

# Central Bank Magic Pushes the Financial Crisis Back Another Day

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Everything goes well today.

- *Bloomberg* Tells us that Chinese growth has surprised in good, equity and bond markets are still at the top.
- Almost no speaks more about Italian banks. The idea of ??the national bad banks was unanimous within the Eurogroup. Monte dei Paschi di Siena and the two Venetian banks, Popolare di Vicenza and Veneto Banca, will be relieved of € 50bn of non-performing loans, leaving only about € 275bn in the system. In one year, Italian banks will have halved their non-performing loan rate by 8%, said Governor of the Bank of Italy Ignazio Visco. according to *The Wall Street Journal*, The announcement of the capital increase of Banca Carige raised the enthusiasm of the crowds.
- *The Wall Street Journal* Tells us that the American fund EnerVest of participation in the oil that had raised \$ 2 billion and borrowed \$ 1.2 billion four years ago has succumbed. Investors and lenders will not see their money. The fund had started at the top of the shale gas and oil business. But who still cares about two miserable billions today?
- In France, deposits on Caisse d'Epargne's booklets, which earned 0.75%, reached record highs. But French banks can find much cheaper money in the markets and these deposits clutter them. If they hand them over to Caisse des Dépôts, Caisse des Dépôts should raise capital, but Le Figaro assures us that the commercial banks will stand firm and not make such a bad vote.
- JP Morgan Chase will buy for \$ 19bn of its own shares of the bank and the boss of the American bank rubs the hands of the green light given by the Fed tells us Business Insider.

Everything is fine. Fake money does its work, "*Extend and pretend*". All bankruptcies, bogus loans dissolve in this financial engineering of the central banks.

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As markets go up, the voices of inaudible skeptics become scarce.

*Central banks are justified in models that are supposed to be able to control monetary creation.(...)A number of relationships underlying the actions of central banks have been accepted on a consensual basis: relations between money and inflation, credit and investment, or employment and inflation.(...)At present, there is an illogical absence of inflation or a weakness of activity despite the predictions validated by models based on these relationships. Many comments have already been made on this, but at the last meeting of its Monetary Policy Committee, the US Federal Reserve, the Fed, acknowledged that another of its modeling is no longer working.(...)This is the consequence of the entry into an increasingly administered economic world. **By massively creating money, central banks have blocked market mechanisms. The risk is no longer evaluated, the optimization of the allocation of capital no longer works.** Central banks have established the Western economy in a system closer to that created by the "scientific" planning of the defunct USSR than to the system dreamed of by Von Mises or Hayek. After ten years of this policy, it is time to change and restore interest rates.(...)As our elders were able to move out of the price control system to regain their growth, we need to move away from unrestrained monetary interventionism to regain real growth.*

Hubert Rodarie, Deputy Managing Director of the SMA Insurance Group, Figarovox

A "lighthouse keeper idea" is an idea, emitted by someone who seems to have lived in total isolation, away from other bipeds. In it is neither consensual nor general public, in other words,

Did Hubert Rodarie think of a lighthouse keeper?

Restoring interest rates?

Is our isolated one forgetting the thousands of central bank officials around the world who manage this "scientific planning" of interest rates; Would he forget the millions of public servants who need infinite and almost gratuitous credit to save what they think should be, to finance what if not ever would be, all these phony false investments; Would he forget the politicians who need money to buy their constituents by promising them tomorrows that are singing.

In fact, no, Hubert Rodarie does not go to the end of his own ideas. It is not a true lighthouse keeper as its conclusion shows:

*The only real problem is **Reasonable consequences of a return to liberty** Which will result in a rise in rates so that lender and saver are re-paid and bad projects rejected. It is possible, but it also requires innovation.*

The consequences of freedom can not be reduced. We pilot or not, we let it or not, we are free or not. It is quite binary and without nuance: if one is free, one assumes the consequences of one's actions, one is responsible for them.

We can not "reasonably reduce the consequences" of totally unreasonable and insane actions taken in the past ten years (and almost thirty in Japan).

If rates rise there will be blood on the walls of the market halls and ruined savers. Central bankers, politicians, Keynesian academic advisor friends and institutional investors who are trustees of genuine savings (insurers and pension funds) will have to bear the consequences of their follies.

The strategy "*Extend %26 pretend*" is not yet exhausted, far from it.

It is not too late to take the necessary precautions so that your savings will not be engulfed in the slow shipwreck that awaits us. [Discover them here.](#)