

THE MONEY MIRAGE

Why We Work Our Whole Lives
Inside a System We Barely Understand
—And How AI Can Help Us
Finally See It Clearly

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The Money Mirage

What They Never Taught You About the System You Live In

Synopsis

Most people spend decades working for money but only minutes understanding how money works. This isn't a personal failing—it's a structural feature of modern life. We are taught tactics (budget, save, invest) but never the foundation (what money is, how it's created, why it loses value, and who benefits). This article simplifies the core mechanics of the monetary system and explores why so many feel perpetually financially insecure—even when they "do everything right." But its deeper purpose is to show that AI has changed the learning landscape forever. For the first time in history, anyone can explore money in a deeply personal, contextual, curiosity-driven way using AI tools like ChatGPT, Claude, Gemini, or Grok. The article ends with some targeted, high-impact prompts readers can copy and paste into their favorite AI copilot to spark meaningful financial understanding—far beyond the basic "explain inflation" questions most people ask.

This is not just about money. It's about reclaiming clarity in a world designed to keep you confused.

We Work for Money We Don't Understand

Ask someone what they do for a living and you'll get a precise answer.

Ask them what money actually is and they usually hesitate.

Yet money influences what we study, where we live, when we start families, how we retire, and how secure we feel in the world. Despite this power, most people never receive a real education about money.

I once asked a room of thirty professionals in their thirties this exact question: "What is money?"

The answers came quickly. "Freedom." "Security." "What I trade my time for." All poetic. All true in their way. All completely missing the fundamental question.

Then I asked where money comes from. Not philosophically—mechanically. Who creates it? How does it enter the system? When does new money appear?

Silence.

That silence used to feel normal to me too. Now it feels like evidence of systematic educational failure. The system effectively asks you to play a game without showing you the rulebook.

Why Traditional Financial Literacy Fails

Society tries to fix this gap with "financial literacy" programs. Unfortunately, they teach budgeting apps, spending hacks, credit scores, emergency funds, and retirement rules.

Useful tactics. Completely superficial foundation.

Financial literacy programs focus on managing money—not understanding money. It's like teaching someone how to operate a car without ever explaining what an engine is or how combustion works. Without foundational understanding, even intelligent people make decisions based on outdated assumptions, default cultural beliefs, marketing, fear, or outright misinformation.

This isn't about personal capability. It's about structural omission.

What Money Actually Is

Strip away the paper, plastic, apps, and digital numbers. Money is fundamentally a shared system for tracking obligations and value traded between people.

Money is not wealth. Money is a claim on future goods, services, and human effort.

Here's the mechanism that matters:

You work. That work represents your finite life energy—hours, effort, skill, attention you'll never get back. You convert that energy into money. Money becomes stored human energy that you can exchange later for someone else's work, or for goods that required someone else's energy to produce.

Think about what this actually means. When you work—whether you're teaching, building, analyzing, creating—you're converting your time and effort into a medium of exchange. Money is crystallized human energy. It's a claim on future value that you've earned through past effort.

This isn't metaphor. It's the “literal” function of money in an economy: to store the value of work performed today so it can be exchanged for value tomorrow, next year, or in retirement.

Which makes what happens next particularly important to understand.

How Modern Money Is Created

Forget the old image of government vaults full of cash. That accounts for roughly 3-5% (at best 8%) of the story. The vast majority of modern money is created when banks issue loans. You want a house. The bank approves your mortgage. New deposits are created. New money exists that didn't exist ten seconds earlier. Now you owe it back, *with interest*.

Money is created as credit, not as a physical object. The Bank of England published a paper in 2014 titled "Money creation in the modern economy" that explained this plainly. Most of the money we actually use is created when commercial banks issue loans, on top of a smaller base created by central banks. Yet somehow, this fundamental fact never made it into standard education.

When loans grow faster than real economic output, the claims on future goods grow faster than the goods themselves. This is the core mechanism behind purchasing power erosion—what we politely call "inflation."

Understanding this explains why people feel like they're running uphill even when salaries grow.

Inflation: The Silent Leak in Your Stored Energy

Inflation is not simply "prices going up." The deeper truth is that inflation represents the monetary system quietly reducing the power of your stored human energy. When the supply of money outpaces the supply of real goods and services, each unit of currency represents less claim on reality.

