

## Flash Note 10/05/2017

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### Mario Draghi Dixit. What next?

Mario Draghi Dixit: "Our monetary policy created 4.5m jobs that were not there before. The rest is speculation."

My dear Mario.

For the same reason, without the child who broke the shop window in Bastiat's story, the new window would never had been produced.

I would never dare to say that thanks to my action of breaking a window, this led to a new and wonderful window. And I would never say that because I would be ignoring, de facto, the cost of my action, which by the way, is the value of the old window (according to the criterion of replacement cost).

To those members of the high prelate of Keynesian orthodoxy who feel the irrepressible desire to say that I lie because, unlike in the story of the broken window nothing was broken in Draghi's actions and therefore there is no cost, I would tell them that they are miserably wrong (as is often the case).

The huge cost in Mario's plan has been in the form of pain inflicted to the depositor-saver, whose return on their deposits has been seriously damaged for a long period of time. It is quite simple. With rates at zero, they receive a real negative return my friend! I can state that you have been impoverishing the depositors (99% of the population) during the last 5 years! Still think that this is a low cost?

Viewed differently, hijacking returns on deposits is like imposing a tax on that 99% of population (a tax that equals the interest that in justice they should have received).

Not to mention the indirect costs. Do you know remember what an Austro-Hungarian chatterbox said, "the investment is born from savings". Nevertheless you have been discouraging savings all these years by charging (taxing) them, because in your rakish minds you think that the economic crises are caused by the excess savings. What an idiocy!!

What next? By the same token, keep interest rates at zero until you create full employment in Europe! Could not we have thought it before?

What amazes me is that I am absolutely sure that you know this: When money is free, discipline evaporates, and when discipline evaporates, decisions are catastrophic.

There is no free lunch in economics.

Regards,

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