

Title: A decentralized alternative to central banking (the Fed)

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For those of us alive today, raised on the propaganda of the omnipotent governments of the twentieth century, it is often hard to imagine a world in which individual freedom and responsibility supersede government authority. Yet such was the state of the world during the periods of greatest human progress and freedom: government was restrained to the scope of protection of national borders, private property, and individual freedoms, while leaving to individuals a very large magnitude of freedom to make their own choices and reap the benefits or bear the costs. We start by critically examining the question of whether the money supply needs to be managed by the government in the first place, before moving to consider the consequences of what happens when it is.

Should Government Manage the Money Supply?

The fundamental scam of modernity is the idea that government needs to manage the money supply. It is an unquestioned starting assumption of all mainstream economic schools of thought and political parties. There isn't a shred of real-world evidence to support this contention, and every attempt to manage the money supply has ended with economic disaster.

In a sound monetary system, any business that survives does so by offering value to society, by receiving a higher revenue for its products than the costs it incurs for its inputs. The business is productive because it transforms inputs of a certain market price into outputs with a higher market price. Any firm that produces outputs valued at less than its inputs would go out of business, its resources freed up to be used by other, more productive firms, in what economist Joseph Schumpeter termed *creative destruction*. There can be no profit in a free market without the real risk of loss, and everyone is forced to have skin in the game: failure is always a real possibility, and can be costly. Government-issued unsound money, however, can stall this process, keeping unproductive firms undead but not truly alive, the economic equivalent of zombies or vampires drawing on the resources of the alive and productive firms to produce things of less value than the resources needed to make them. It creates a new societal caste that exists according to rules different from those of everyone else, with no skin in the game. Facing no market test for their work, they are insulated from consequences to their actions. This new caste exists in every economic sector supported by government money.

The only cure that can work for these pathologies is sound money, which will eradicate the notion of people working for the sake of ticking boxes and pleasing sadistic bosses, and make market discipline the only arbiter for anyone's income. If you find yourself toiling away in one of these industries, where the stress of your job centers purely on pleasing your boss rather than producing something of value, and are not happy with this reality, you may be relieved or frightened to realize the world doesn't have to be this way, and your job may not survive forever, as your government's printing press might not continue working forever. Read on, because the virtues of sound money may inspire a new world of opportunity for you.

produce nothing of value to anyone. Government agencies are the prime example, and the global notoriety they have earned for their employees' incompetence can only be understood as a function of the bezzle funding that finances them being completely detached from economic reality. Instead of the hard test of market success by serving citizens, government agencies test themselves and invariably conclude the answer to all their failings lies in more funding. No matter the level of incompetence, negligence, or failure, government agencies and employees rarely ever face real consequences. Even after the rationale

Unsound money is at the heart of the modern delusion believed by most voters and those unfortunate enough to study modern macroeconomics at university level: that government actions have no opportunity costs, and that government can act with an omnipotent magic wand to create the reality it wants. Whether it's poverty reduction, morality enforcement, healthcare, education, infrastructure, reforming other countries' political and economic institutions, or overriding the rules of supply and demand for any emotionally important good, most modern citizens live in the delusional dreamland wherein none of these have actual costs, and all that is needed for these goals to be achieved is "political will," "strong leadership," and an absence of corruption. Unsound money has eradicated the notion of trade-offs and opportunity costs from the mind of individuals thinking of public affairs. It will shock the average citizen to have the startlingly obvious pointed out to them: all of these nice things you want cannot be summoned costlessly out of thin air by your favorite politician, or his opponent. They all need to be provided by real people—people who need to wake up

as the credit keeps flowing, the victims are oblivious, and an illusion of increased wealth is created across society as both the victim and the robber think they have the money. Credit creation by central banks causes unsustainable booms by allowing the financing of unprofitable projects and allowing them to continue consuming resources on unproductive activities.

Unsound money was a boon to tyrants, repressive regimes, and illegitimate governments by allowing them to avoid the reality of costs and benefits by increasing the money supply to finance their undertakings first, and letting the population handle the consequences later as they witness their wealth and purchasing power evaporate. History is replete with examples of how governments that have the prerogative to create money out of thin air have almost always abused this privilege by turning it against their own people.