

# The True Cost of "Free" Money: A Comprehensive Guide

In today's uncertain economic climate, the concept of "free" money has gained increasing popularity. Governments and central banks around the world have implemented quantitative easing (QE) policies, flooding the markets with trillions of dollars in an attempt to stimulate economic growth. While these policies may have provided temporary relief, they have also sown the seeds of future challenges. In their groundbreaking book, **The Cost of Free Money**, renowned financial experts Bill Bonner and Addison Wiggin delve deep into the hidden costs and consequences of these policies, offering a thought-provoking analysis of their impact on our financial stability and economic future.

The fundamental premise of *The Cost of Free Money* is that there is no such thing as "free" money. Every dollar created through QE or other forms of monetary expansion comes at a cost, both in the present and the future. Bonner and Wiggin argue that by artificially inflating asset prices and distorting market signals, QE policies create a false sense of prosperity that is ultimately unsustainable.

The authors provide numerous examples of the unintended consequences of free money policies. They point to the rising levels of government debt, the erosion of purchasing power due to inflation, and the increasing fragility of the financial system. They warn that continued reliance on QE will only exacerbate these problems, leading to a potential financial crisis that could dwarf the one experienced in 2008.



## The Cost of Free Money: How Unfettered Capital Threatens Our Economic Future by Paola Subacchi

★★★★☆ 4.1 out of 5

Language : English  
File size : 2140 KB  
Text-to-Speech : Enabled  
Screen Reader : Supported  
Enhanced typesetting : Enabled  
Word Wise : Enabled  
Print length : 320 pages



One of the most insidious effects of free money policies is inflation. As the money supply expands, the value of each dollar decreases, leading to a rise in prices. Bonner and Wiggin argue that inflation is a hidden tax that disproportionately affects the poor and middle class. By eroding the purchasing power of their savings and wages, inflation undermines their ability to maintain their standard of living.

The authors also highlight the dangers of runaway inflation, which can lead to hyperinflation – a situation where prices rise out of control. They warn that if free money policies are not curtailed, the United States and other countries could face a similar fate to countries like Zimbabwe and Venezuela, which have experienced devastating hyperinflation in recent years.

Another major concern raised in *The Cost of Free Money* is the rapidly rising levels of government debt. In the aftermath of the 2008 financial crisis, governments around the world borrowed heavily to stimulate their

economies. However, this debt has now reached unsustainable levels, and it is unclear how it will be repaid.

Bonner and Wiggin argue that the burden of this debt will ultimately fall on future generations. They point out that the United States is already spending more on interest payments than it does on education or national defense. If the government continues to borrow at these levels, future generations will be saddled with crushing tax burdens and reduced public services.

One of the most alarming consequences of free money policies is the increasing fragility of the financial system. By artificially inflating asset prices, QE has created a bubble in the stock market and other financial markets. Bonner and Wiggin warn that when this bubble bursts, it could trigger a financial crisis that would dwarf the one experienced in 2008.

The authors argue that the financial system has become too interconnected and too dependent on cheap credit. They point to the rise of shadow banking and other complex financial instruments as contributing to the systemic risk in the financial system. If one of these institutions fails, it could set off a chain reaction that would bring down the entire system.

In **The Cost of Free Money**, Bill Bonner and Addison Wiggin provide a comprehensive and thought-provoking analysis of the hidden costs and consequences of free money policies. They argue that these policies are unsustainable and will ultimately lead to a financial crisis that will dwarf the one experienced in 2008.

The authors call for a return to sound money principles and urge governments and central banks to abandon their reliance on QE and other

forms of monetary expansion. They believe that the only way to secure a prosperous and sustainable future is to embrace fiscal discipline, reduce government debt, and allow the free market to allocate capital efficiently.

Whether you are a seasoned investor, a financial professional, or simply concerned about the future of the economy, **The Cost of Free Money** is a must-read. It offers a clear-eyed assessment of the challenges facing our financial system and provides invaluable insights into the consequences of free money policies.

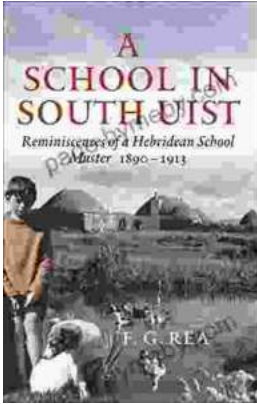


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