

## It's Launch Time, Part II

The main reason for this additional introduction to *Bubble 3.0* is that you'll quickly notice it's Chapter 10, not 2. Last Friday, I pointed out we'll be pulling some chapters forward periodically when we feel there is a pressing reason to do so.

In this case, it's the accelerating meltdown in the wildly speculative reaches of the financial markets that precipitated this sequencing change. While there may be a bounce in them after the cliff-dive they've experienced since last fall (when I was writing this chapter!), I'm convinced there is considerably more downside in many of these "securities" such as the craziest of the cryptos. And that would be almost all of them.

You'll also see a reference to Chapter 5 early on which is dedicated to that brilliant economic scheme known as Modern Monetary Theory or MMT. As many *EVA* readers know, this is the policy the US adopted in the post-Covid world that permits trillions of dollars of deficit spending financed by the Fed's Magical Money Machine (MMM). Thus, it's a perfect duet starring MMT and MMM ... one that is destined to bomb.

It's been my view, expressed as far back as early 2019, that MMT's Achilles Heel was inflation. Now that it's been fully implemented that tendon has ruptured. Perhaps it's no coincidence that since inflation has, over the last year, become America's most serious economic challenge those who were not long ago singing the praises of MMT have suddenly come down with laryngitis. It must be a Covid thing.

Regarding this particular chapter on the Insanity Bubble, there is no doubt in my mind that the US government's stealth adoption of MMT has been the primary driver behind the totally unprecedented speculation in the so-called assets about which you'll soon be reading, which have, in most cases, no underlying value. As you will read in later chapters, these bubbles surpass anything seen during the dotcom frenzy of the late 1990s. You have witnessed historic upside — with trillions of paper wealth created nearly overnight — in 2020 and 2021. You are now about to witness equally historic downside.

One housekeeping note: with longer chapters, such as this one, we will be sending them out in mini-chapters. There will be another on Wednesday and the final segment on Friday.

I would greatly appreciate all *EVA* and Substack recipients who are supportive of the *Bubble 3.0* project to forward it everyone you know who cares about markets, economics, and, even, America's long-term welfare.

Thanks to all of you who have been relaying your feedback and encouragement!

David Hay