

Re: The Macroeconomics of Credit Money

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From: anon (*me_at_privacy.net*)

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"William F Hummel" <wfhummel@comcast.net> wrote in message
news:jn2gm0p1djbmomhovht0qtl1leb89eq5ni@4ax.com...

> *In fact it IS the existence of the lender of last resort that*
> *underlies the inflationary bias in a fiat money system. Recognizing*
> *that the Fed cannot allow a major lender to default on its liabilities*
> *because it could crash the entire payment system, large banks have*
> *generally fallen fall prey to the "moral hazard". Their lending has*
> *been more aggressive than under a gold-backed system.*
>

thanks. it shows again that common sense is rarely wrong.