Your savings didn't change. Reality did.

Here's what this looks like in practice: You worked forty hours last week. You stored that energy as money. But if the money supply expands significantly between when you earned it and when you spend it, your stored energy has been diluted. You gave forty hours; you get back the equivalent of thirty-eight, or thirty-five, or thirty, depending on how fast the dilution occurs.

Your salary increases 4% annually. Your rent increases by at least that much or often more. Childcare costs rise 12%. That down payment you're saving toward—each dollar representing hours of your finite life—moves further away each year.

Over decades, this erosion compounds dramatically. It pressures people into consuming now, investing quickly, borrowing more, and taking on risk they don't fully understand. It trains entire societies to live on short-term horizons.

Two Inflations: The One You Feel and the One That Locks You Out

There are two inflations that matter.

First, consumer price inflation. The prices you see daily: groceries, fuel, services. The Consumer Price Index tracks this reasonably well, though with known limitations.

Second, asset price inflation. The prices that determine long-term opportunity: housing, education, healthcare, land, stocks.

Governments obsess over the first. But the second is far more consequential.

If your paycheck keeps pace with everyday costs but falls behind asset prices, you experience a particular kind of economic suffocation. Your stored human energy from working—your salary—is measured against consumer goods inflation. Maybe 3% annually. Manageable, if frustrating.

But the price of assets that build wealth and security? Housing in your city might rise at 8% annually. Quality education at 6%. Healthcare at 5%. The gap between what you earn and what financial security costs keeps widening.

This isn't in your head. It's arithmetic.

When those two trajectories diverge for forty years, entire generations wake up one day and realize the economic ladder was pulled up behind their parents. They're told they're not saving enough, not working hard enough, making poor choices. But the math has fundamentally changed.

The Time Preference Trap

Economists call it *time preference*: how much you value the present versus the future.

But in a system where money predictably loses value, spending today feels safe, saving feels punitive, debt feels reasonable, and long-term thinking feels risky.

This isn't personal weakness. It's systemic conditioning.

The prudent behavior that built wealth for previous generations—save cash, avoid debt, live within your means—can actually be counterproductive in an inflationary environment. You're storing energy in a leaking container. Meanwhile, behaviors that feel risky—leveraging debt, buying assets you can barely afford—get rewarded by the monetary regime.

The system pushes people toward short-term behavior while demanding long-term responsibility. No wonder financial anxiety feels chronic.

The Fog Is Not an Accident

No conspiracy needed. Just aligned incentives. Governments benefit from moderate inflation because it shrinks the real value of existing debt. When you owe \$1 trillion and inflation runs at 3% annually, the real burden of that debt declines without anyone voting to reduce it.

Banks profit from credit growth. That's their business model. More loans mean more money creation, more interest income, more profit. Asset owners benefit from rising prices. If you own property, stocks, businesses—anything real—you benefit when new money chases a relatively fixed supply of those assets.

Schools barely touch monetary mechanics. Traditional finance benefits from complexity. A population that half-understands these dynamics will keep participating in the system regardless, working harder, trying to save more, blaming themselves for not getting ahead.

Not surprisingly, there is a quote widely attributed to Henry Ford in 1906 that goes: ***“It is well enough that people of the nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before tomorrow morning.”***

Confusion isn't engineered maliciously. It simply serves powerful interests when most people don't fully understand the system.

Clarity Is a Form of Wealth

You cannot change central bank policy or global economic cycles. But you can change how you understand the world you live in.

Clarity changes your choices, your relationship to risk, your tolerance for debt, and your sense of agency. Understanding money is not an academic exercise—it's a source of practical freedom.

And now, thanks to AI, it's finally accessible to everyone.

The Breakthrough: AI Makes Money Personal

AI is not just a chatbot. Used well, it is the most powerful learning tool ever created for financial understanding.

For the first time in history, you have access to something better than textbooks or expensive financial advisors. You have AI tools—ChatGPT, Claude, Gemini, Grok—that are

trained on an enormous amount of economic writing—textbooks, central bank papers, market commentary, and more.

They cost almost nothing. They never tire of your questions. They can explain the 1971 Nixon shock like a friend explaining why a relationship was doomed from the start.

