

Egon von Greyerz and Daniela Cambone: The Fed Has Lost Control

written by Egon von Greyerz | September 29, 2021

From ancient Sumer to the Roman, Spanish, and British empires, one truth has been immutable throughout human history: Debt destabilizes and destroys mighty nations. While technology, globalization, and other innovations add new features to all-too-familiar catastrophes, outcomes remain monotonously predictable. In the words of Mark Twain, **“history doesn’t repeat, but it often rhymes.”**

Those words remain unheeded as we have failed to look soberly upon the financial sins of yesterday’s fallen giants, arrogantly believing ourselves to be smarter than those who have come before us. Is our arrogance well-founded? It is doubtful. Instead, the fed has lost control of its monetary experiment, and the last decade has been nothing short of a nightmarish economic nursery rhyme.

In the wake of the Great Financial Crisis, we papered over a sick and over-leveraged financial system with bailouts, liquidity, and money printing of all forms. Private risk became public risk, Liquidity crises became sovereign debt crises, and sovereign debt crises became a decade’s-long game of competitive can-kicking. The rules of the market were altered, and Investors, politicians, central bankers, and the MBAs of the world’s corporate boardrooms quickly caught on to the new un-reality, disregarding systemic risks entirely. The result was the greatest bull market in history—as well as the formation of an unprecedented global debt bubble and looming inflation catastrophe. As we enter the last stanza of this rhyme, those responsible for the lead-up are slow to recognize the choice that lies ahead as the fed has lost control: Pay the piper or inflate it all away. Thus, equities remain at all-time highs, and gold remains as unloved as ever. When will it all end? When will investors see the farce for what it is?

Egon von Greyerz sits down with Daniela Cambone of Stansberry Research to answer these questions, dive into the roots of our economic reality, and more.