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THE LATEST NEW PUBLIC POLICIES AND THEIR UNFAIR SOCIAL COST

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ABSTRACT

The objective of this work is to discuss and measure the social benefits and social cost of our new public policies (monetary and fiscal). By using different policy rules, we measure the appropriate federal funds rate and the bail out and bail in cost of these “progressive” policies. The benefits, lately, are insignificant and the social cost enormous and the reason is the incompetence, the corruption or the control of the policy makers, as it is going on since the British (1640) and French (1789) Revolutions. The science of Economics (Oeconomics) is known since the Works and Days of Hesiod (8th century B.C.). The policy makers know what the true objective of their policy is, but they cannot satisfy it, which is the maximization of the social welfare, the wellbeing in every sector in the lives of the citizens of the country. There is a need to fix all these dysfunctional institutions and our democracy. What their new liberal public policies have caused to people is just uncertainty and an enormous social cost. We must go back to our traditional policies and to our 3,000 years old moral value system and the 2,000 years old revelation by preventing crises, preserving peace, respecting human lives, and satisfying the current and eternal needs of all human beings (persons).

KEYWORDS: Monetary Policy, Central Banks and Their Policies, Interest Rates, Central Banking, Financial Markets and the Macro-economy, International Trade Policy Protection

1. INTRODUCTION

Public policies (monetary, fiscal, and trade) are institutionalized proposals derived from economic philosophies, theories and practices to solve or best to prevent, if it is possible, relevant and real-world problems, which affect the social welfare of our citizens. These policies are guided by a conception and implemented by programs as a course of action created and enacted, typically by the central bank (Fed) and the government, in response to current economic problems and to broader social issues.¹

¹ A social issue is a problem that affects many or all people within a society. It is a group of common problems in present-day society and ones that people cannot solve by themselves. It is the consequence of factors extending beyond an individual's control and power to correct them. Social issues are the sources of economic, political, ethical, and moral



Beyond this broad definition, public policy has been conceptualized in a variety of ways. A popular way of understanding and engaging in public policy is through a series of stages known as “the policy cycle”.² The characterization of particular stages can vary, but a basic sequence is: identification of the problem => theoretical rapprochement => prevention of its damage => agenda setting => formulation => legitimization => implementation => evaluation.

According to *Encyclopedia*, Ethics³ in general is concerned with human behavior that is acceptable or "right" and that is not acceptable or "wrong" based on conventional morality and human civilization; but also, revelation. General ethical norms encompass truthfulness, honesty, integrity, respect for others, respect of life, fairness, justice, conscience, virtues, ethical rules, moral character, morality, prudence, canniness, impeccable, right and proper, kindness, humility, divine order, commandments, purity, and ultimately, reaching perfection. They relate to all aspects of life; including, also, public

conflicting opinions on the grounds of what is perceived as morally correct or incorrect in our personal life. Traditional values, safety, crime, justice, security, war, peace, prosperity (wellbeing), rights and obligations in our thousand's years old civilization or interpersonal social life decisions and expectations from our decision makers (government and institutions) are ignored or intentionally are excluded or neglected, due to incompetence, ignorance, controls, and lack of the knowledge of TRUTH. Social issues are distinguished into economic, political, educational, security and safety, privacy, liberty, and social welfare. There can be disagreements about what social issues are worth solving, or which should take precedence because there is the self-interest, conflicts, and the ignorance (I wish to know fifty years ago what I know today) that make us to have different views. «Πάντα οὖν ὅσα ἂν θέλητε ἵνα ποιῶσιν ὑμῖν οἱ ἄνθρωποι, οὕτω καὶ ὑμεῖς ποιεῖτε αὐτοῖς.» “Do to others whatever you would like them to do to you.” (Matthew 7: 12). There is a variety of methods people use to combat social issues. But, inside our political process, the most common is that people vote for leaders in a democracy, who appoint the officials in the administration and institutions, hoping that they will advance social issues and ideals. Unfortunately, inside of these institutions are the bureaucrats, the deep state, the establishment, the swamp, who are controlled by the “elites”, who are the true decision makers. In the U.S., today, the "social issues" refer to topics of national political interest, over which the public is deeply divided, due to influence (political and media), heterogeneity, and lack of knowledge, which are the subject of intense partisan advocacy, debates, discussions, misinformation, propaganda, pressures, threats, bribes, voting integrity, demonstrations, riots, looting, crimes, open borders, and other serious conflicts and reactions.

² See, Warner (2022).

³ Ethics or moral philosophy (the Ancient Greek philosophers were moral philosophers, ἠθικοὶ φιλόσοφοι) is a branch of philosophy that “involves systematizing, defending, and recommending concepts of right and wrong behavior”. Also, it was enriched with the revealed TRUTH and reached the value system that the advanced cultures have the last 15 centuries, since the Justinian I (Ιουστινιανός Α΄ ; 482-565 A.D.) Code of Law (529 A.D.). The field of ethics, along with aesthetics, concerns matters of value and virtues, and thus comprises the branch of philosophy called axiology (ἀξιολογία), the philosophical study of value. Between the 5th and 6th centuries B.C., it was important in Greece to be knowledgeable, if you were to be successful. Philosophers began to recognize that differences existed between the laws and morality of society. Socrates (Σωκράτης; c. 470 – 399 B.C.) believed that knowledge had a vital connection to virtue, making morality and democracy closely intertwined. Socrates' student, Plato (Πλάτων; 428/427 or 424/423 – 348/347 B.C.) furthered the belief by establishing virtues, which should be followed by all. With the fall of the government, values became individual, causing skeptic schools of thought to flourish, ultimately shaping a pagan philosophy that is thought to have influenced and shaped Christianity. Thus, Ethics seeks to resolve questions of human morality by defining concepts such as good and evil, right and wrong, virtue and vice, justice and crime, truth and lie, freedom and slavery. See, *Corpus Juris Civilis*, https://en.wikipedia.org/wiki/Corpus_Juris_Civilis . Plato appeared to a lawyer, who was blaming him as unethical, and said to him: “Yes, I was not very ethical when I was alive because this was the knowledge at that time, but when Jesus Christ came to Hades, I was the first person that I believed in Him.” This is true knowledge!..



policies, business and finance. Financial ethics is, therefore, a subset of general ethics.⁴ Public policy (monetary⁵ and fiscal⁶) ethics are necessary for the policy objectives to be fulfilled. Unethical public policies become unfair, anti-social, and dangerous for the people. The major reasons for ethical lapses in the financial sector are the greed, the selfishness, and the fear of the participants because they have put all their interest in life on their money, on wealth maximization, and on material goods (τροφή και ήδονή)⁷ and of course, lack of regulations. For this reason, these people become rich financially and very poor ethically. This is the current disorientation of man, the alienation of the human nature (φθορά, σωματικός και πνευματικός θάνατος). The remedy, here, is true knowledge and regulation, which makes policies and business legal, ethical, fair, and moral for all concerned parties. If the regulation favors any particular party to an extent or it become very liberal, it is not fair for the entire population, and therefore cannot be ethical. Public policy makers have to be ethical and moral because they have been democratically elected by the citizens to maximize the social wellbeing of all citizens.

II. The New Monetary Policy

Central banks, as “lenders of the last resort”, normally offer a *discount window*,⁸ where commercial banks and other depository institutions are able to borrow reserves (R_B) from the Central Bank to meet temporary shortages of liquidity caused by internal or external disruptions. This creates a stable financial environment, where investment can occur; thereby affecting the money supply, allowing for the growth of the economy as a whole. The latest global financial crises (2007 to present)⁹ has generated a new form of monetary policy, particularly used when interest rates are kept at or near zero percent ($i_{FF} \cong 0\%$) and try to stimulate the markets and the economy with an enormous growth of money supply,¹⁰ having also concerns about deflation, which is referred to as *unconventional*

⁴ See, <https://www.encyclopedia.com/finance/finance-and-accounting-magazines/ethics-finance>

⁵ See, “Ethics and Values” at the Fed. <https://www.federalreserve.gov/aboutthefed/ethics-values.htm>

⁶ Federal and state government employees are subject to formal ethical codes to mitigate the damage of improper political activities, such as certain types of lobbying, conflicts of interest, bribery, and nepotism. Our executive and legislative branches of government employ agencies and officials to investigate allegations of breaches of ethical codes by politicians, federal employees and other officials. Officials may be censured or impeached. Employees may receive disciplinary action ranging from counseling to termination. See, *Ethics and Public Policy*. <https://learn.saylor.org/course/POLSC401>. But, what we see the last two years in government is enormous corruption, lack of ethics and morality, and abuses of power.

⁷ See, Euthymios (1996, p. 43).

⁸ The discount rate was ($i_{DR} = 1\%$) on July 15, 2016 and, now, it is: $i_{DR} = 3.25\%$ (10/7/2022). See, <https://fred.stlouisfed.org/categories/118>

⁹ See, Kallianiotis (2015).

¹⁰ The monetary base was (8/15/2007), \$860.826 billion and became (10/14/2015), \$4,104.649 billion; a growth of 376.827% or 46.179% per annum. In May 2022, it was \$5,591.6 billion (a growth of 37.057% p.a. since 2007). Now (9/27/2022), it is \$5,582.300 billion. The money supply (M2) from \$7,350.60 billion reached \$12,149.60 billion during the same period; a growth of 65.287% or 8.161% per annum. The money supply continues to grow; with July 6, 2016, it was \$12,798.50 billion. See, <https://fred.stlouisfed.org/series/BASE>. On June 6, 2022, it was: $M2 = \$21,745.6$ billion, a growth of 13.205% p.a. On September 27, 2022, it became: $M2 = \$21,711.4$ billion.



monetary policy.¹¹ These include credit easing,¹² quantitative easing,¹³ forward guidance,¹⁴ and signaling,¹⁵ and many other new tools (instruments). In credit easing, a central bank purchases private sector assets to improve liquidity and improve access to credit. Signaling can be used to lower market expectations for lower interest rates in the future. For example, during the credit crisis of 2008, the Fed indicated rates would be low for an “extended period”, until the middle of 2015. The Fed raised the federal funds rates from 0.25% to 0.50% on December 16, 2015, but the enormous liquidity for seven years kept the effective rate below 0.50%. On March 16, 2020, the Fed went back to zero interest rate: $0.00\% \leq \bar{i}_{FF} \leq 0.25\%$ for two full years, until March 15, 2022.¹⁶ After March 16, 2022, the target federal funds started going up, on July 26, 2022, it became: $2.25\% \leq \bar{i}_{FF} \leq 2.50\%$ and on September 21, 2022, it reached: $3.00\% \leq \bar{i}_{FF} \leq 3.25\%$.

Since 2003, the target inflation of 2% for a given year has become common for other major central banks, including the Federal Reserve (since January 2012).¹⁷ The Fed’s target is based on the annual change in the overall, or “headline,” PCE price index (Personal Consumption Expenditures inflation). Although the FOMC did not explicitly name an inflation target until 2012, St. Louis Fed President James Bullard has argued that the U.S. had “an implicit inflation target of 2 percent after 1995”.¹⁸ In his presentation, Bullard noted that 2% became an international standard in the inflation targeting era

¹¹ See, Williamson (2014).

¹² Credit easing involves increasing the money supply by the purchase not of government bonds, but of private-sector assets, such as corporate bonds and residential mortgage-backed securities. In 2010, the Federal Reserve purchased \$1.25 trillion of mortgage-backed securities to support the sagging mortgage market. These purchases increased the monetary base in a way similar to a purchase of government securities. On June 22, 2022, the mortgage-backed securities were \$2.731 trillion and on October 5, 2022, became \$2.698 trillion. See, <https://www.federalreserve.gov/releases/h41/current/h41.htm>

¹³ *Quantitative easing (QE)* is a monetary policy used by central banks to stimulate the economy, when standard monetary policy has become “ineffective” (and fiscal policy has been questionable). A central bank can implement quantitative easing by buying financial assets from commercial banks and other financial institutions. This process is raising the prices of those financial assets and lowering their yield, while simultaneously increasing the money supply. These reserves were \$3,228.4 billion with July 26, 2022 and we were paying interest (IOR): $i_{IOR} = 2.40\%$. On September 27, 2022, they became: $R_T = \$3,305.9$ billion and the IOR was: $i_{IOR} = 3.15\%$. <https://www.federalreserve.gov/releases/h41/current/h41.htm>

¹⁴ *Forward guidance* is a tool used by a central bank to exercise its power in monetary policy in order to influence, with their own forecasts, market expectations of future levels of interest rates. Communication about the likely future course of monetary policy is known as “forward guidance”.

¹⁵ *Signaling (or signalling)* is the idea that one party (termed the agent) credibly conveys some information about itself to another party (the principal).

¹⁶ See, “Fed’s interest rate history: A look at the fed funds rate from the 1980s to the present”.

<https://www.bankrate.com/banking/federal-reserve/history-of-federal-funds-rate/>

¹⁷ See, Press Release, January 25, 2012. “Federal Reserve issues FOMC statement of longer-run goals and policy strategy”. <https://www.federalreserve.gov/newsevents/pressreleases/monetary20120125c.htm>

¹⁸ See, Bullard (2018b).

that began in the 1990s.¹⁹ In August 2020, after undershooting its 2% inflation target for years,²⁰ the Fed announced it would be allowing inflation to temporarily rise higher, in order to target an average of 2% over the longer term. In May 2021, the official inflation rate²¹ was 5% and the SGS was giving an inflation of 13% for the same period.²² In June 2022, the official inflation was 9.1% and the SGS was 18%; the true inflation is over 30%. This is a serious social cost (inflationary cost, “tax”), in addition to bail out and bail in cost and the bubble in the stock market that the Fed has created to our society.

II.1. Interest Rate Reaction Functions

We can use different monetary policy rules (interest rate reaction functions) to test the accuracy of the target interest rate (\bar{i}_{FF}) and of course, to see if the level of the federal funds rate is the appropriate. The objective of the Fed is stabilization of output (maximum employment) and prices (inflation target, $\pi_t = 2\%$), hoping to stimulate consumption and investment. Central bank’s behavior (reaction to inflation and output-employment) can be presented with an interest rate reaction function, eq. (1), as follows:

$$\bar{i}_{FF_t} = \rho \bar{i}_{FF_{t-1}} + (1 - \rho)(\pi_t + r_t^*) + \alpha_\pi (\pi_t - \pi_t^*) - \alpha_u (u_t - u_t^N) \tag{1}$$

where, \bar{i}_{FF_t} = the target federal funds rate, π_t = the rate of inflation as measured by the GDP deflator, π_t^* = the desired rate of inflation,²³ r_t^* = the assumed equilibrium real interest rate, u_t = the unemployment rate, u_t^N = the natural level of unemployment, and ρ = the weight put on the past federal funds rate setting.

We can run a regression of eq. (1), which is presented in eq. (2). The target interest rate will follow the changes in inflation and unemployment based on the coefficients estimated in eq. (2). This interest rate, measured by the interest rate reaction function, must be the target federal funds rate:

¹⁹ Engemann (2019).

