

The Helicopter Money "Windfall" and the Wizard of Oz

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Wizard of Oz

The Wonderful Wizard of Oz, written and published by Frank Baum in 1900, could be an allegory of US monetary policy in the late nineteenth century (between 1880 and 1896) that saw massive and unexpected deflation causing a drastic drop in prices in the US economy (around 23%). Most of the peasants in the West of the country were indebted to the banks of the East, so when prices declined, the real value of debts increased and banks were considerably enriched at the expense of peasants. Some populist politicians, including William Bryan, began supporting the free coinage of silver: the United States at that time was following the gold standard, but Bryan was not elected and his proposal went up in smoke.

This proposal was functional to creating money with a real point of reference, silver, not the simple printing of paper that by itself is sterile. The creation of the "Silver Dollar" was resumed by JFK in July 1963 when he issued "Executive Order 11110" on June 4 delegating authority to the treasury to issue silver certificates against silver bullion or dollars to maintain its real counter value and partly to evade the Fed; his death prevented its implementation.

We now face the proposal of "helicopter money" as expressed by the ECB - the jargon is always military, from bazookas to helicopters - the money manna that should symbolically rain down from heaven on citizens, like in the Bible, bypassing banks to allow a recovery in consumption.

The term helicopter money is a reference to an idea made popular by the American economist Milton Friedman in 1969 in his *The Optimum Quantity of Money*, "Let us suppose now that one day a helicopter flies over this community and drops an additional \$1,000 in bills from the sky, which is, of course, hastily collected by members of the community. Let us suppose further that everyone is convinced that this is a unique event which will never be repeated.

The imagination of a this culture never ceases to amaze, the only solution offered to the problems of a social, cultural and even financial crisis (economics is no longer studied, only finance). They are trying it all with the QE death trap that is pushing the US to the brink with an incalculable money supply unable to generate wealth in the absence of manufacturing activities. The US increasingly appears to be a time bomb. A monetary culture alone leads nowhere, because having separated money from a real counter value means it has no value in

itself but remains infinitely reproducible paper. When money was convertible into gold, imprinted on each individual note were the words "Payable to the bearer". We are now left with the desperate illusion of transforming paper into gold goaded by the Midas syndrome. Since September 2008, the entire trick is been inexorably unveiled. All the monetary potions proposed by the many "Cagliostros" of finance have failed, and yet they never give up because the stakes are too high. Never mind that the monetary helicopter is akin to Rubik's Cube in terms of operational complexity and its deleterious effects, but perhaps the real lesson of history is learning not to fall into rabbit hole as "Alice in Wonderland" to meet the queen of hearts (crazy)-finance, the mad hatter-politics today, the caterpillar-the media-the walrus eating all the oysters, the financial markets and small saver.

It is quite clear that the socio-cultural model that generated the crisis is not inherently able to resolve because its contents are asymmetric to the search for solutions. One could affirm that those who with their culture and their interests caused it have neither the culture nor the interest to solve it, yet every single day we hear their forecasts, their cures that relentlessly kill the system. This cultural model must be changed in terms of both men and solutions. Technically, it could be said that the system needs to be "restored" and the responsibilities cannot be without financial markets and human, moral and social judgments. The responsibility of exercising finance without moral, scientific and democratic limits has assumed a role that has led society against the fundamental human rights on which a society can grow in respect of the person. This power is exercised with a clear determination to create a global hegemonic design that allows separating politics from power that is now superordinate. Financial markets and finance are not autonomous and ethereal entities but have names and surnames, representing institutions, lobbies, people and interests that are often evoked by the media and are known because for some time they have governed the financial variables and have common interests that go beyond those of individual states, pieces of a global jigsaw puzzle. Let us be clear that this crisis will never end-despite the many promises and daily patter-if endless hegemonic and deregulated finance is not brought under an order respecting manufacturing and the real economy. Until the desire manifests to promote a global "class action" against it or at least a determined and joint action to bring it under precise and respected rules, we will always be subject to the veil of omerta, a code of silence, until the wind of history tears-as the Gospel says-the veil of the Temple. But maybe by then it will be too late.

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