months and years as people are a lot greedy and if
they stop giving the economy monetary push it always needs, then, the economy will collapse.
The other option seems more likely :
Hyperinflation.

What this means is that they have to keep injecting money into the economy until it turns into hyperinflation.
When they have to put money in, even faster as the people think that their money’s value keeps on decreasing really fast.
This encourages spending as they would be able to buy a lot more stuff than they will tomorrow.

This increases the M and V in the MV=PT equation.

This means prices and transactions have to rise.

This feeds on itself which causes hyperinflation and the collapse of the economy.

I think that this may be the thing that is going to happen to the global economy.
But there are only probabilities and no certainties, so do your own research.
The probabilities are really high.

Continuously rising prices in a fiat economy

The prices are continuously rising as money supply increases. The keynesian economists say that MV!=PT but
if stuff=the same and price increase , then the stuff

will just sit idle as anyone
will not be able to buy
the remaining stuff, as
more money is chasing the
same amount of stuff.

This means that the money
supply increase is the sole
reason for rising prices.

If stuff supply increases,
in a non-fiat economy,
prices will fall ,so that
people can buy all the
stuff,
causing deflation, as same
money is chasing more
goods.

The methods used to make things has improved, causing the price to make things fall
, but using the same method, price=the same.

Therefore, the rising prices are an effect of an increase of the money supply.

The improvement in technology has resulted in a fall of prices (adjust for real inflation).

If a tax is imposed on a product, the product has not inflated as the method used is different,
it is the method plus an additional step which is paying money to the government. Of
course the price of the tax has been added.

If additional environmental factors are added, the same thing is true.

Conclusion:

The method used to make the stuff is more important as it reveals all the prices attached in making the stuff.

Interest rates and money supply

Interest rates affect inflation as if rates are low, this encourages the people to borrow more, the opposite is
true if rates are high.

The money supply is influenced by this and the reserve requirement as the money borrowed, is deposited, is borrowed, is deposited and so on until the banks all have money until the reserve requirement.

Booms and busts

As you might have read, these crises like great depression, dot com, great recession are the busts of roaring 20s,
internet hype of 90s, subprime mortgage boom. These are caused because of the central banks lowering

the interest rate. Looking at such rates, regular people might think, that this signals a big economic growth, and a lot of savers are accepting such a low real rate for their savings account. Let’s say, the free market savings rate is around 4%, then, the borrowing rate will be 7-8%, let's take 7%. If the central bank steps in, and lowers the rate, the private banks can borrow the money from the

central bank at 3%, then this will reduce the savings rate to <1% (as is the case in America). This means, that a lot of hype-oriented and regular businesses will open, this will cause malinvestment, and bankruptcy.
The market is simply correcting it's mistake of speculation pulling all the money out.

Debasement

As I told you in the Banking Speculators section, the rupee is debased by quite a lot, and you don't even understand. Banks also get cheated by this. I am now talking about a different type of debasement, debasement in silver.

Even Adam Smith, in his book “The Wealth of Nations” admits that the british pound has been devalued a
a lot (i.e He talks about English,Scottish,Irish Pounds and the fractions of the real thing they are).

The british pound has lost 99.9% of its value, this is not great, as the people who
had lent the british govt some money for war,got a lot lot less money than

they gave the government.
This is cheating.

The indian rupee is 1/3000
of its original value.

Links:

Peter Schiff Podcast on fiat, bitcoin, gold,etc.

https://www.youtube.com/c/peterschiff

George Gammon White Board Economic videos:

https://www.youtube.com/c/GeorgeGammon

Ludwig von Mises institute:

https://www.youtube.com/user/misesmedia

Maneco 64 daily economics:

https://www.youtube.com/c/maneco64/videos

Yankee Stacking:

https://www.youtube.com/c/YankeeStacking/videos

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Abha Birajdar-Reviewer
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Endmatter

Banks will lend responsively and to equilibrium if set free because, they can lend to safe investments, so this means that subprime, etc wouldn’t be the case, and too much growth in a decade, wouldn’t be a problem, as the growth would be spread out, and no recessions.

Subprime, dot com, stagflation, great depression, all were caused by the central banks, as they print a lot of promissory notes, or they manipulate rates to absurd levels, this

means that the free market is not functioning, and the rate that savers get is less, and risk is more. If the main player “USA” did not force the banks to lend subprime, 08 wouldn’t be there. If the government did not lower rates, tech bubble,2020 bubble, great boom(1920’s) wouldn’t be there. If they didn’t keep printing a lot of promissory notes, stagflation wouldn’t be there. If they didn’t raised rates too rapidly, then, the banks wouldn’t have failed in the 1920s.
The government is there to protect us from some of the threats, and not to provide goods (fiat money) , or

services (central banking), this is the job of the private sector. Roads should be provided, maybe airport seaports and railways, but not fiat money and central banking, because of the harmful effects of it discussed in the book. The constitution of US also says: No State shall ... coin Money(only federal gov); emit Bills of Credit(not allowed at both levels,loophole); make any Thing but gold and silver Coin a Tender in Payment of Debts (total fraud to the founding fathers of US,because of the hyperinflation of continental paper notes) ...

-Anshul Birajdar