²⁰ In summer 2020, the true inflation was about 10% p.a. and in December 2020, it fell to 8%. See, SGS, http://www.shadowstats.com/alternate_data/inflation-charts. See, also, https://ycharts.com/indicators/us_inflation_rate

²¹ See, <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>

²² See, http://www.shadowstats.com/alternate_data/inflation-charts

²³ The Fed ultimately stated explicitly that its target was a 2% per year increase in the raw personal consumption expenditures deflator. See, Williamson (2014, p. 112). Here, we forecast the inflation, as follows:

$$\pi_t^e = \pi_t^* = 3.476^{***} + 1.289^{***} \pi_{t-1} - 0.301^{***} \pi_{t-2} - 0.908^{***} \varepsilon_{t-1}$$

(0.836) (0.034) (0.031) (0.022)

$$R^2 = 0.348, SER = 3.364, F = 113.360, D - W = 2.001, N = 854, RMSE = 3.355977$$

$$\bar{i}_{FF_t} = \alpha_0 + \alpha_1 \bar{i}_{FF_{t-1}} + \alpha_2 \pi_t + \alpha_3 u_t^{GAP} + \alpha_4 u_{t-1}^{GAP} + \varepsilon_t \tag{2}$$

where, $u_t^{GAP} = u_t - u_t^N$.

Using monthly data for the U.S. economy (1954:08-2021:01), we have:

$$\bar{i}_t = 0.072^* + 0.984^{***} \bar{i}_{t-1} + 0.015^{***} \pi_t - 0.147^{***} u_t^{GAP} + 0.121^{***} u_{t-1}^{GAP}$$

(0.034) (0.006) (0.005) (0.041) (0.041)

$$R^2 = 0.982, \quad SER = 0.487, \quad F = 10,743.25, \quad D-W = 1.306, \quad N = 798$$

The size of the partial adjustment, coefficient α_1 , which is 0.984^{***} provides direct evidence that the observed degree of persistence in federal funds rates is greater than the one that can be attributed to systematic policy responses to persistent inflation and unemployment (output) fluctuations. The coefficients of regression show that the federal funds rate must respond significantly to an increase in inflation ($\alpha_2 = 0.015^{***}$), but less aggressively to induce an increase in target rate and a tightening monetary policy. The federal funds rate must respond sufficiently aggressively to an increase in unemployment ($\alpha_3 = -0.147^{***}$) to induce a reduction in interest rate and an effective easing monetary policy.

A specific case of eq. (1) is the Taylor rule by putting $\rho = 0$. According to Taylor’s original version of the rule, the nominal interest rate should respond to divergences of actual inflation rates from *target* inflation rates and of actual GDP from *potential* GDP:

$$\bar{i}_{FF_t} = \pi_t + r_t^* + \alpha_\pi (\pi_t - \pi_t^*) + \alpha_q (q_t - \bar{q}_t) \tag{3}$$

where, \bar{i}_{FF_t} = the target short-term nominal interest rate (the federal funds rate), π_t = the rate of inflation as measured by the GDP deflator, π_t^* = the desired rate of inflation, r_t^* = the assumed equilibrium real interest rate, q_t = the logarithm of real GDP, and \bar{q}_t = the logarithm of potential output, as determined by a linear trend.

By substituting, from the original eq. (3), the logarithm of GDP with the unemployment rate, the following eq. (4) is derived:

$$\bar{i}_{FF_t} = \pi_t + r_t^* + \alpha_\pi (\pi_t - \pi_t^*) - \alpha_u (u_t - u_t^N) \tag{4}$$

Taylor (1993) proposed an $\alpha_\pi = 0.5$ and $\alpha_u = -0.5$. The rule “recommends” a high interest rate (a “tight” monetary policy) when inflation is above its target, in order to reduce inflationary pressure, as we have now, and a low interest rate (“easy” monetary policy) when the unemployment rate is above its natural level to stimulate production, output, and employment.²⁴

In addition, financial market plays a major role in market oriented economies and its optimal growth has a positive effect on investors’ and consumers’ confidence. The opposite happens, if growth is artificially enormous (abnormal bubbles). Kallianiotis (2020c) rule is an expansion of eq. (4) by using an extra term, the growth of the financial market (g_{DJIA}), as follows,

$$\bar{i}_{FFt} = \pi_t + r_t^* + \alpha_\pi(\pi_t - \pi_t^*) - \alpha_u(u_t - u_t^N) + \alpha_{DJIA}(g_{DJIA} - g_{DJIA}^*) \tag{5}$$

where, g_{DJIA} = the actual growth of the DJIA index, g_{DJIA}^* = the optimal (the bubble prevention) growth of the DJIA ($g_{DJIA}^* = i_{RF} + HRP = 3.13\% + 8.7\% = 11.83\%$),²⁵ and $\alpha_\pi = 0.25$, $\alpha_u = -0.50$,²⁶ $\alpha_{DJIA} = 0.25$

The monetary policy is more effective on prices (inflation) and financial markets (stability or bubbles). On growth and unemployment, it is less effective because money is a veil (neutrality of money in the long-run). The relationship between inflation and unemployment can be seen with a Phillips curve.

The Phillips curve can be written as follows:

$$\pi_t = \pi_t^e - \psi(u_{t-1} - u_t^N) \tag{6}$$

Testing empirically this Phillips curve, we have supported this theory for the last sixty years.²⁷

²⁴ If the economy has a high inflation and it is in a recession (with high unemployment), we must have a target interest rate: $\bar{i}_{FF} = 5.4\% + 1\% + 0.5(5.4\% - 2\%) - 0.5(5.9\% - 4\%) = 7.15\%$. This should have been the federal funds rate in June 2021, but it was between 0.00% and 0.25%, which was very low; and it was ineffective, it did not improve growth and did not reduce inflation and unemployment. (Sic).

²⁵ T-Bill rate is with 10/3/2022. For the Historic Risk Premium (HRP), see, Ross, Westerfield, Jaffe, and Jordan (2022).

²⁶ The coefficient of unemployment is higher because full employment is the most important objective of every policy. Citizens of a country need work (employment), certainty (zero risk), confidence for the financial market (no bubbles and enormous declines), and low inflation (the true cost of production of a good). And above all, they need a democratic system and not something like the current indescribable one.

²⁷ Here, we forecast the inflation, as follows:



The biggest surprise for the Fed was that inflation did not accelerate in response to lower interest rates during this extended period of low interest rate; from 2008 to 2015 ($\bar{\pi} = 1.552\%$) because the unemployment was high and this high unemployment causes reduction in personal income and aggregate demand, which affect negatively the price level.²⁸ But, it seems that there was a need to invert the yield curve, raising federal funds rate above US10YTB,²⁹ to keep inflation under control and reduce the bubble that was creating in the financial market.

II.2. New Monetary Policy Instruments

Before 2007, the Fed implemented monetary policy with limited reserves, non-borrowed (R^*) and borrowing (R_B) reserves, in the banking system ($R^* + R_B = R_T^s$) and relied on OMO, as its key instrument (tool). After the financial crisis of 2008, the Fed implements monetary policy with ample reserves, Figure 1, by using many new instruments³⁰ and it relies on interest on reserves (IOR) and since 2014, on interest on overnight reverse repurchase (ON RRP), too.

Banks, before November 2008, were minimizing their holdings of excess reserves because $i_{IOER} = 0$. Then, with $i_{IOER} > 0$, banks have an incentive to hold more excess reserves. The i_{IOER} became a tool to influence banks to hold more excess reserves at the Fed. The Fed has since that time the i_{IOER} as a new tool for implementing monetary policy. Since November 2008, $i_{IORR} = i_{IOER}$ and since March 26, 2020, the Fed abandoned the required reserves ($R_R = 0$).³¹ This IORR made Fed’s policy effectiveness

pi_t^e = pi_t^* = 1.382*** + 0.442*** pi_{t-1} + 0.172*** pi_{t-2}
(0.176) (0.036) (0.035)
R^2 = 0.307, SER = 3.507, F = 169.987, D - W = 2.007, N = 772

Then, there is a Phillips curve in our economy: pi_t = pi_t^e - phi(u_t - u_t^N) + epsilon_t, which gives the following regression:
pi_t = 1.064*** pi_t^e - 0.160** (u_t - 4)
(0.039) (0.066)
R^2 = 0.373, SER = 3.258, D - W = 2.073, N = 719

28 The SGS give an inflation for these two periods from 7% to 14% and an unemployment from 14% to 23%. The Shadows tats Alternate Unemployment Rate for June 2018 was 21.5%. See, http://www.shadowstats.com/alternate_data/unemployment-charts

29 See, http://www.fedprimerate.com/fedfundsrate/federal_funds_rate_history.htm and https://www.bloomberg.com/markets/rates-bonds/government-bonds/us

30 Policy Tools. https://www.federalreserve.gov/monetarypolicy/policytools.htm . See, also, The Fed’s New Monetary Policy Tools. https://research.stlouisfed.org/publications/page1-econ/2020/08/03/the-feds-new-monetary-policy-tools

31 See, “Reserve Requirements”, https://www.federalreserve.gov/monetarypolicy/reservereq.htm. Also, “The Financial Services Regulatory Relief Act of 2006 authorized the Federal Reserve Banks to pay interest on balances held by or on behalf of eligible institutions in master accounts at Reserve Banks, subject to regulations of the Board of Governors,



irrelevant for banks. The Fed shifted to an ample-reserves framework and reserve requirements are not anymore a tool of monetary policy. Thus, now, we have only i_{OR} (i_{IOR}). The reserves are still remained “ample”,³² Figure 1.

When there is a large quantity of reserves in the banking system, as it is lately, Figure 1, the Fed can no longer influence the i_{FF} by making small changes in the supply of reserves (R^s). Why we need all these non-borrowed reserves (R^*)? What was the reason of this idle enormous liquidity with the economy lockdown, businesses have no workers because of the vaccine mandates, a vast demand for imports,³³ a supply chain problem, and a very anemic AD ? Why the taxpayers have to pay billions of dollars to the corrupted banks for keeping these idle excess reserves? Is this policy efficient, fair, ethical, or social? All this money supply caused the enormous double digit inflation $\pi = 18\%$,³⁴ and an official³⁵ $\pi = 9.1\%$, which is already, here and will stay for a long time. How we will control the bubble in the financial market? The market manipulators and the insiders will start taking advantage of this situation, as already are doing. All these have generated and unfair huge social cost.

The Fed is using since October 1, 2008,³⁶ its administered rates (i_{IOR} and i_{ONRRP}) to influence the i_{FF} . The demand curve (R^d) turns flat between the new administered rates at point E_1 , Figure 1, which

effective October 1, 2011. The effective date of this authority was advanced to October 1, 2008, by the [Emergency Economic Stabilization Act of 2008](#).” See, “Interest on Reserve Balances”, <https://www.federalreserve.gov/monetarypolicy/reserve-balances.htm>

³² In January 2019, the FOMC released a statement saying, it would continue to implement policy with ample reserves in the long run. See, Board of Governors of the Federal Reserve System. “Statement Regarding Monetary Policy Implementation and Balance Sheet Normalization.” Press release, January 30, 2019; <https://www.federalreserve.gov/newsevents/pressreleases/monetary20190130c.htm>

More recently, in response to the COVID-19 pandemic, reserves have grown substantially. By May 2020, reserves expanded and stood above \$3.218 trillion, at a higher level than their peak during the aftermath of the Great Recession; on January 28, 2021, they were \$3.135 trillion; on February 23, 2021, they were \$3.154 trillion; on March 23, 2021 became \$3.346 trillion; on June 28, 2022, they became \$3.318 trillion, on July 26, 2022 they fell to \$3,228.4 billion, and lately, September 27, 2022, they became \$3,305.9 billion.. <https://fred.stlouisfed.org/series/TOTRESNS>

³³ See, “United States Imports”, <https://tradingeconomics.com/united-states/imports>. See also, “List of imports of the United States”,

https://en.wikipedia.org/wiki/List_of_imports_of_the_United_States. Further see, “What Are the Top 10 U.S. Imports?”, <https://traderiskguaranty.com/trgpeak/what-are-the-top-10-u-s-imports/>

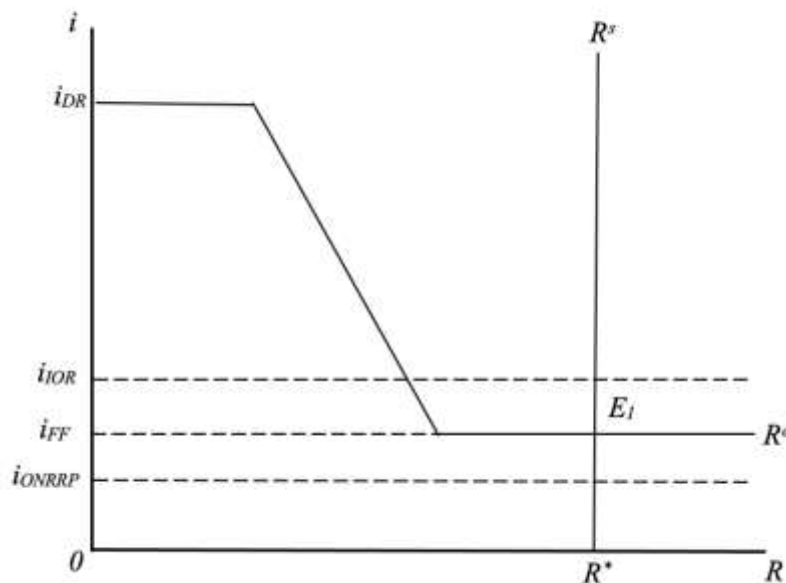
³⁴ See, SGS, http://www.shadowstats.com/alternate_data/inflation-charts

³⁵ See, Stephen Miller, “U.S. Inflation Rate Reaches 8.6% in May, a 40-Year High, Pushing Wages Up”. In June 2022, the CPI rose 9.1% and the PPI rose 10.8%. <https://www.shrm.org/resourcesandtools/hr-topics/compensation/pages/annual-inflation-hit-40-year-high-in-may.aspx>

³⁶ On July 26, 2022 they were, $i_{ONRRP} = 2.30\%$, $i_{FF}^{eff} = 2.33\%$, and $i_{DR} = 2.50\%$, $i_{IOR} = 2.40\%$. Now, (10/3/2022), they are $i_{ONRRP} = 3.05\%$, $i_{FF}^{eff} = 3.08\%$, $i_{DR} = 3.25\%$, $i_{IOR} = 3.15\%$, and $i_{ONRRP} = 3.05\%$. See, “Interest on Reserve Balances”. <https://www.federalreserve.gov/monetarypolicy/reserve-balances.htm>. See also, “Effective Federal Funds Rate”, <https://www.newyorkfed.org/markets/reference-rates/effr>. Further, “FRB Rates - discount, fed funds, primary credit”, <https://fred.stlouisfed.org/categories/118>

helps to keep the i_{FF} into the *FOMC*'s target range ($3.00\% \leq \bar{i}_{FF} \leq 3.25\%$). With these enormous "ample" reserves, the Fed does not need to make daily *OMO* (*OMP* or *OMS*), as it did before with the limited reserves to hit the i_{FF} target. Now, small shifts of the supply curve (R^s) have no effect on the i_{FF} . The main tool for keeping the i_{FF} on its target and driving the demand curve flat is the i_{IOR} . Banks invest their money short-term based on the interest rate and the risk. They can invest in Treasury Bills ($i_{RF} = 3.13\%$), by offering loans to banks ($i_{FF}^{eff} = 3.08\%$), or by depositing to the Fed ($i_{IOR} = 3.15\%$).³⁷ Banks prefer to deposit their money to the Fed because i_{IOR} is higher compared to the alternative S-T investments and it is also a safe overnight investment. (*Sic*). If the i_{FF} were to fall very far below the i_{IOR} , banks would borrow in the federal funds market and deposit those reserves at the Fed, earning a profit (arbitrage, π_A) on the difference ($\pi_A = i_{IOR} - i_{FF}$). This arbitrage ensures that the i_{FF} does not fall much below i_{IOR} .

$$EX D_{FF} \Rightarrow i_{FF} \uparrow \text{ and } EX S_{Reserves} \Rightarrow i_{IOR} \downarrow$$



Note: i = interest rates, i_{FF} = federal funds rate, i_{DR} = discount rate, i_{IOR} = interest rate on reserves, i_{ONRRP} = interest rate on overnight reverse repurchase, R = reserves, R^d = demand for reserves, R^s = supply of reserves, R^* = non-borrowed reserves, E = equilibrium ($R^s = R^d$).

