

The Cost of Free Money: Uncovering the True Price of Central Banking

In his groundbreaking book, *The Cost of Free Money*, renowned economist Costas Lapavitsas delivers a powerful critique of central banking, exposing the hidden costs and dangers of quantitative easing and other unconventional monetary policies.



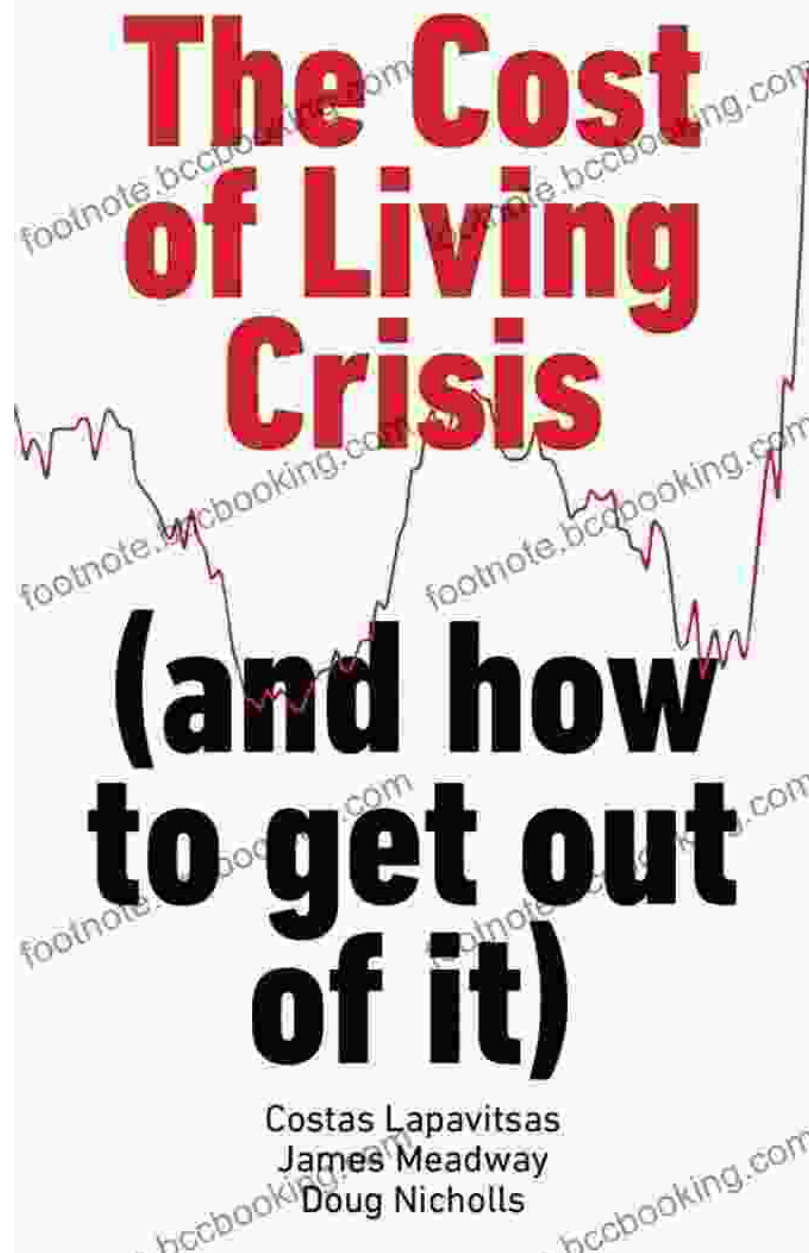
The Cost of Free Money: How Unfettered Capital Threatens Our Economic Future by Paola Subacchi

★★★★☆ 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



Lapavitsas argues that central banks have become too powerful, and that their policies are exacerbating inequality, instability, and environmental degradation. He shows how quantitative easing has led to a massive increase in asset prices, benefiting the wealthy at the expense of the poor. He also argues that central banks' low interest rate policies have encouraged excessive risk-taking and speculation, contributing to the financial crisis of 2008.



Lapavitsas's analysis is both rigorous and accessible, making *The Cost of Free Money* essential reading for anyone who wants to understand the true costs of central banking.

The Dangers of Quantitative Easing

Quantitative easing is a monetary policy tool that central banks use to stimulate economic growth by buying large quantities of government bonds. Lapavitsas argues that quantitative easing is a dangerous policy that has led to a number of negative consequences, including:

- **Increased inequality:** Quantitative easing has led to a massive increase in asset prices, benefiting the wealthy at the expense of the poor. This is because the wealthy are more likely to own assets, such as stocks and bonds, which have benefited from quantitative easing.
- **Financial instability:** Quantitative easing has encouraged excessive risk-taking and speculation, contributing to the financial crisis of 2008. This is because low interest rates make it cheaper for banks to borrow money, which they can then use to invest in risky assets.
- **Environmental degradation:** Quantitative easing has made it cheaper for companies to borrow money to invest in fossil fuel projects. This has contributed to climate change and other environmental problems.

Lapavitsas argues that quantitative easing is a short-term fix that will ultimately lead to more problems than it solves. He calls for a return to more traditional monetary policies that focus on controlling inflation and promoting sustainable economic growth.

The Need for a New Monetary Policy

Lapavitsas argues that we need a new monetary policy that is focused on the real economy, not the financial markets. He proposes a number of reforms, including:

- **Raising interest rates:** Lapavitsas argues that central banks should raise interest rates to reduce excessive risk-taking and speculation.
- **Reducing quantitative easing:** Lapavitsas argues that central banks should reduce quantitative easing to prevent further asset price bubbles.
- **Creating a new monetary policy framework:** Lapavitsas argues that we need a new monetary policy framework that is focused on promoting sustainable economic growth and reducing inequality.

Lapavitsas's proposals are bold, but they are necessary to address the serious problems that our current monetary system is causing. *The Cost of Free Money* is a must-read for anyone who wants to understand the true costs of central banking and the need for a new monetary policy.

About the Author

Costas Lapavitsas is a Professor of Economics at the University of London's School of Oriental and African Studies. He is the author of several books on economics, including *Profiting Without Producing* and *The Coming Revolution in Economics*.



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