Most importantly, they can make the entire system relevant to your specific situation in one conversation.

Financial literacy programs teach generic rules. AI teaches you.

Instead of "money basics," you get "money as it applies to a 32-year-old freelancer in Dubai earning X with Y goals." You can ask the same question a hundred times without judgment. You get context-aware explanations that adjust for your country, culture, and circumstances. You can explore deep reasoning: "Explain how global interest rate trends affect my rent, my investments, and my future children."

And critically, AI gives you a safe space to admit ignorance—a prerequisite for real understanding.

Some Targeted Prompts to Start Your Money Education

The standard advice is "ask AI to explain inflation" or "ask about compound interest." That's like having access to a research library and only reading the book covers.

These prompts are structured for breakthrough-level clarity, not average answers. Copy and paste them exactly as written.

Prompt 1: Map My Personal Money Psychology

"Act as a behavioral economist and financial therapist combined. Help me uncover my hidden beliefs about money, wealth, risk, and security. Ask me one probing question at a time. After each answer, analyze my response: identify underlying fears, inherited beliefs, and cultural norms shaping how I view money. Continue until you detect 3-5 core patterns that influence my decisions—both positively and negatively."

Prompt 2: Teach Me Money From First Principles

"Teach me what money is using a layered, first-principles approach. Start with the most primitive human societies and explain why money emerged. Then progress through: barter → credit → metal money → paper → gold standard → digital banking → credit creation → modern monetary policy. At each stage, pause and ask if I want deeper historical, mathematical, or psychological insight before moving forward."

Prompt 3: Build My Personal Financial Model

"Based on my age, location, income, cultural background, career stability, family expectations, and goals, create a personalized model of how money functions in my life. Show which economic forces have the biggest impact on me, where I face hidden risks or opportunities, and which assumptions I unconsciously rely on. Be specific and practical."

Prompt 4: Simulate My Next 30 Years

"Model my financial trajectory over the next 10, 20, and 30 years across multiple scenarios: (1) No change to my current habits, (2) Moderate improvement, (3) Significant improvement, (4) Worst-case macroeconomic scenario, (5) Best-case scenario. Show me how my purchasing power evolves—not just my nominal wealth."

Prompt 5: Audit My Financial Beliefs

"Here are my beliefs about money: [insert your beliefs]. Act as a constructive adversary. Challenge each belief aggressively but respectfully. Provide counterexamples, historical failures, psychological biases, and alternative models. End by summarizing where my thinking is sound, where it's fragile, and what I must explore further."

Prompt 6: Teach Me How Experts See the System

"Show me the mental models used by central bankers, macro investors, entrepreneurs, and everyday savers when they think about money. For each group, explain their worldview, blind spots, incentives, and the equations or metrics they rely on. Then help me build a hybrid model I can use in my life."

Prompt 7: My Real Inflation Rate

"Calculate my personal inflation rate for the past decade and project a realistic range forward, using what I actually spend money on: rent in my city, healthcare, childcare, education, food. Show the methodology and data sources."

Prompt 8: The Debt Question I'm Afraid to Ask

"In the current environment, who benefits when someone like me takes on more debt? Who loses? Be direct and specific. Show me the mechanism, not just the outcome."

Prompt 9: Five Deep Rabbit Holes

"Give me 5 high-impact rabbit holes about money and economics worth exploring. For each one, provide: (a) a simple explanation, (b) why it matters to real life, (c) a beginner question, (d) an intermediate question, (e) an advanced question, (f) one follow-up prompt to go deeper."

The Invitation: Learn the Game You're Already Playing

You inherited a script about money that no longer matches reality. You were expected to manage money without understanding money.

But today is different.

You now have the tools to explore money personally, deeply, contextually, intelligently, and safely. You can build clarity one question at a time. You can challenge your assumptions without embarrassment. You can create financial understanding grounded in your life, not someone else's formula.

Money has always been complex. But it has never been more learnable.

Start with one prompt. Follow where it leads. Ask follow-up questions. Push back when something doesn't make sense. Demand examples from your own circumstances.

The mirage only persists until you decide to walk toward it and examine the mechanism up close.

The tool is here. *The only question is whether you'll use it.*

~ Shaurav