³⁷ The $i_{DR} = 3.25\%$ and the $i_{ONRRP} = 3.05\%$. These rates are with October 3, 2022. The T-Bill rate in the secondary market was, $i_{RF} = 0.02\%$ on June 30, 2021 and a year later, it became $i_{RF} = 3.13\%$.

Figure 1: New Monetary Policy with Ample Reserves

Thus, when the Fed raises or lowers the i_{IOR} , the i_{FF} moves up or down, too. Consequently, the Fed can keep the i_{FF} into the target range set by the *FOMC* through adjustment of the i_{IOR} . The Fed sets the i_{IOR} directly, so this interest rate serves as an effective monetary policy tool. Now, this i_{IOR} ³⁸ is the *primary tool* used by the Fed for influencing the i_{FF} , Figure 1. The old tools were satisfied the same objective without charging citizens with any cost, as they have to pay, now, the IOR (bail out cost to taxpayers of hundreds of billions of dollars per annum). In 2014, the *FOMC* announced that it will use the Overnight Reverse Repurchase Agreement Facility (*ON RRP*)³⁹ to help control the i_{FF} . This facility is a form of *OMO*, where the Fed interacts with many nonbank financial institutions (large money market funds and government-sponsored enterprises).⁴⁰ When one nonbank financial institution uses the *ON RRP* facility, it deposits reserves at the Fed overnight receiving securities as collateral. The next day the transaction is “unwound”,⁴¹ the Fed buys back the securities and the institution earns the i_{ONRRP} , which the Fed sets, on the cash it deposited at the Fed (another bail out cost discussed and calculated in section II.3), Figure 1. This investment facility is a risk-free option and these institutions are willing to lend funds to this relatively low rate, the i_{ONRRP} , but not lower. For this reason, the i_{ONRRP} acts as a reservation rate and institutions can use it to arbitrage other short-term rates. Thus, the interest rate paid on *ON RRP* transactions and it is below the i_{IOR} , acts like a floor for the i_{FF} and serves as a *supplementary policy tool* by the Fed, Figure 1.

But, the questions are now. Why the Fed needs these overnight deposits (*ON RRP*)?⁴² Why the tax payers have to pay some more billion dollars per annum to these money market nonbank lenders? Why we do not increase the deposit rate (i_D) to increase the deposits (demand for deposit accounts)⁴³ in our banks, if they need more liquidity? Make the saving account rate $i_D \geq i_{ONRRP} \cong 3.05\%$ and not zero ($i_D = 0.05\%$), as it is for 14 years. This new policy is not necessary and it has also a very

³⁸ See, Board of Governors of the Federal Reserve System. “Interest on Required Reserve Balances and Excess Balances”. <https://www.federalreserve.gov/monetarypolicy/reqresbalances.htm>

³⁹ See, Board of Governors of the Federal Reserve System. “Overnight Reverse Repurchase Agreement Facility”. <https://www.federalreserve.gov/monetarypolicy/overnight-reverse-repurchase-agreements.htm>.

⁴⁰ See, “What Is a Money Market Fund?”, <https://www.investopedia.com/investing/do-money-market-funds-pay/> and “Government-Sponsored Enterprise (GSE)”, <https://www.investopedia.com/terms/g/gse.asp>. See also, Federal Reserve Bank of New York, “Reverse Repo Counterparties”. https://www.newyorkfed.org/markets/rrp_counterparties.

⁴¹ Unwind = To close out a relatively complicated investment position.

⁴² See, “How the Fed’s Overnight Reverse Repo Facility Works”, JANUARY 11, 2022.

[HTTPS://LIBERTYSTREETECONOMICS.NEWYORKFED.ORG/2022/01/HOW-THE-FEDS-OVERNIGHT-REVERSE-REPO-FACILITY-WORKS/](https://libertystreeteconomics.newyorkfed.org/2022/01/how-the-feds-overnight-reverse-repo-facility-works/)

⁴³ See, Hadjimichalakis (1982).



high social cost (trillions of dollars bail out cost to tax payers and bail in cost to depositors). The federal funds market can provide the liquidity for the banks through the OMO without forcing the people to bail out banks by paying IOR and IONRRP. The limited reserve system is sufficient to provide all reserves needed in our banking system.

The Fed introduced new lending programs during the global financial crisis in 2007-2008.⁴⁴ Thus, the Federal Reserve has a variety of policy tools that it was using in the past or it is still using them, now, in order to implement monetary policy and support the economy during the latest global financial and coronavirus (COVID-19) economic and social crises. These instruments are the followings: (I) [Open Market Operations](#), (II) [Discount Window and Discount Rate](#), (III) [Reserve Requirements](#), (IV) [Interest on Required Reserve Balances and Excess Balances](#), (V) [Overnight Reverse Repurchase Agreement Facility](#), (VI) [Term Deposit Facility](#), (VII) [Commercial Paper Funding Facility](#), (VIII) [Primary Dealer Credit Facility](#), (IX) [Money Market Mutual Fund Liquidity Facility](#), (X) [Primary Market Corporate Credit Facility](#), (XI) [Secondary Market Corporate Credit Facility](#), (XII) [Term Asset-Backed Securities Loan Facility](#), (XIII) [Paycheck Protection Program Liquidity Facility](#), (XIV) [Municipal Liquidity Facility](#), (XV) [Main Street Lending Program](#), (XVI) [Central Bank Liquidity Swaps](#), (XVII) [Temporary Foreign and International Monetary Authorities \(FIMA\) Repo Facility](#), (XVIII) [Expired Policy Tools](#), and (XIX) Margin Requirements.⁴⁵

II.3. Social Cost of the New Monetary Policy

The new monetary policy tools (ample reserves, *IOR* and *IONRRP*), which keep the deposit rate closed to zero are, if not anything else, making the public policy an unfair and unethical new monetary policy by going against small savers (investors) and poor taxpayers. Political leaders have no power to regulate the “independent” private central banks, but they can do something for these dishonest (“corrupted”) and uncontrolled commercial banks. Central banks’ policies are ineffective for the economy, non-preventable for a new financial crisis, and anti-social for the people. Especially, now, with the suspicious coronavirus fraud⁴⁶ and the double digits inflation; the necessary public policy is

⁴⁴ They were: (1) Term Auction Facility (TAF) on December 12, 2007. (2) Term Securities Lending Facility (TSLF) on March 11, 2008. (3) Swap Lines on March 11, 2008. (4) Loans to J.P. Morgan to buy Bear Sterns on March 14, 2008. (5) Primary Dealer Credit Facility (PDCF) on March 16, 2008. (6) Loans to AIG on September 16, 2008. (7) Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF) on September 19, 2008. (8) Commercial Paper Funding Facility (CPFF) on October 7, 2008. (9) Money Market Investor Funding Facility (MMIFF) on October 21, 2008. (10) Term Asset-Backed Securities Loan Facility (TALF) on November 25, 2008. See, Mishkin and Eakins (2018, p. 224).

⁴⁵ See, Overview of Margin Requirements. <https://www.finra.org/rules-guidance/key-topics/margin-accounts> . Also, <https://www.investopedia.com/terms/i/initialmargin.asp> . Further, All Regulations, <https://www.federalreserve.gov/supervisionreg/reglisting.htm> . See, Kallianiotis (2021d).

⁴⁶ Dr. Fauci, CDC, and the medical bureaucracy have destroyed the science of medicine and the country. You were not allowed to disagree with Fauci (“I represent science”, he declared). They were the greatest damage for the people and a sinful damage to our children, (*Fox News*, 8/22/2022).



a combination of monetary and fair and moderate fiscal stimulus policy (no higher taxes due to recession and no war on fossil fuels and in Ukraine) that the government provided.⁴⁷ The latest monetary policies benefit only large banks,⁴⁸ and generate an enormous social cost.

As it was mentioned above and it is known to every saver, the deposit rate is closed to zero ($i_D = 0.05\%$) since December 2008, more than thirteen years. This negative real deposit rate is completely unethical and unfair for the depositors, who pay interest to the banks for keeping their deposits (bail in cost).⁴⁹ With an inflation of $\pi = 9.1\%$ for June 2022,⁵⁰ the real cost of deposits is $r_D = -9.05\%$, which is the amount paid to the banks.⁵¹ (Sic). Now, the SGS $\pi = 17\%$, which makes the $r_D = -16.95\%$. Also, these unethical policies have a negative effect on demand for deposits⁵² and force risk-averse individuals to invest in risky financial assets (stocks) seeking to have a positive real return and they have lost 21.94% of their wealth the first nine months of 2022.⁵³ Banks do not need deposits anymore; they have all these strange excess reserves from the Fed.⁵⁴ Deposits were declining in the

⁴⁷ See, “Fiscal Stimulus Needed to Fight Recessions”,

<https://www.cbpp.org/research/economy/fiscal-stimulus-needed-to-fight-recessions> . But not to make the national debt unsustainable, with some exaggerated and without moderation wastes. Also, “the inflation reduction act” will cause inflation and higher taxes by hiring 78,000 IRS armed agents. (Sic). On September 13, 2022, the White House had a big party celebrating the approval of this new act and the economic destruction that will follow and the DJIA fell 1,300 points on this day. (Fox News, 9/13/2022).

⁴⁸ «... Θά καταργήσωμεν επίσης όλα τὰ χρηματιστήρια... Θ’ αντικαταστήσωμεν τὰ χρηματιστήρια διά μεγάλων ειδικῶν πιστωτικῶν ἰδρυμάτων ὧν ὁ προορισμός θά εἶναι νά καθορίζωσι τήν τιμήν τῶν βιομηχανικῶν ἀξιῶν συμφώνως πρός τὰς βλέψεις τῆς [παγκοσμίου] κυβερνήσεως.» [Πρωτόκολλον ΚΑ’ (Π.Σ.Σ.)]. Intimidating plans!

⁴⁹ So far this kind of policy existed only in money (tax) havens, where they were accepted illegal money and were “helping” the depositors to avoid taxes back home, like Switzerland. Now, with our new monetary policies, we have these structures locally; we became Switzerland.

⁵⁰ See, “United States Inflation Rate”, <https://tradingeconomics.com/united-states/inflation-cpi> and SGS, http://www.shadowstats.com/alternate_data/inflation-charts

⁵¹ The interest rate on deposits must be positive and 1% above the inflation rate. Even the Bible is talking about positive interest rate: «Ἐδει οὖν σε βαλεῖν τό ἀργύριόν μου τοῖς τραπεζίταις, καί ἐλθὼν ἐγὼ ἐκομισάμην ἂν τό ἐμόν σὺν τόκῳ.» (“Then you ought to have invested my money with the bankers, and on my return I would have received what was my own with interest”). Matthew 25: 27.

⁵² Depositors demand deposits (deposit accounts), upward sloping positive demand for deposits and banks supply deposits (deposit accounts), downward sloping negative supply of deposits. See, Hadjimichalakis (1982).

⁵³ The DJIA was 36,799.65 (1/4/2022) and fell to 28,725.51 (9/30/2022). A reduction by 8,074.14 points or 21.94%.

⁵⁴ The Excess Reserves had jumped to \$3.218 trillion with May 2020 and with March 23, 2021 to \$3.346 trillion. With July 27, 2021, the Total Reserves were \$3.848 trillion. On June 28, 2022, they were $R_T = \$3.318$ trillion and with September 27, 2022, they became $R_T = \$3.306$ trillion. See, <https://fred.stlouisfed.org/series/TOTRESNS> and <https://fred.stlouisfed.org/series/EXCSRESNS> . The required reserves became \$0.000. This action eliminated reserve requirements for all depository institutions. <https://www.federalreserve.gov/monetarypolicy/reservereq.htm> . See also, <https://fred.stlouisfed.org/series/REQRESNS> . “Recently, the Federal Reserve announced they were reducing the reserve requirement ratio to zero percent across all deposit tiers, effective March 26, 2020. This comes as the COVID-19 pandemic continues to impact much of the way financial institutions both operate and serve their customers.” <https://www.eidebailly.com/insights/articles/2020/4/federal-reserve-eliminates-reserve-requirements>

Thus, now, the total reserves are equal to the excess reserves.



U.S. banks until 2018.⁵⁵ On June 22, 2022, there were $D = \$18,134.6431$ billion and by September 30, 2022, they were $\$17,953.849$ billion.⁵⁶

With November 2015, we (the people) had the following social cost:

(I_a) The total reserves were: $R_R = \$147.809$ billion + $R_E = \$2,512.491$ billion = $R_T = \$2,660.3$ billion.

The $i_{IOR} = i_{RF} + 0.20\% = 0.02\% + 0.20\% = 0.22\%$. It was 0.22%.

Thus, Fed was paying total interest on these reserves: $(I_R) = \$2,660.3$ billion x 0.22% = **\\$5.853** billion per annum. This is a *bail out cost* that taxpayers are paying.⁵⁷

(I_b) The overnight reverse repurchase agreements were: $\$139.594$ billion.⁵⁸

The $i_{ONRRP} = 0.05\%$.

Then, Fed was paying: $\$139.594$ billion x 0.05% = **0.07 billion** or **\\$70 million** p.a. (*bail out cost*)

(II) Total deposits (D_T) = $\$10,958.3$ billion.⁵⁹

Deposit rate: $i_D = 0.05\%$

Banks were paying an insignificant total interest on deposits $(I_D) = \$10,958.3$ billion x 0.05% = **\\$5.479** billion per annum.

