Title: "How Debt Money Goes Broke. Buy more GME for MO-ASS. The stock markets will fail spectacularly."
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"How Debt Money Goes Broke."

After more than a decade of chained stimulus packages and extremely low rates, with trillions of dollars of monetary stimulus fueling elevated asset valuations and incentivising an enormous leveraged bet on risk, the idea of a controlled explosion or a “soft landing” is impossible.

There is no easy solution. There is no possible painless normalization path. After a massive monetary binge there is no soft hangover. The only thing that the Federal Reserve should have learnt is that the enormous stimulus plans of 2020 created the worst outcome: stubbornly high core inflation with weakening economic growth. There are only two possibilities: To truly tackle inflation and risk a financial crisis led by the US dollar vacuum effect or to forget about inflation, make citizens poorer and maintain the so-called bubble of everything. None is good but they wanted a decisive and unprecedented response to the pandemic lock-downs and created a decisive and unprecedented global financial risk. They thought money creation was not an issue and now the accumulated risk is so high it is hard to see how to tackle it.

One day someone may finally understand that supply shocks are addressed with supply-side policies, not with demand ones. Now it is too late. Powell will have to choose between the risk of a global financial meltdown or prolonged inflation.

Much of the corporate debt has been completely unproductive: it went into stock buybacks and not into developing products and hiring people. When an economy becomes fully financialized, soft landing is really an oxymoron because the whole economy depends on asset bubbles to generate spending.

Debt is self-liquidating when used to generate future income, from which interest is serviced and principal repaid. Used for any other purpose, it is non-self-liquidating and results in payment obligations with no countervailing source of income.

How does it end?

A debt-based monetary system has a lifespan-limiting Achilles heel: as debt is created through loan origination, an obligation above and beyond this sum is also created in the form of interest. As a result, there can never be enough money to repay principal and pay interest unless debt is continually expanded. Debt-based monetary systems do not work in reverse, nor can they stand still without a liquidity buffer in the form of savings or a current account surplus. ***When debt grows faster than the economy, the burden of interest is bearable only so long as the rate of interest is falling. When the rate of interest reverses course, interest charges start rising faster than debt growth."***