

What are the limits to government money creation?

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This is the [third in a series](#) of four videos exploring the value of money created to mark the 50th anniversary of the final end of the gold standard, which happened when President Richard Nixon of the USA broke the link between the dollar and gold on 15 August 1971.

In previous videos [I have explained](#) that money is not asset-backed now. The only thing that gives money its value is the government's promise to pay. Then [I have explained](#) why in a well-controlled economy that promise is easy for a government to make because it's backed by its ability to tax.

In this video I explain that the limit on the government's ability to create money is not now the amount of gold it has, but instead the resources it can command in the real economy that it manages. Those resources are at their limit when there's full employment - and for that reason full employment is now the point where the limit to money creation is reached.

https://youtu.be/Q_-a16oAfwo