(III) The official inflation rate was $(\pi) = 1.0\%$;⁶⁰ then, $r_D = i_D - \pi = 0.05\% - 1.0\% = -0.95\%$

Thus, depositors were paying to their banks (*bail in*): $\$10,958.3$ x (-0.95%) = **\\$104.104** billion.

The SGS consumer inflation (1980-based)⁶¹ was $\pi = 7.7\%$.

The true *bail in* was: $\$10,958.3$ x (-7.65%) = **\\$838.310** billion p.a.

(IV) Banks could offer loans: $R_E + D_T = \$2,512.491$ billion + $\$10,958.3$ billion = $\$13,470.791$ billion.

⁵⁵ See, Deposits, All Commercial Banks . <https://fred.stlouisfed.org/series/H8B1058NCBCAG>
See, also, "Weekly National Rates and Rate Caps - Weekly Update", <https://www.fdic.gov/regulations/resources/rates/>

⁵⁶ See, Deposits, All Commercial Banks, <https://fred.stlouisfed.org/series/DPSACBW027SBOG>

⁵⁷ Federal Reserve Unfunded interest since 1913 is $\$10.772$ trillion and now it is $\$527.214$ billion. See, <https://usdebtclock.org/> . See also, David Walker, "It is time to revise the Federal Reserve's mission", July 16, 2021. <https://thehill.com/opinion/finance/563377-it-is-time-to-revise-the-federal-reserves-mission>

⁵⁸ See. <https://www.federalreserve.gov/monetarypolicy/overnight-reverse-repurchase-agreements.htm>

⁵⁹ See, <https://fred.stlouisfed.org/series/DPSACBW027SBOG> . Also, <https://www.federalreserve.gov/releases/h8/20151204/>

⁶⁰ See, <https://www.usinflationcalculator.com/inflation/historical-inflation-rates/>

⁶¹ See, http://www.shadowstats.com/alternate_data/inflation-charts

Banks' interest rate was from 3.86% (mortgage rate) to 39.99% (credit cards with bad credit scores).⁶² The average $i_{CC} = 19\%$.⁶³ Then, the average loan rate was: $\bar{i}_L = (3.86\% + 19\%): 2 = 11.43\%$.

Banks were having an interest revenue (R_I) of \$13,470.791 billion x 11.43% = **\$1,539.711** billion p.a.⁶⁴

The conclusion, here, is obvious, the central bank is working only for the banks and satisfies only their objectives, which are profitability and liquidity. This monetary policy is against the poor depositors (bail in cost = **\$838.310** billion p.a. or the "official" bail in cost = \$104.104 billion) and against the poor taxpayers (bail out cost = **\$5.923** billion p.a.); a pure anti-social policy and at the same time, it had created enormous bubbles in the stock market (a hidden new global crisis, which found some excuses to burst, the Wuhan coronavirus and the increases in federal funds rate to control the inflation that their policies have created).⁶⁵ With this anti-social and unethical monetary policy, the deposits and saving rate were falling and the personal consumption expenditures were increasing. Thus, the household debt is going up.⁶⁶ The social cost of this modern monetary policy is enormous, so this policy is wrong, because in any policy the objective is minimization of cost and maximization of benefits.

Thus, the lack of fairness and ethics in monetary policy was continued and taxpayers and depositors were ripped off endlessly. The higher the i_{IOR} , the higher the i_{ONRRP} , and the higher the inflation π , the higher will be the bail out and the bail in cost. With September 2022, the social cost has become:

(I_a) The total reserves were: $R_T = 3,305.9$ billion.

The $i_{IOR} = i_{RF} + 0.20\% = 3.26\% + 0.20\% = 3.46\%$. But, it was $i_{IOR} = 3.15\%$.

Thus, Fed is paying total interest on these reserves (I_R) = \$3,305.9 billion x 3.15% = **\$104.136** billion per annum. This is a *bail out cost* that taxpayers are paying.

(I_b) The overnight reverse repurchase agreements: \$2,252.523 billion.

The $i_{ONRRP} = 3.05\%$.

⁶² See, <https://www.economicshelp.org/blog/6775/debt/total-us-debt-public-private/> See also, <https://usdebtclock.org/>

⁶³ See, <https://wallethub.com/answers/cc/highest-credit-card-interest-rate-2140660307/> . This unreasonable, unethical, outrageous, and usurious interest rate is charged for the poor people by the unregulated and corrupted banks, as it is mentioned below. Is this a social policy or a deception? In the U.S., the risk premium can reach the level of: $RP = 40\%$ (a regressive tax on the poor). In EU, there is a cap on credit cards risk premium of: $RP = 15\%$.

⁶⁴ See, Kallianiotis (2020a).

⁶⁵ The DJIA reached 29,551.42 (2/12/2020) and with coronavirus' negative effects on health and economy, it fell to 18,591.93 (3/23/2020), it lost 10,959.49 points (-37.09%). I had read somewhere a few years ago that: "we (the economic elites) will abolish the stock exchanges and we will create large financial institutions..." (Sic).

⁶⁶ The total personal debt (2/27/2021) was \$21.137 trillion x 11% = \$2.325 trillion annual interest on personal debt. See, <https://usdebtclock.org/> . Actually, the average person is paying taxes (plus the unethical property taxes), interest, and insurance premium; the rest of his income is consumed. For this reason his saving is negative (dissaving, borrowing).



- Fed pays an interest of: **\$68.702** billion p.a. (*bail out cost*)
- (II) Total deposits (D_T) = \$17,953.849 billion.⁶⁷
 $i_D = 0.05\%$
 Banks were paying an insignificant total interest on deposits (I_D) = \$17,953.849 billion x 0.05% = **\$8.977** billion per annum.
- (III) The official inflation rate is (π) = 8.3%; then, $r_D = i_D - \pi = 0.05\% - 8.3\% = -8.25\%$
 Thus, depositors were paying to their banks (*bail in*): \$17,953.849 x (-8.25%) = **\$1,481.193** billion.
 The SGS consumer inflation (1980-based)⁶⁸ was $\pi = 17\%$.
 The true *bail in* was: \$17,953.849 x (-16.95%) = **\$3,043.177** billion p.a.
- (IV) Banks could offer loans: $R_E + D_T = \$3,305.9$ billion + \$17,953.849 billion = \$21,259.749 billion.
 Banks' interest rate was from 6.7% (mortgage rate) to 34.99% (credit cards with bad credit scores). The average $i_{CC} = 20.00\%$. Then, the average loan rate was: $\bar{i}_L = (6.7\% + 20.00\%): 2 = 13.35\%$.
 Banks were having an interest revenue (R_I) of \$21,259.749 billion x 13.35% = **\$2,838.176** billion p.a.

Consequently, with September 2022, the unfair social cost of the new monetary policy is going up. Bail out cost to taxpayers is **\$172.838** billion p.a. and the bail in cost to depositors is **\$3,043.177** billion and the official is \$1,481.193 billion.

III. The Latest Liberal Fiscal Policy

Fiscal policy is the public policy, where the government revenue (collection of taxes, T) and government spending (expenditure, G) are used to influence a country's economy. The use of government revenue and expenditures to influence macroeconomic variables developed after the Great Depression in 1930s. Fiscal policy is theorized that government changes in the levels of taxation and government spending influence aggregate demand (AD); regulations, taxes, and other government restrictions affect negatively the aggregate supply (AS) and consequently, the level of economic activity (GDP, u, and prices). Monetary and Fiscal policy are the key strategies used by a country's central bank (Fed) and government (U.S. Treasury) to advance its economic objectives (stability, confidence, output, and employment). The combination of these policies enables authorities to target inflation (which is considered "healthy" by the Fed at the level of 2%) and to increase employment (unemployment to be at the natural level, u_t^N about 4% for the U.S.), and the output (production) to

⁶⁷ See, Deposits, All Commercial Banks. <https://fred.stlouisfed.org/series/DPSACBW02SBOG> .

⁶⁸ See, http://www.shadowstats.com/alternate_data/inflation-charts



be at the full employment level (Q_t^F), and citizens to have certainty, security, and safety in their lives and to trust their government.⁶⁹ This implies that fiscal policy is used to stabilize the economy over the course of the business cycle and the entire society.

III.1. Fiscal Policy Objectives, its Programs and Parameters

The objective of fiscal policy is also maximization of social welfare, by having a fair, efficient, incorruptible, and optimal tax and spending system. The amount of taxes people pays and the methods used to impose those taxes are influenced by many different factors that are far beyond citizen control. To understand it better, one has to pay attention to fiscal policy. It is a concept that seems esoteric, but it really comes down to two simple things based (1) on the government budget ($GB = T - G$)⁷⁰ and (2) on its efficiency, effectiveness, and ideology (today, it is extreme liberalism, with promiscuous spending, G, and inconceivable taxes, T). A serious problem for our economy is that big businesses do not pay taxes⁷¹ and as consequence the national debt is going up,⁷² and the next generation has to pay for the current mistakes and abuses.

⁶⁹ People do not want wars, nuclear war (“Armageddon”) drills, climate change and vaccine scams, and no digital IDs. Who has elected Bill Gates and the other (forerunners) “elites” to decide about our public policies and the future of our people? See, (*Fox News*, 10/11/2022).

⁷⁰ See, “Budget of the U.S. Government”. With 2021, it was $T = \$3,581$ billion, $G = \$7,249$ billion and $BD = \$3,669$ billion; the BD as a percentage of GDP was 16.7%. With 2022, it is $T = \$4,174$ billion, $G = \$6,011$ billion, and $BD = \$1,837$ billion or 7.8% of the GDP.

[file:///C:/Users/JK/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.IE5/51F9Y8AK/budget_fy22%20\(1\).pdf](file:///C:/Users/JK/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.IE5/51F9Y8AK/budget_fy22%20(1).pdf) . With August 10, 2022, the BD was \$1.626 trillion and the ND = \$30.638 trillion and with October 12, 2022, they were $BD = \$1.134$ trillion and $ND = \$31.138$ trillion.. <https://www.usdebtclock.org/>

⁷¹ “The tax-avoiding companies represent various industries and collectively enjoyed almost \$40.5 billion in U.S. pretax income in 2020, according to their annual financial reports. The statutory federal tax rate for corporate profits was 21 percent. The 55 corporations would have paid a collective total of \$8.5 billion for the year had they paid that rate on their 2020 income. Instead, they received \$3.5 billion in tax rebates.” See, “55 Corporations Paid \$0 in Federal Taxes on 2020 Profit”, <https://itep.org/55-profitable-corporations-zero-corporate-tax/> See, also, https://www.pgp.org/finding-solutions/understanding-the-budget/revenues?utm_term=government%20expenditure&utm_campaign=The+Budget&utm_source=adwords&utm_medium=ppc . Biden increased the corporate tax rate to 25%. Also, he passed, with the help of Kamala (51-50), the “Inflation Reduction Act” (actually, an increase in taxes and protection of the environment act, ἀπάτη) to stop the “extreme weather”, but it is increasing taxes in a period of recession and benefits politically the democrats’ ideology. With this act, they will hire 87,000 IRS agents. See, (*Fox News*, 8/5/2022). See also a summary of the act, [file:///C:/Users/JK/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.IE5/51F9Y8AK/inflation_reduction_act_one_page_summary%20\(1\).pdf](file:///C:/Users/JK/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.IE5/51F9Y8AK/inflation_reduction_act_one_page_summary%20(1).pdf)

⁷² The Treasury Secretary, Janet Yellen, said that “the deficit and debt do not matter”. See, <https://www.kennedy.senate.gov/public/2021/11/kennedy-to-yellen-how-much-debt-is-too-much-i-m-looking-for-a-numberb> . But, she said: “I was wrong on inflation”. <https://www.nyl.com/nyc/all-boroughs/politics/2022/06/01/treasury-secretary-janet-yellen---i-was-wrong--about-inflation> . The amazing was that she is worrying about fewer abortions, “Banning abortion would be very bad (very damaging) for the economy”. (*Fox News*, May 27, 2022). How these ignorant liberals will improve the economy and the society?



All economies (local, state or national) are influenced by these two things, taxes⁷³ and government spending. But there is another important factor that cannot be ignored, efficiency. **Governments are funded by taxes, which are paid by the residents and companies that are located in a specific state or country. When governments spend money, they do so in the interest of the people who live in the country being governed.** The excessive government spending, outsourcing, borrowing, COVID stimulus, and vaccine mandates, which show inefficiency are causing record-setting inflation and severe supply chain shortages, and unemployment, due to reduction of labor force participation⁷⁴ (businesses cannot find works; they prefer to stay home and receive the government benefits).⁷⁵ People want fiscal restraint, efficiency, and reduction of wastes from their government. High taxes (especially, the unfair property taxes) and spending are making states uncompetitive, costing the state jobs and population. Of course, the government has to finance different necessary programs:

I. Mandatory programs include: (1) Social Security: Financial support for the elderly (retirement benefits). (2) Healthcare: Medicare (health insurance for the elderly) and Medicaid (health insurance for low-income individuals). (3) Income Security: Disability Assistance, Food and Nutrition Assistance, Supplemental Security Income, Earned Income Tax Credits, and Child Tax Credits. (4) Veterans Benefits: Income Security for Veterans and Healthcare Assistance. (5) Others: Agriculture, Energy,⁷⁶ General Government Services, and International Affairs.

II. Discretionary spending includes: (1) Defense: Spending attributable to the maintenance and strengthening of the U.S. Armed Forces.⁷⁷ (2) non-defense: (i) Transportation: Road improvements

⁷³ See “Sources of Federal Revenues”, https://www.pgpf.org/finding-solutions/understanding-the-budget/revenues?utm_term=government%20expenditure&utm_campaign=The+Budget&utm_source=adwords&utm_medium=ppc

⁷⁴ See, [Lauren Bauer](#), [Aidan Creeron](#), [Wendy Edelberg](#), and [Sara Estep](#), “Can a hot but smaller labor market keep making gains in participation?” Thursday, August 4, 2022. <https://www.brookings.edu/2022/08/03/can-a-hot-but-smaller-labor-market-keep-making-gains-in-participation/>

⁷⁵ Medicaid recipients are 85,277,712 people, Food stamp recipients are 39,231,957, Unemployment payments in 2020 (COVID-19) were including 46,000,000 people. See, “Historic Unemployment Programs Provided Vital Support to Workers and the Economy During Pandemic, Offer Roadmap for Future Reform”, <https://www.cbpp.org/research/economy/historic-unemployment-programs-provided-vital-support-to-workers-and-the-economy> and <https://www.usdebtclock.org/>

⁷⁶ The current liberal administration is against the fossil energy and against agriculture and livestock because they “pollute the environment”. People, who will survive from this demonic ideology, will “enjoy” this new environment that they are dreaming. This obsession has been developed to a religion (neo-paganism). (*Sic*). See, Vernon Coleman, “Η Ιστορία της Απάτης της Υπερθέρμανσης του Πλανήτη”, <https://orthodoxstypos.gr/%ce%b7-%ce%b9%cf%83%cf%84%ce%bf%cf%81%ce%af%ce%b1-%cf%84%ce%b7%cf%82-%ce%b1%cf%80%ce%ac%cf%84%ce%b7%cf%82-%cf%84%ce%b7%cf%82-%cf%85%cf%80%ce%b5%cf%81%ce%b8%ce%ad%cf%81%ce%bc%ce%b1%ce%bd%cf%83%ce%b7/>

⁷⁷ Of course, it is necessary to stop this current arrogant and provocative foreign policy because it has generated only enemies for the U.S. with this anti-American behavior. See, Mearsheimer and Walt (2007).



and repairs, air traffic control, Amtrak and other infrastructure investments. (ii) Education:⁷⁸ K-12 education grants, school choice programs, disability and special education programs, and lunch assistance. (iii) Other veterans' benefits. (iv) Public health, law enforcement,⁷⁹ natural resources, and science. (v) Housing assistance and community services. (vi) Foreign affairs and other expenditures.

