

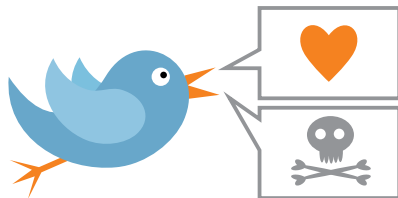
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## Methanol money



Paul Krugman is one of the main cheerleaders for quantitative easing and argues that if there's a problem with it, it's that there's not more of it. Printing money isn't inflationary, [he wrote](#), and budget deficits don't drive up interest rates, because there's a "liquidity trap." People are sitting on their cash instead of spending it, he said. We might add that much of the money printed by the Fed is being socked away by banks and interest-rate arbitragers, instead of entering the main-street economy. It's kind of like the Czech methanol affair. Thousands of liters of poisonous spirits were dumped on the market, but only a fraction was fully absorbed into the economy. Yet when it was absorbed, it killed. Likewise, when all that cheap money starts flooding the economy, the impact will be toxic, and measures as stringent and as detrimental as the Czech prohibition will inevitably follow, in an effort to avoid one casualty after another.

*Read this later today in [Czech](#)*



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