

## It is only a number

Author Stephen Marchant July 2020

Up to the second world war Govt budget deficits were in the millions or tens of millions. As we reached the end of the sixties they were into the billions. Gradually they have moved up into the tens of billions and hundreds of billions. We are now into trillions and moving into tens of trillions. How long before we arrive at a quadrillion and then a quintillion?

When I was a child in the early sixties I recall going to a UK Saturday cinema and paying 3d (1.25 new pence) for a basic seat. The expensive balcony seats were 6d (2.5 new pence). Saturday cinema for children would now be about £2 (200 new pence). A small portion of chips was about 6d (2.5 new pence) and a standard portion was a shilling ( 5 new pence). Nowadays a portion of chips from a takeaway could be £2 ( 200 new pence). Many of us can recall cheaper prices for everything from food, beverages and clothes to housing. We have accepted the inflation so long as our income – mostly through wages – kept pace with inflation.

The working man has had his day,  
Once was a time when work would pay,  
A husband or wife could earn a decent wage  
To keep a family without state aid.

Now they both must work to pay  
The bills that mount day by day,  
Living standards are in decline,  
But still the Government says all is fine.

The client state is too heavy a burden,  
Whether they be bankers, claimants or civil servants,  
The global elite choose what they pay,  
Whilst the rest of us have no say.

Meanwhile the debt keeps rising,  
Monetisation taking us to new horizons,  
And they say, GDP is all that matters!  
Whilst zombie banks get ever fatter.

We have witnessed women joining the workforce in large numbers but this has not improved household incomes but rather allowed house price inflation and mortgage servicing costs to be supported by two incomes rather than one. Equal pay for women and a deindustrialization of the West with well paid manufacturing jobs exported has led to the need for both parents to work in a household to maintain aspirational consumption. I would not argue for or against both parents being in work but if they do both work the average family should have benefited rather than being burdened with higher household debt and cost of living as a proportion of their income. We have allowed the money printers and bankers to load our nations with debt whilst ordinary citizens have been farmed as debt fueled consumers.

Coincidentally the global debt mountain shows a correlation with population growth. When I was born in 1958 global population was about 3bn and global debt was less than 100% of GDP, it is now approaching 300% of GDP with a global population of about 7.5bn (<http://www.money-liberty.com/gallery/populationversusdebt.pdf>). The reasons for the explosion in debt are complex

but mainly stem from the 'cold war' era where the US was trying to out compete the Soviet Union: the arms race, the space race and the costly Vietnam War led to the dollar coming off the gold peg in 1971. This debt fuelled growth worked in so far as showing the Soviets how much more consumers enjoyed in the West; I recall a trip behind the 'iron curtain' in the early 1980s where restaurant staff ushered me into the kitchen to bid for my 'hard currency' which could be used to buy western products. The Soviet system finally collapsed in 1991 but instead of maintaining tighter regulation of banks and credit our govts then loosened regulation and the US under Democrat President Clinton repealed the 'Glass Steagal' Act allowing banks to do proprietary trading. The UK New Labour govt freed the Bank of England from govt control and allowed further growth in debt, particularly consumer debt with MEWing (Mortgage Equity Withdrawal) creating an inflationary feed back loop. Conservatives joined Labour in declaring spending plans to share the proceeds of growth and our financial press were declaring Gordon Brown "the best Chancellor we ever had".

We have had the DotCom bubble, the Great Recession and now the Great Debauchment as money printing goes exponential. Money is just a number and whether it be dollars, yen, the euro or UK pound, it is what you can buy with that number that counts. I have recently acquired what used to be real French money, 5 Franc coins from the 1960s (12g at 83.5% purity) that contain 10g of silver. 5 Francs is equivalent to about half a euro but the silver content is currently worth nearly 7 euros and likely to rise dramatically as fiat money printing escalates. You can't print gold or silver so whatever number your fiat debt reaches it will be real assets that count. <http://www.money-liberty.com/gallery/GreatReset.pdf>

The covid-19 pandemic is the black swan event that has exacerbated and accelerated the money printing with the added dimension of forcing govts to use it to finance fiscal policy rather than solely supporting the finance sector. It is this fiscal policy which will unleash the stagflation and inevitable collapse of this rotten monetary system.

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