III. Key defense expenditures typically include: (1) Power Projection: Spending on sea power and air power, including nuclear submarines, aircraft, and aircraft carriers. (2) Munitions: Maintenance of existing ammunition inventory, as well as procurement of new ammunition. (3) Nuclear Deterrence: Maintaining and expanding all nuclear systems.⁸⁰ (4) Overseas Contingency Operations: Funds available for unexpected warfare abroad. For example, these funds were used to pay for the wars in Iraq and Afghanistan, and lately, for the creation of the Ukrainian crisis (we will never learn).⁸¹ (5) Missile Defense: Improvements in missile defense technology and integration of current technology at home and abroad. (6) Space Systems and Cyberspace Operations: Communication control and radar technology.

IV. Interest on government debt: The interest expense for fiscal year 2019 was \$363 billion, or 7.9% of the total budget. For 2022 the interest is \$439.627 billion⁸² because debt is increasing and also, interest rate is going up. According to estimates from the Office of Management and Budget, interest on government debt is expected to more than double by 2028 and account for a larger percentage of total expenditures.⁸³

Thus, fiscal policy is how governments adjust their spending levels and tax rates so they can influence

⁷⁸ Public education has, lately, very serious problems, like, teacher shortage, far-left gender theory, diversity equity inclusion, critical race theory, students' vaccination, sexualization indoctrination and medicalization of students, the diversity delusion, woke racism, indoctrination with gender and pronouns, political correctness, school shootings, etc.

⁷⁹ The liberal ideology and politics, "defund the police" of the "blue states" has increased crime and law and order does not exist. Violence in streets, schools, and in work places; looting of stores and many other criminalities have contributed to America's crime crisis.

⁸⁰ Biden was talking about "Armageddon" (Αρμαγεδδών) with the Ukrainian war. How a true leader can make these statements? We have elected these "leaders" to promote peace and prosperity and what we see is corruption and abuse of power; then, we do not need them. Ἡ ἀναφορά τοῦ ὄρου *Αρμαγεδδών* γίνεται εἰς τὴν Ἁγίαν Γραφήν καὶ συγκεκριμένα εἰς τὴν *Αποκάλυψη τοῦ Ἰωάννη*. (16:16). Πρόκειται διὰ προφητικὸν «τόπον» ἢ κατάστασιν μεγάλου πολεμικοῦ πεδίου ὅπου συγκεντρωμένοι αἱ δυνάμεις «τῶν βασιλείων τῆς οἰκουμένης ὅλης» ὑπὸ τὸν ἔλεγχον «πνευμάτων δαιμονίων» θά διεξαγάγουν τὴν τελικὴν μάχην ἐναντίον τῶν θεϊκῶν δυνάμεων, «τὸν πόλεμον τῆς ἡμέρας ἐκείνης τῆς μεγάλης τοῦ Θεοῦ τοῦ παντοκράτορος». (16:14)

⁸¹ See, Mearsheimer and Walt (2007). Instead of promoting peace, we encourage and support or start a war, as we are doing in Ukraine with \$40 billion aid and weapons and ammunitions to continue to fight. Also, it was a sabotage (blowup) in Nord Stream natural gas pipelines. (*Fox News*, 9/27/2022). A week later, an explosion on the bridge connecting Russia with Crimea took place. See, "Russia-Ukraine War Explosion on 12-Mile Crimea Bridge Kills 3", <https://www.nytimes.com/live/2022/10/08/world/russia-ukraine-war-news>

⁸² See, <https://www.usdebtclock.org/>

⁸³ See, "Interest on the National Debt and How It Affects You". <https://www.thebalance.com/interest-on-the-national-debt-4119024>



positively the economy. It touches many parts of society, including businesses, households, infrastructure, recently (the COVID-19 pandemic crisis,⁸⁴ the “infrastructure” bill,⁸⁵ the war in Ukraine,⁸⁶ illegal immigrants,⁸⁷ Afghanistan disaster,⁸⁸ vaccines mandates,⁸⁹ the “inflation reduction act”) and many others, mostly, for ideological reasons and political benefits. (*Sic*). The national debt has increase \$7.855 trillion or 34.57% in the last 30 months or 13.83% per annum.⁹⁰ In most governments, taxes and spending are controlled by legislative bodies, and in the United States, that legislative body is Congress or they are approved by the current administration (government, party in power). While Congress makes the ultimate decisions about who pays how much for taxes, and where tax revenues are spent, they are influenced by special interests, lobbyists and politics. Corruption, unfairness, and injustice is everywhere in the entire administration.⁹¹ (*Sic*).

⁸⁴ As of October 1, 2020, roughly **\$2.59 trillion in new budgetary resources** have been made available for federal agencies to respond to the pandemic. See, <https://datalab.usaspending.gov/federal-covid-funding/>. In addition to granting new agency funding, the legislation also mandated the government **defer and reduce taxes to provide relief to individuals and businesses**. The Congressional Budget Office (CBO) estimated the two-year impact will be over \$902 billion in tax relief, which reach \$3.92 trillion. Further, see, “Where \$5 Trillion in Pandemic Stimulus Money Went”, <https://www.nytimes.com/interactive/2022/03/11/us/how-covid-stimulus-money-was-spent.html>

⁸⁵ Biden's infrastructure plan will invest roughly \$3 trillion on roads, electricity and broadband, as well as Medicare, education and climate change. See, <https://smartasset.com/financial-advisor/biden-infrastructure-plan>. See also, “Everything In The \$1.2 Trillion Infrastructure Bill: New Roads, Electric School Buses And More”, <https://www.forbes.com/sites/jonathanponciano/2021/11/15/everything-in-the-12-trillion-infrastructure-bill-biden-just-signed-new-roads-electric-school-buses-and-more/>. On July 26, 2022, I went to Mountain Pocono in NE Pennsylvania, which is full of windmills and no one was turning. This is really a big deception!..

⁸⁶ See, “Four Ways to Understand the \$54 Billion in U.S. Spending on Ukraine”, <https://www.nytimes.com/interactive/2022/05/20/upshot/ukraine-us-aid-size.html>. Even, the war hawk, Henry Kissinger, criticizes the Biden administration that promoted this war between the U.S. and Russia. See, “Modern US Warmongering Is Scaring Henry Kissinger”. <https://caityjohnstone.medium.com/modern-us-warmongering-is-scaring-henry-kissinger-59fcd32b4760>

⁸⁷ “An estimated \$250 billion U.S. illegal immigrant cost reported circa 2018.” See, “Cost of Illegal Immigration by State 2022”, <https://worldpopulationreview.com/state-rankings/cost-of-illegal-immigration-by-state>. See also, “Report: Illegal immigration costs taxpayers \$116 billion annually; Californians, Texans, Floridians pay the most”, https://www.thecentersquare.com/national/report-illegal-immigration-costs-taxpayers-116-billion-annually-californians-texans-floridians-pay-the-most/article_f942e522-c5b0-11e9-93e6-0ff213e44ae5.html

⁸⁸ See, “The War In Afghanistan Cost America \$300 Million Per Day For 20 Years, With Big Bills Yet To Come”, <https://www.forbes.com/sites/hanktucker/2021/08/16/the-war-in-afghanistan-cost-america-300-million-per-day-for-20-years-with-big-bills-yet-to-come/> See also, The cost in Afghanistan War: \$2.313 trillion and 243,000 deaths. <https://watson.brown.edu/costsofwar/figures/2021/human-and-budgetary-costs-date-us-war-afghanistan-2001-2022>. Further, The cost of Taliban-Seized U.S. military equipment was \$85 billion.

⁸⁹ The fact is that Americans have already paid the cost of a vaccine for COVID. Well over \$12 billion has been handed over to drug corporations with no strings attached. <https://www.lowerdrugpricesnow.org/press/statement-on-pfizer-receiving-2-billion-from-taxpayers-for-covid-vaccine/>. Biden said, “the pandemic is over”, but the CDC continues to force people to be vaccinated. What erratic policies are these? Who is in control, here?

⁹⁰ See, “U.S. National Debt by Year”, <https://www.thebalance.com/national-debt-by-year-compared-to-gdp-and-major-events-3306287>. See also, <https://www.usdebtclock.org/>

⁹¹ Sen. Ted Cruz said, “Corrupted justice (DOJ) wants to investigate President Trump.” (*Fox News*, July 27, 2022). On August 8, 2022, 30 FBI agents raided Trump’s home at Mar-A-Lago, Palm Beach, Florida for 9 hours and took 15 boxes



Unfortunately, our economy is experienced a stagflation, very high inflation (17%),⁹² negative growth, and high unemployment (24.3%).⁹³ In 2022: Q1 the real GDP growth was -1.6%⁹⁴ and in 2022: Q2 it was -0.9%. The official data are different because they have to satisfy the political objective, which is that the government is doing very well in all sectors, especially now that the midterm elections are very close. Even, they redefined recession, as they have done with inflation and unemployment for a long time.⁹⁵ The COVID-19 pandemic has pushed the global economy into the worst recession since World War II, small businesses are bankrupt and entire malls are vacant, with economists predicting that the global economy will shrink by 5.2% this year. Because of this, governments around the world have been doing their best to boost their individual economies with various stimulus packages. But, they face a major constrain “environment”,⁹⁶ reduction of coal, oil, and natural gas production; lately, they have to comply with reduction in stock-breeding and agriculture. (*Sic*). Political leaders are controlled, so our democratic system does not work.

III.2. Social Cost and Benefits of the Current Liberal Fiscal Policy

Undoubtedly, except a good monetary policy, the country needs a good fiscal policy and a fair-trade policy, which can reduce the social cost and maximize the social benefits. But the latest fiscal policy is so liberal that the social benefits are non-existent, due to extreme anti-social behavior of some minorities and institutions, which are supported by this controlled government. Countries must be independent, homogeneous,⁹⁷ self-sufficient, and sovereign nations, too. An independent sovereign nation cannot follow orders from the “elites” (dark powers). The unfair free trade policies have destroyed the U.S. and the EU economies.⁹⁸ Also, social welfare is necessary to improve the wellbeing of the citizens of a country, but the distribution of the country’s wealth plays a major role towards this

of material. Next day, August 9, 2022, IRS ordered to hand Trump's tax return to the House Committee. Their objective is to eliminate Democratic Party’s rivals. This corruption and abuse of power situation cannot be called “Democracy” anymore. The country is in chaos, which affects negatively the rest of the world. (*TV News*, August 9, 2022). On October 13, 2022, the January 6 Committee subpoena President Trump. See, “Trump Responds to Jan. 6 Committee Subpoena”, <https://www.lawfareblog.com/trump-responds-jan-6-committee-subpoena>

⁹² See, SGS. http://www.shadowstats.com/alternate_data/inflation-charts

⁹³ See, SGS. http://www.shadowstats.com/alternate_data/unemployment-charts

⁹⁴ See, Gross Domestic Product. <https://www.bea.gov/data/gdp/gross-domestic-product>

⁹⁵ Unfortunately, this is the century of misinformation. Today, only fake data and fake news are all these that feed the public. These people are followers and believers of the Big Liar, so enemies of the Truth.

⁹⁶ Research disputes Democrats’ climate change scam. The global warming is over, global cooling has started. (*Fox News*, 10/9/2022).

⁹⁷ **According to Herodotus** (Ἡρόδοτος, a Greek historian who was born in Halicarnassus, Caria and lived in the fifth century B.C., c. 484–425 B.C. and referred as “The Father of History”), he was saying that a nation must be, «ὁμόαιμον, ὁμόγλωσσον, ὁμόθησκον, ὁμότροπον» (omoeomon = same blood, omoglosson = same language, omothriskon = same religion, omotropon = same ways, behaviour. Today, the dark powers try to destroy sovereign nations by ruining their homogeneity (with the illegal immigrants) and by changing their traditions and cultures, a war against Christianity, and they are “very successful” (*sic*), due to our ignorance of history and the treason by their pseudo-politicians.

⁹⁸ See, Kallianiotis (2018).



objective.⁹⁹ Consumption is affected positively by income, prices (low inflation), and loans; it is affected negatively by unemployment, outsourcing, wealth deprivation, low interest rate (rate of return), taxes, and risk. An increase in wealth reduces public consumption because this measurement of aggregate wealth belongs to the rich people (the top 1% or at least the top 10%) and already they consume at their maximum level; but, the distribution of wealth is a problem,¹⁰⁰ the wealth of the poor people is falling and for this reason consumption is falling,¹⁰¹ too. Of course, we do not want an unfair equity, but a fair distribution based on merit, ability, education, and hard work (meritocracy vs equality and equity).¹⁰² Prices (energy and food prices and inflation in general) are going up and consumption is not increasing (even though that the demand for consumer's goods and services is inelastic). Taxes and government spending are tools of fiscal policy. These two instruments have to be used with a fair, effective, and optimal way that means ethically and efficiently. Unfortunately, there is an unfair and unethical tax, the property tax, which is imposed on individuals' home. This home does not generate any income, it has only expenses and the family has to pay rent (property taxes) for its own home. Inefficiencies, corruption, abuse of power, going against political opponents, and waste is another "tax" (unfair spending) by the government. Thus, both extreme systems are similar (developed by the same people) and against private property; the poor individual has no property because he cannot afford to pay property taxes. Property taxes have to be abolished for homes that they house the family

⁹⁹ Exaggerated and huge salaries are means of control for people by the "elites". How is it possible a person to receive \$100 million salary? What is his marginal product of labor? What is he going to do with all this income? I remember the story with a Greek newspaper reporter, Alexandros Papadiamadis, in the beginning of the 20th century. His salary was 28 Drs. and he said to the Newspaper owner. "Please, give to me only 20 Drs., they are enough for me because I am single and I do not need all this money; give the remaining 8 Drs. to my colleague, who has a family and children. The highest salary might be \$1,000,000 or the most \$1,500,000 per year, which is \$125,000 per month, \$4,167 per day, and \$521 per hour. Minimum salary could be about \$80,000 p.a., \$6,667 per month, \$222 per day, and \$28 per hour.

¹⁰⁰ Wealth inequality in the United States, https://en.wikipedia.org/wiki/Wealth_inequality_in_the_United_States . See, Shares of Wealth in the U.S. <https://equitablegrowth.org/the-distribution-of-wealth-in-the-united-states-and-implications-for-a-net-worth-tax/>

See also, <https://www.stlouisfed.org/open-vault/2019/august/wealth-inequality-in-america-facts-figures>

Further see, <https://www.brookings.edu/blog/up-front/2019/06/25/six-facts-about-wealth-in-the-united-states/>

¹⁰¹ Real Personal Consumption Expenditures (Percent Change from Preceding Period)

Also, Real Personal Consumption Expenditures (DPCERO1Q156NBEA) (Percent Change from Quarter One Year)

Source: <https://fred.stlouisfed.org/series/DPCERO1Q156NBEA>

¹⁰² God created a world that's filled with incredible diversity and variety. The variety of people He has created is also unique. In fact, everyone is different. There are no two of us alike. We are each special. We are persons (personalities). In spite of our great diversity, we were all created in the image of God. Therefore, we all have some things in common, things that make up our 'humanness'. We've already noted that all humans have the capacity to think, reason, make decisions, worship, communicate, create, appreciate beauty, etc. We also have similar limitations and needs. We all need food, shelter and clothing. We also need to be loved and to love others, even our enemies. We are also constrained by our physical capacity and strength, knowledge, mortality, and senses, to mention just a few of our limitations. But do these similarities make us all identical? Not in the least! Though we have certain traits and characteristics that we share, we're also very different from one another. Every one of us is unique, a one-of-a-kind, special. This uniqueness doesn't happen by accident. It's also part of God's grand design and plan. Even our striving to affirm our own identity isn't accidental. See, "The Uniqueness of Each Person", <https://www.disciplebuilding.org/2017/11/15/uniqueness-person/> .



of the owner. Only progressive income taxes are sufficient for a prosperous nation. Then, high inflation and high taxes are the social costs of fiscal policy.

In enacting fiscal policy, which encompasses the budgeting process of a sovereign government, as well as the justifications for budget decisions, politicians make historical compromises with, and commitments to, their ethical (liberal) ideals in the form of real initiatives and operations of government because there is an enormous conflict of interest, between supporters, businesses, media, liberal elites; also, an existing corrupted establishment, a strong anti-American lobby, and a deep swamp (*παρακράτος*). Unlike proclamations of ethical probity and the censures of their competitors that politicians may utter during their campaigns and during their speeches, but in office they cannot satisfy their promises. People do not trust politicians¹⁰³ and institutions¹⁰⁴ (even the DOJ and FBI) any more. Due to oppositions from the different branches (legislative,¹⁰⁵ executive, and judicial) and their different political parties (Republicans and Democrats) of government, the budgetary and fiscal decisions made by lawmakers even though that they are key components of their effective morality, a morality that has, by design, enormous and differential impact on others (citizens and businesses) cannot be materialized. Unfortunately, it depends on the will of the opposition party and especially, if this party has the majority of the senate, nothing can pass because they want to show to the voters that this administration has failed and they must vote for the other party that is more effective.¹⁰⁶ During the previous administration up to 2020, we saw that the federal system was not very effective, too. Governors and mayors, in different blue states and cities, did not follow administration's orders or directions. Liberal judges also were cancelling or ban executive orders. (*Sic*). Now, during this coming November of 2022, there are the midterm elections and it is very difficult to predict what type of extremities will take place by the overzealous liberals. All these corruptions, establishments, conflicts between the parties, ideologies, and divisions make the fiscal policy ineffective and socially very costly, due to its inefficiency. The social benefits are zero and, in some cases, negative.

¹⁰³ See, <https://www.axios.com/2022/03/23/poll-americans-dont-trust-federal-government>

¹⁰⁴ See, What Happens When Americans Don't Trust Institutions? <https://fivethirtyeight.com/features/what-happens-when-americans-dont-trust-institutions/>

¹⁰⁵ The legislative branch, the Congress is composed of two parts:

- (1) [Senate](#): There are two elected Senators per state, totaling 100 Senators. A Senate term is six years and there is no limit to the number of terms an individual can serve.
- (2) [House of Representatives](#)—There are 435 elected Representatives, which are divided among the 50 states in proportion to their total population. There are additional non-voting delegates, who represent the District of Columbia and the territories. A Representative serves a two-year term, and there is no limit to the number of terms an individual can serve.

A question exists, here, and needs answer. How is it possible, these politicians with \$175,000 salary after 6 years are millionaires?

¹⁰⁶ I remember very well my professor of Microeconomics in my Graduate School, where he was saying that “the politicians have only one objective, to be reelected and nothing else”. Now, after forty years, I see that he was absolutely right. They have no other objective; their corruption must be over 99%. What a misfortune for our societies, today!..



Lastly, this new unexpected healthcare, financial, economic, and suspicious social crisis, which was caused by China and the WHO was unique in human history.¹⁰⁷ Unfortunately, the reasons that we have these problems are the incompetence of the governments around the world and the controlled U.N. and all the international institutions by the Illuminati and forced to act against their own country and citizens. The government gave a \$2.2 trillion stimulus to Americans with the objective to help the destroyed economy.¹⁰⁸ They devastated small businesses with this financial crisis and with the lockdown and vaccine mandates during the coronavirus pandemic; we have abandoned the anti-trust laws and we have created only oligopolies, and very soon, there will be only monopolies, which were open and working during the close down of the other businesses. And in November of 2020 (during the elections), it appeared a second wave of the coronavirus (increases in hospitalization and deaths). Now, they are talking for a new wave of COVID-19 that is coming this Fall 2022 (elections again). (Sic). How can we trust politicians that they just lie? These unethical practices have destroyed family business and had created enormous unemployment and mistrust to government, its agencies, the “experts”, and institutions. Also, the streets in the cities were empty with abandoned stores and no one was walking there, except riots, looters, arsonists, and statues desecrators. And then, it came the election of November 3, 2020 that the Democrats were preparing for four years with only one objective, to win with all the unethical means the presidency and they were “successful”, but they lost the legitimacy forever. It is moreover obvious that our democracy does not work.¹⁰⁹ China had destroyed countries economically with its unfair competition and lately, it has devastated their health, economy, and society. It has to pay reparation to all nations for these crimes.¹¹⁰ Consequently, globalization raises many ethical issues and makes the unethical behavior and culture of some nations as global problems. Unfortunately, the actions of the government were insignificant, anti-social, and above all anti-democratic. Thus, the social cost of the fiscal policy since 2020 and during the pandemic was and continues to be unfair and enormous.

¹⁰⁷ The objective of the dark powers is one, the demonic war against God’s creation, the reduction of population.

¹⁰⁸ More than one million dead Americans were sent stimulus checks, costing the federal government near \$1.4 billion in April 2020, a government watchdog reported on June 24, 2020. The size of our government (the establishment) is inefficient (diseconomies of large scale). See, <https://dailycaller.com/2020/06/25/one-million-dead-americans-stimulus-checks-report-coronavirus/>

¹⁰⁹ These corruptions, dishonesty in media and big Tech, fraud, and irregularities cannot be found in any third world country. They are the innovations of Illuminati to demote the traditional American Christian civilization.

¹¹⁰ The world’s deaths are 6,571,933 and in U.S. they are 1,100,000 with October 17, 2022. See, <https://www.worldometers.info/coronavirus/coronavirus-death-toll/> and <https://www.kff.org/coronavirus-covid-19/issue-brief/deaths-among-older-adults-due-to-covid-19-jumped-during-the-summer-of-2022-before-falling-somewhat-in-september/> The monetary and economic cost is in thousands of trillions of dollars. “Output losses of this magnitude are immense. The lost output in the Great Recession was only one-quarter as large. The economic loss is more than twice the total monetary outlay for all the wars the US has fought since 9/11, including those in Afghanistan, Iraq, Syria, Libya, and Ukraine. By another metric, this cost is roughly the estimate of damages (such as from decreased agricultural productivity and more frequent severe other events) from 50 years of change.” See, “The COVID-19 Pandemic and the \$16 Trillion Virus”, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7604733/>



IV. The New Public Policies and their Implications

Mistakes are not acceptable, especially by the government and the institutions after 3,000 years old knowledge of moral philosophies, economics, civilization, culture, and 2,000 years old Revelation (the Truth in life). The first economist, Hesiod (Ἡσίοδος, 8th century B.C.) in his Economics textbook (poem), *Works and Days* (*Ἔργα καὶ Ἡμέραι*) gives to us important analysis on uncertainty of life, on fair and unfair economic competition, on economic corruption of the executive and judiciary, on scarcity, on justice, peace and economic growth, on work and individual economic prosperity, on wealth creation, accumulation, and ethics, on family business and inheritance, on family farm business, on production of clothes, on leisure time, on the economics of seafaring, on the economics of the family, friendship and social behavior, and on activities.¹¹¹ Then, 300 years later came Xenophon (Ξενοφῶν, 5th century B.C.), the father of Economics, with his *Oeconomicos* (*Οἰκονομικός* = the management of household).¹¹² With all this knowledge and wisdom, why we continue to make so many mistakes? What is wrong with our government, institutions, their public policies, and our democracy?

IV. 1. Institutions and their Tenacious Policies

Public policies are necessary for our economy, but it continues to be some debate about whether monetary policy can (or should) smooth business cycles. A central conjecture of Keynesian economics is that the central bank can stimulate aggregate demand in the short run, because a significant number of prices in the economy are fixed in the short run and firms will produce as many goods and services as are demanded. In the long run, however, money is neutral, prices are going up and real money supply is falling, as it is referring in the neoclassical model. However, some economists from the new classical school contend that central banks cannot affect business cycles. What we see the last years with the new monetary policy the economy has not been improved, only the stock market had been over “improved” and by this insistence to keep interest rate zero by supplying a vast supply of money, it caused double digit inflation and a huge bubble. Now, it is losing its air because the interest rate is going up and the economy is in a recession. Thus, this monetary policy was completely inefficient and ineffective.

Proudly with uninhibited arrogance, due to their power, and very often, lately, in the U.S. and in Europe, the central bankers remind to controlled politicians (pseudo-leaders) and to the public that they are independent. From whom? From the citizens? From the country’s social objectives? Who has given to them this right? (*Sic*). But their objective must be the social wellbeing of the citizens. The former heads of the Federal Reserve made their case, on August 5, 2019, for the central bank to remain

¹¹¹ See, Papanikos (2022).

¹¹² See, Kallianiotis (2019a).



independent and free from short-term political pressures;¹¹³ an implicit rebuttal to President Trump's repeated criticism of this private institution, the Fed.¹¹⁴ Now, with President Biden, we do not hear anything from the Fed; they must like his policy because it is similar to Fed's policy. All four former still-living Fed chairs—Paul Volcker,¹¹⁵ Alan Greenspan, Ben Bernanke and Janet Yellen¹¹⁶—consigned an op-ed¹¹⁷ underlining their belief that the central bank and its leader should be allowed to serve without political pressures or “the threat of removal or demotion... for political reasons”. “It is critical to preserve the Federal Reserve's ability to make decisions based on the best interests of the nation, not the interests of a small group of politicians,” the former central bankers wrote.¹¹⁸ (*Sic*).

¹¹³ But, President Woodrow Wilson had said that the U.S. lost control of its financial system by allowing its Central Bank to be independent of the government (private): “I am a most unhappy man. I have unwittingly ruined my country. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation, therefore, and all our activities are in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated Governments in the civilized world -- no longer a Government by free opinion, no longer a Government by conviction and the vote of the majority, but a Government by the opinion and duress of a small group of dominant men.” [Woodrow Wilson President of the United States (1913-1921)]. What can we say 107 years later, where individual liberties and freedom have been lost? With the 2020 election irregularities, President Trump said: “We are like third world country; this election was a fraud.” (*Fox News*, 11/26/2020). The current political, social, and economic situation has killed Americans' hope for ever. The Liberal New World Order has destroyed the entire globe. This is a proof that Europe and the U.S. lack leadership. The current followers cannot offer anything to their countries and citizens.

¹¹⁴ If at that time, President Woodrow Wilson had said these words for the Fed; then, we can imagine what he would have said if he was the President, today, facing this many-sided war from the liberals, globalists, the media, “experts”, and foreign nations, like China, etc.

¹¹⁵ Paul Volcker passed away on December 8, 2019. <https://www.sgtreport.com/2019/12/former-fed-chairman-paul-volcker-passes-away-at-92/>

¹¹⁶ Joe Biden appointed Janet Yellen as Treasury Secretary. (*ABC News*, 11/23/2020). We have seen liberal people appointed in different positions by this ultra-liberal administration, but she is something else, unique in her views, about inflation, debt, abortion, recession, etc.

¹¹⁷ See, “America Needs an Independent Fed”, The economy functions best when the central bank is free of short-term political pressures, *The Wall Street Journal*, https://www.wsj.com/articles/america-needs-an-independent-fed-11565045308?mod=article_inline

¹¹⁸ See, “Former Fed Leaders Plea for Central Bank's Political Independence”.

<https://www.wsj.com/articles/former-fed-leaders-plea-for-central-banks-political-independence-11565051192>

Unfortunately, “Our money is not our money. We rent it. We have rented it since 1781 when the Bank of North America gained control of the money supply in the closing days of the Revolutionary War. We need to own our money as citizens responsible for both the government and the economy of the United States.” See, Bob Blain, *The Root of United States Public and Private Debt*, 2017. Also, “Permit me to issue and control the money supply of a nation and I care not who makes its laws.” (Mayer Amschel Rothschild, 1744-1812). Unfortunately, for the people, his family is in control of money since 18th century. Further, “The privilege of creating and issuing money is not only the supreme prerogative of Government, but it is the Government's greatest creative opportunity.” (Abraham Lincoln, 1862). In addition, “Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talks of the sovereignty of Parliament and of democracy is idle and futile.” (William Lyon Mackenzie King, Canadian Prime Minister, 1874-1950). Furthermore, the issuance of Executive Order 11110 (June 4, 1963) was an effort by Kennedy to transfer power from the Federal Reserve to the United States Department of the Treasury by replacing Federal Reserve Notes with silver certificates. These are some small indications of what is going on in our world, which are all contributions to social cost and suppression of human liberties and rights by the global authoritarianism (τούς προδρόμους τοῦ ἀντιχρίστου).

This rhetoric of central bankers is good, but unbelievable and unreasonable because what we see so far, it is that Fed’s policies are made only for the speculative financial market, its participants, and for the uncontrolled financial institutions. Do these central bankers know for whom they are working? Their effects on the real economy are insignificant and many times ineffective by creating bubbles Figure 2, high inflation Figure 3, artificially low interest rates (negative real returns), enormous social costs (to depositors and tax payers), and by accomplishing the current recession. They started raising the federal funds rate, but it was too late. If the central bank’s decisions were based on the best interest of the nation, it would have a policy to prevent financial crises and recessions and maximize the social welfare (social benefits) and not to try to cure them, after their creation.¹¹⁹ With its modern monetary policy, we have seen only maximization of the social cost. Federal Reserve Chairman Jerome Powell gave his most forceful warning yet (on August 23, 2019) about the risks to the U.S. economy from escalating trade tensions and the limits to the central bank’s ability to cushion any fallout. (*Sic*).



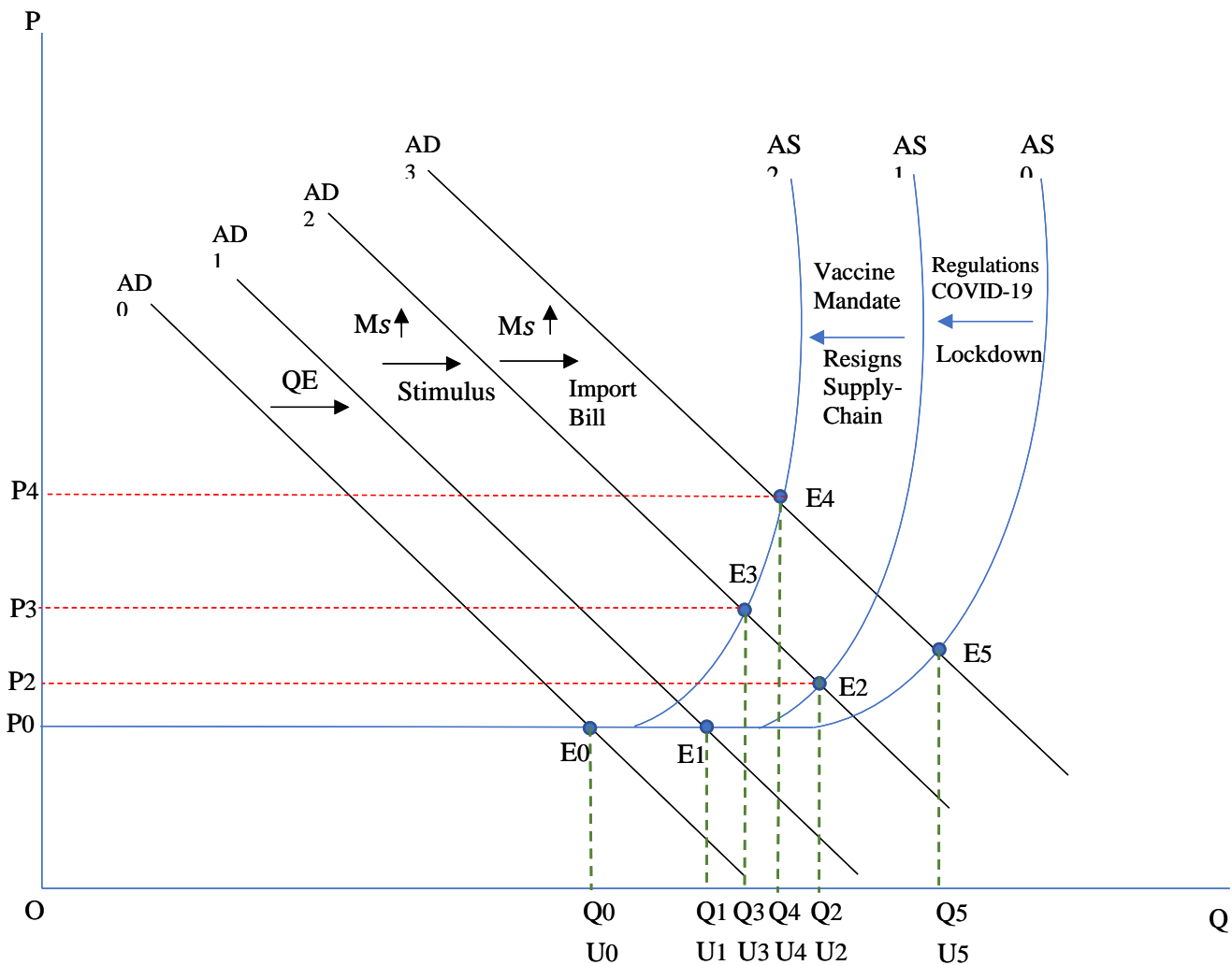
Note: DJIA= Dow Jones Industrial Average. January 1915: 1,661.54, May 2021: 38,085.98 (Fed’s bubble), and September 2022: 28,725.51.

Source: <https://www.macrotrends.net/1319/dow-jones-100-year-historical-chart>

¹¹⁹ See, Kallianiotis (2020c).

Figure 2: Dow Jones - DJIA - 100 Year Historical Chart

The trade deficit has to become zero ($TA \cong 0$)¹²⁰ that is one of Fed’s and administration’s objectives, so the country can become self-sufficient and not dependent on foreign production, which is very risky, as we saw with the masks, the medical supplies, and the medicine during the coronavirus (COVID-19) pandemic, which are coming from China. China is in control of our economy (batteries for electric cars, windmills, electric panels for solar energy, etc., are coming from China); also, it buys thousands of acres of farmland in U.S., and it tries to control our politics and central bank, too, and it is successful with the current administration. China is also moving forward for global economic and military domination. Powell signaled that the central



¹²⁰ The U.S. trade deficit was \$678.7 billion in 2020; with China the trade deficit was \$310.8 billion. In 2021, the trade deficit became \$859.1 billion and with China \$355.3 billion. See, Kimberly Amadeo, “What Is the Current U.S. Trade Deficit?”, <https://www.thebalance.com/u-s-trade-deficit-causes-effects-trade-partners-3306276>



Note: The quantitative easing (QE) moved the AD_0 to AD_1 from point E_0 to E_1 . The continue increases in money supply and the COVID-19 stimulus increase the AD to AD_2 ; Biden's regulations and businesses' lockdowns shifted the AS_0 to AS_1 and the equilibrium output (Q_2) and employment (u_2) to point E_2 . Then, the new money supply and the "infrastructure" bill moved the AD to AD_3 and the vaccine mandates, resignations, layoffs, supply chain problems, "protection of the environment", etc., reduce the AS to AS_2 and the equilibrium to E_4 (Bidenflation), which cause reduction in output (Q_4) and high unemployment (u_4) and at the same time an enormous inflation in P_4 (stagflation). If the AS had been at AS_0 and the AD at AD_3 , the output would have been to E_5 , with the economy almost at full employment and moderate inflation at P_5 (Fedflation). Then, moderation is the only solution, but our policy makers do not follow these historic values and virtues.

Figure 3: U.S. Current Aggregate Demand and Supply

bank would follow its rate cut of July 31 2019.¹²¹ On January 29, 2020, the FOMC decided to keep the federal funds at the same level; but the coronavirus pandemic forced the Fed to reduce the target rate back to zero¹²² (March 16, 2020). But, when they saw the inflation to become actually double digits, they started raising the federal funds rate, which was too late. The destruction of the economy has already occurred and it is becoming worse day after day. How is it possible with so many "experts" in Fed to make so many mistakes?

The Central Bank (the Fed), which is a private bank,¹²³ plays a major role in our markets by controlling

¹²¹ See, "Fed Cuts Rates by a Quarter Point in Precautionary Move", Central bankers say move protects against risks posed by muted inflation, global growth concerns. https://www.wsj.com/articles/fed-cuts-rates-by-a-quarter-point-ends-portfolio-runoff-11564596200?mod=article_inline&mod=article_inline&mod=article_inline. See also, <https://www.wsj.com/articles/powell-says-fed-prepared-to-provide-stimulus-if-a-slowdown-hits-u-s-economy-11566568965>. Fed Chairman Jerome Powell's press conference on September 18, 2019 carried a subtle message for President Trump: "If you are worried about an economic slowdown, find a way to cool down the trade war". See, "Analysis: Powell's Subtle Messaging to Trump on Trade Fight". The globalist Fed chairman mentioned trade 20 times at his news conference on Wednesday (9/18/2019). <https://www.wsj.com/articles/analysis-powells-subtle-messaging-to-trump-on-trade-fight-11568971800>. On January 15, 2020, the U.S. and China signed a Trade Agreement. See, *The Wall Street Journal*, January 16, 2020, pp. A1, A7, B1, and B12. Now, Biden lifted tariffs on Chinese goods and sold oil from the strategic oil reserves to China, India, and Italy. (*Fox News*, July 6, 2022). Something is very wrong and odd, here, we do not want to upset China, (*Sic*). But, China became upset with Pelosi's visit in Taiwan. (*Fox News*, August 2, 2022).

¹²² Thus, from $2.25\% \leq \bar{i}_{FF} \leq 2.50\%$ on December 20, 2018 back to $\bar{i}_{FF} = 0.00\% - 0.25\%$, on March 16, 2022. On July 28, 2022, the Fed target rate became $2.25\% \leq \bar{i}_{FF} \leq 2.50\%$ and on September 22, 2022 went up to $3.00\% \leq \bar{i}_{FF} \leq 3.25\%$. See, "Policy Tools", <https://www.federalreserve.gov/monetarypolicy/openmarket.htm>. Also see, "Implementation Note issued January 29, 2020".

<https://www.federalreserve.gov/newsevents/pressreleases/monetary20200129a1.htm>.

¹²³ See, Financial and Banking Cover-ups Key Information and Facts Reveal Major Cover-up. https://www.wanttoknow.info/financialbankingcoverup?clid=EA1aIQobChMIInoXAoKXk9wIV_8mUCR1yrQisEAAAYASAAEgIolvD_BwE



the money supply¹²⁴ through the federal funds rate and affects the exchange rate,¹²⁵ the price level, the aggregate demand, the financial market, the housing market and people's IRAs, the interest rates and less the output and production, employment, and international trade. The monetary policy is very stranger (anti-social) since 2008. Lately, the fiscal¹²⁶ and trade policies have become worse than the suspicious monetary one. New unfair and anti-social policy instruments were introduced: Interest on Reserves, $i_{IOR} (i_{IOR} > 0)$ (since October 1, 2008),¹²⁷ Overnight Reverse Repurchase Agreement Facility ($i_{ONRRP} > 0$) (since September 17, 2014),¹²⁸ abandonment of Required Reserves, $R_R = 0$ ($r_R = 0.00\%$) (since March 26, 2020), and many others. The target federal funds rate is between 3.00%-3.25% (since September 21, 2022) and the effective federal funds rate is ($i_{FF}^{eff} = 3.08\%$) (10/6/2022),¹²⁹ as can be seen in Figure 1.

Public policies must prevent financial and economic crises and minimize the social cost in case of a crisis. The global financial crisis in 2008 created serious and long-term problems to the U.S. and worse ones to the Euro-zone countries. The Fed tried to improve the economies, but since 2016 there was no improvement¹³⁰ (like, growth, low unemployment, low inflation, stability in the foreign exchange market and balanced trade, stability in the financial markets, interest rate stability, and balanced budget). The Fed with zero federal funds rates¹³¹ and enormous money supply¹³² caused a bubble in the financial market¹³³ and a double-digit inflation rate (17%).¹³⁴ Then, in 2020 came the suspicious COVID-19,¹³⁵ with its lockdowns, vaccine mandates, and the absurd enormous restrictions. Also, it follows with reduction of production to "save the environment", but not the human beings, and any kind of controls to people. Further, instead of finding a peace agreement between Ukraine and Russia, the two brother nations of Rus, we finance the Neo-Nazi group of the Jewish President of Ukraine,

¹²⁴ See, Buiter (2014). The Fed can "create money", as its governor, Jerome Powell, said at a recent interview. (*Fox News*, 5/26/2022).

https://www.academia.edu/8944668/Central_Banks_Powerful_Political_and_Unaccountable?email_work_card=view-paper

¹²⁵ Kallianiotis (2022a).

¹²⁶ See, Kallianiotis and Petsas (2022).

¹²⁷ Now, the interest rate on reserves is: $i_{IOR} = 3.15\%$ (since 9/22/2022). See,

<https://www.federalreserve.gov/monetarypolicy/reserve-balances.htm>.

¹²⁸ Currently, the interest rate on ONRRP is: $i_{ONRRP} = 3.05\%$ (on 10/12/2022). See,

https://www.newyorkfed.org/markets/rrp_faq.

¹²⁹ See, Effective Federal Funds Rate. <https://www.newyorkfed.org/markets/reference-rates/effr>.

¹³⁰ See, U.S. GDP Growth Rate 1961-2022. <https://www.macrotrends.net/countries/USA/united-states/gdp-growth-rate>

¹³¹ See, Federal Funds Target Range - Upper Limit (DFEDTARU). <https://fred.stlouisfed.org/series/DFEDTARU>

¹³² See, M2 (WM2NS). <https://fred.stlouisfed.org/series/WM2NS>

¹³³ See, Dow Jones - DJIA - 100 Year Historical Chart. <https://www.macrotrends.net/1319/dow-jones-100-year-historical-chart>

¹³⁴ See, Alternate Inflation Charts. http://www.shadowstats.com/alternate_data/inflation-charts. My personal inflation rate is over 30%.

¹³⁵ Was this virus an accident or an expediency by the "forerunners" elites?



Zelensky, with billions of dollars to buy weapons, which contributes to our budget deficit and increases the probability of WWII.¹³⁶ Why we pursue this anti-American foreign policy? Who is dictating it to our government? The government tried to stimulate the destructive economy with an expansionary fiscal policy and created huge budget deficits¹³⁷ and national debt.¹³⁸ To finance these deficits, the government continues to issue government securities and this excess supply reduces their prices and increases their return (interest rate). The Fed was buying these securities to reduce the interest rate by supplying non-borrowed reserves, which was increasing the monetary base and the money supply. The effect of these inefficient and ineffective policies was a huge bubble in the financial market and an enormous inflation. The bail out cost¹³⁹ to tax payers with the interest on reserves (IOR) and on the ONRRP agreements, and the bail in cost¹⁴⁰ to depositors with almost zero deposit rates for 14 years are trillions of dollars per annum to citizens, which shows that the public policies are unfair, anti-social, and unethical. This liberal New World Order will destroy God's Old and True World Order.

IV.2. Liberalism, Globalization, and Abuse of Power

In the question of global interest, with the globalist administration, the conflict is between the claims of the sovereign nation and its citizens on one side and the claims of all "citizens of the world"¹⁴¹ on the minority (liberal) side. In this case, it is fair, priority to be given to the claims of a nation, the welfare of the nation and the wellbeing of its citizens, for which these politicians have been elected. In recent years some controlled liberals, known as globalists ("progressive"), have pressed for the claims of all citizens of the world and against the citizens of a country (globalists vs nationalists and patriots). The open borders and the illegal immigrants will cause immense economic pressure to the U.S. and destruction to the EU countries. The Muslim population of the old Christendom will exceed the Christian one, which means dilution of European culture.

Public policies must also deal not mainly with ideal justice, however, but with realizing moral values in democratic societies, where citizens (and philosophers) disagree about what ideal justice is. Unfortunately, in a pluralist society, how if at all can governments justify a policy of progressive

¹³⁶ U.S. has given hundreds of millions of dollars of military aid to Ukraine and lately, another \$40 billion aid. (*Fox News*, 5/19/2022). Zelensky and Zelenska have become stars pose for "Vogue". (*Fox News*, July 27, 2022). Our foreign policy is completely anti-American. See, Mearsheimer and Walt (2007). See also, "Ο «άρχων» της Νέας Τάξης". <https://averoph.wordpress.com/2022/09/04/%ce%bf-%ce%ac%cf%81%cf%87%cf%89%ce%bd-%cf%84%ce%b7%cf%82-%ce%bd%ce%ad%ce%b1%cf%82-%cf%84%ce%ac%ce%be%ce%b7%cf%82/#more-152126>

¹³⁷ See, Federal Deficit Trends Over Time. <https://datalab.usaspending.gov/americas-finance-guide/deficit/trends/>

¹³⁸ See, Federal Debt Trends Over Time. <https://www.usdebtclock.org/>

¹³⁹ The bail out cost is now is: \$172.838 billion per annum.

¹⁴⁰ The bail in cost is: \$1,481.193 billion (official inflation rate) and \$3,043.177 billion (real inflation rate) per annum.

¹⁴¹ See, Beitz (1999).



and to have their concerns feed into wider processes of decision making and policy formation. Functioning democracies provide meaningful opportunities for citizens to communicate legally their concerns to decision makers and thereby effectively track the will of the people, otherwise they do not know what is missing and in what problems to act and solve. In a democratic government citizens are free in so far as they live as equals under institutions and laws, which are accountable to them and which they could change or reject if they so wished. Unfortunately, these democratic values do not exist anymore and for this reason we have no democracies.

A paradox is that the Federal Reserve stands ready to respond to the deception of climate-change related weather disruptions to the economy and it is working to ensure banks' resilience from unexpected shocks tied to a "warming global environment", Fed Chairman Jerome Powell told Congress in an April 2019 letter.¹⁴⁹ The climate cult has started a war against the American people by raising oil and gas prices to force them to buy electric cars¹⁵⁰ and it will destroy the agricultural sector, after the damage that has done to manufacturing industry and mining, too. (*Sic*). The worst of all is that a former Fed official (ex-president of the N.Y. Fed), William Dudley, said, "central bank should act to thwart Trump's re-election". This statement from a Fed official is completely unethical and people cannot trust this kind of woke institutions. These liberals are reviling even themselves with any audacity and without any shame anymore.¹⁵¹ They do not believe in democracy and they abuse their power, like agents of secret services, FBI, CIA, and DOJ. The Fed announced again an emergency

[%BA%CE%AE %CF%83%CF%84%CE%B7 %CF%83%CF%89%CE%BA%CF%81%CE%B1%CF%84%CE%B9 %CE%BA%CE%AE %CE%BA%CE%BB%CE%B7%CF%81%CE%BF%CE%BD%CE%BF%CE%BC%CE%B9%C %AC Dialogue and Dialectic in Socrates Legacy](#)

¹⁴⁹ "Although addressing climate change is a responsibility that Congress has entrusted to other agencies, the Federal Reserve does use its authorities and tools to prepare financial institutions for severe weather events," Mr. Powell wrote in a letter to Sen. Brian Schatz (D., Hawaii), on April 18, 2019. "Over the short term, these events have the potential to inflict serious damage on the lives of individuals and families, devastate local economies (including financial institutions), and even temporarily affect national economic output and employment," Mr. Powell wrote. "As such, these events may affect economic conditions, which we take into account in our assessment of the outlook for the economy," the liberal central bank leader said. Mr. Powell's letter came in response to a January 25, 2019 letter from Mr. Schatz (a Jew from the Democratic Party of Hawaii) in which, according to Mr. Powell, the senator urged the Fed to manage climate-change risks to the financial system and to prepare the banks it supervises for similar contingencies. (*Sic*). See, <https://www.wsj.com/articles/fed-readying-financial-system-for-climate-change-shocks-11557247667> . The liberal, controlled, and private Fed is like Biden's administration, obsessed with the global warming delusion. A New Paganism imposed by the atheist globalists.

¹⁵⁰ See, "Buttigieg slammed for urging electric car buying to counter gas prices". Something absolute wrong is here. <https://nypost.com/2021/11/29/buttigieg-slammed-for-urging-electric-car-buying-to-counter-gas-prices/>

¹⁵¹ See, "Former Fed Official Says Central Bank Should Act to Thwart Trump's Re-Election", William Dudley says Fed must consider politics, sparking blowback from economists. <https://www.wsj.com/articles/former-fed-official-says-central-bank-should-act-to-thwart-trumps-re-election-11566926950> . These people are very dangerous for our economy and the entire world. See also, https://en.wikipedia.org/wiki/William_C._Dudley . In addition, see more information regarding this liberal-globalist economist, <https://www.bing.com/news/search?q=William+Dudley+Of+The+Fed&qpv=William+Dudley+of+the+Fed&FORM=EWRE>



interest rate cut, back to zero percent federal funds rate on March 3, 2020 and rolled out new efforts, including slashing rates to zero and re-launching large-scale asset purchases,¹⁵² ignoring the negative effect on financial market (expansion of the bubble), inflation, and social welfare. The European Union and the Euro-zone were in big trouble again (especially, Italy¹⁵³ and Spain with the deaths of people and the entire world in deep depression from the politicians' lockdowns, due to this Chinese virus and their abuse of power) and the ECB followed the Fed¹⁵⁴ and went a little deeper with its negative overnight deposit rates ($i_{OND} = -0.50\%$) since September 18, 2019.¹⁵⁵ Where is this controlled by the dark powers world going? They want to terrorize people and to show that they are in control and not the democratically elected politicians. President Trump tried with all his means, but there were obstacles everywhere, from “scientists”,¹⁵⁶ “experts”, academics, liberals, Democrats,¹⁵⁷ big Tech,¹⁵⁸ FBI and DOJ,¹⁵⁹ and the corrupted establishment.¹⁶⁰ At the end, they stole the election, as President

¹⁵² The U.S. central bank has more than \$7 trillion of assets on its books - the equivalent of more than a quarter of annual U.S. economic output before the crisis. Its stockpile of assets will grow much larger under the litany of programs it has launched, although some will be held in what are known as special-purpose vehicles, or SPVs, rather than directly by the central bank. Fed's assets from \$4.242 trillion on March 4, 2020, jumped to \$7.082 trillion on June 24, 2020, on 12/2/2020 they reached \$7.223 trillion, on August 4, 2022, were \$8.875 trillion, and on October 5, 2022 came down a little to \$8.759 trillion. See, <https://fred.stlouisfed.org/series/WALCL>

¹⁵³ Italy recently elected a conservative PM, Giorgia Meloni, and there is new hope for the country and its citizens. (*Fox News*, 10/3/2022).

¹⁵⁴ See, Kallianiotis and Petsas (2020) and Kallianiotis (2018). Europe, on December 8, 2020, remains the epicenter of the coronavirus pandemic — where the outbreak, uncontrolled, morphed into catastrophe. There were 448,926 dead and 19,651,559 infected. And the devastation is far from over and Euro-zone member-nations are going back to their previous debt crisis memoranda and austerities. This is the cost for the European citizens of this artificial inhumane union. See, <https://www.politico.eu/article/coronavirus-europe-failed-the-test/>. In the U.S. for the same period, there were 14,954,332 infected and 283,743 dead, according to the “scientists”. See also,

<https://www.ecdc.europa.eu/en/geographical-distribution-2019-ncov-cases> . «Τά ὀψώνια τῆς ἀμαρτίας ἐστὶ θάνατος.»

¹⁵⁵ See, Key ECB interest rates.

https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.en.html

¹⁵⁶ “Planned Parenthood has colluded with radical politicians to censor free speech, hide the truth, and bankrupt pro-life activists... Planned Parenthood was engaging in a massive scheme to harvest and sell the body parts of tiny infants aborted alive and killed for profit... **Kamala Harris and the abortion industry want to put me behind bars for exposing their heinous acts.**” See, David Daleiden, *I was punished for exposing the truth.* (12/3/2020).

¹⁵⁷ A half-century ago, “progressives” used to push limitless free expression, blasting conservatives for their allegedly blinkered traditionalism. They boasted of obliterating once-normal boundaries in art, music, and literature to allow nudity, profanity, sexuality, and anti-American boilerplate. Now? The left is Victorian—increasingly puritanical, regressive, and hypersensitive. Even totalitarian censorship and book-burning have weirdly become part of their by-any-means-necessary methods. See, <https://www.theconservativedispatch.com/2020/12/03/why-do-progressives-no-longer-defend-free-expression/>

¹⁵⁸ Amazon, Facebook, Google, Microsoft, and Twitter are more refined in suppressing books, films, communications, and ideas they don't like—and don't want others to like either. See also,

<https://www.thelegacyreport.com/big-tech-love-affair-rm/?Eid=MKT503096&src=Powerinbox>

¹⁵⁹ The corrupted FBI and DOJ are painting President Trump as a criminal by raiding his home in Mar-A-Lago, Florida. (*Fox News*, 8/31/2022). They are afraid of President Trump because he is a true leader. They impeached him, they raided his home, they have banned his truth social app, and they say to the people that we have a democracy. They have renamed their totalitarian system as democracy. (*Sic*).

¹⁶⁰ President Trump said in his campaign rally in Tulsa, Oklahoma on June 20, 2020 that “I tried to clean the country



Trump insists. For historical purpose, we have to say the truth, so future generations will be able to avoid the same inhumane mistakes.¹⁶¹ The entire world is blaming our value system. We have to change and go back to our Western Christian values¹⁶² that we had for two thousand years; otherwise, we will follow Rome.

During the Annual Meeting in Davos (2022) of the World Economic Forum, they (the ignorant “forerunners”) proved impudently again that they do not care about us (the people), they (the globalists) were laughing for our problems, they said that they will track our pollution and our carbon fumes, they want to destroy the sovereignty of the nations, and to impose the one world government.¹⁶³ What kind of deception is this? What the leaders of our “democratic” governments are doing? Why people are voting for them? Who is in control of this fallen world? Then, for what policies, social benefits, and forecasting for the future of our economy, of our country, and of the world can we talk? The social benefits are zero or to be more correctly, negative. Now, there is only one leader in the world and he is the Christian Orthodox Vladimir Putin, the protector of Orthodoxy.¹⁶⁴ What a pity for the Western “leaders” to fall in the trap of the “enemy”.

from the Washington swamp, but I did not know that it was so deep”. (Fox News, 6/ 20/2020). Βρομιά και δυσωδία!.. President Trump said: “This election was a fraud. This election was rigged. It is hard to get the case to the Supreme Court. Mail-in ballots are a disaster.” (Fox News, 11/29/2020). “As president, I have no higher duty than to defend the laws and the Constitution of the United States,” which – along with the election system – is under “coordinated assault and siege,” See, Watch President’s Trump “Most Important Speech Ever”. <https://rawconservativeopinions.com/2020/12/03/watch-president-s-trump-most-important-speech-ever/>. Lately, with our war in Ukraine against Russia, the swamp from both parties revealed how dirty, deep, and dangerous it is.

¹⁶¹ “Learn the Truth and the Truth will make you Free”. John 8, 32

¹⁶² A baby-loving Christian raided and arrested by the FBI because he is against abortion and pro-life. (Fox News, 10/10/2022).

¹⁶³ See, Fox News, 5/25/2022. One of them said: “Russia's invasion of Ukraine may have marked the start of “a third world war,” and “Russian President Vladimir Putin must be defeated, as soon as possible, if the world wants to preserve civilization”. That was the stark message that Hungarian-born Jewish billionaire and “philanthropist” George Soros delivered on Tuesday to attendees at the 2022 World Economic Forum in Davos, Switzerland. “Even when the fighting stops, as it eventually must, the situation will never revert to where it was before”, warned the 91-year-old (έχθρος της ανθρωπότητας) Soros. “Other issues that concern all of humanity -- fighting pandemics and climate change, avoiding nuclear war, maintaining global institutions -- have had to take a back seat to that struggle. That's why I say civilization may not survive.” He (the enemy of humanity) has the illusion that he is the civilizer of the world. (Sic). <https://us.cnn.com/2022/05/24/economy/george-soros-davos-world-economic-forum/index.html>. In addition, the Treasury Secretary, Janet Yellen, said, “banning abortion would be very damaging to the economy”, (Fox News, 5/27/2022). These people and the administration are atheist, against families, barbaric and sick people. They are controlled “forerunners” by the dark powers. See, also, «Παγκόσμια επανεκκίνηση-Μέρος Β΄», <https://orthodoxstypos.gr/%cf%80%ce%b1%ce%b3%ce%ba%cf%8c%cf%83%ce%bc%ce%b9%ce%b1-%ce%b5%cf%80%ce%b1%ce%bd%ce%b5%ce%ba%ce%ba%ce%af%ce%bd%ce%b7%cf%83%ce%b7-%ce%bc%ce%ad%cf%81%ce%bf%cf%82-%ce%b2%ce%84/>

¹⁶⁴ An ignorant American politician said that “Putin is against Western values”. Actually, we are against Western Christian values because we voted for him and not Putin, who is a Christian with deep Western values since 10th century, when the Rus became Christian Orthodox and their capital was Kiev. (Fox News, 10/10/2022).



V. Some Concluding Remarks

Monetary policy and fiscal policy refer to the two most widely recognized tools of public policies, used to influence a nation's economic activity.¹⁶⁵ Monetary policy is primarily concerned with the management of interest rates¹⁶⁶ (target federal funds rate) and the total supply of money in circulation and it is carried out by the central bank (the Fed). Fiscal policy is a collective term for the taxing and spending actions of the government to improve the social welfare. In the United States, the national fiscal policy is determined by the executive and legislative branches of the government, but there are many political issues (unethical politics, corruption, liberalism, left-wing extremism, the Washington swamp, abortion,¹⁶⁷ globalism, “global warming”, “global order”, control of agricultural production, supply chain problems, food scarcity and shortages, unnecessary wars, Ukraine, lack of free speech, fake news and propaganda, manipulation of the language, redefining recession and inflation, politicizing the justice system, the FBI, the CIA, and the rest of institutions, voting to illegal immigrants, enormous government spending, vaccine mandates, fraudulent data for COVID-19, the bacteria trap masks, drugs and suicides,¹⁶⁸ deification of “science”, atheism, 87,000 new IRS armed agents, raiding of President Trump home, terrorizing political enemies, a war against our civilization, “the fair election act”, deterioration of freedoms and individual liberties, political correctness, gender politics in schools, critical racist theory, equity, “white supremacy”, New Age Movement, creeping authoritarianism, “disinformation governance board” (ministry of truth), sanctions to Putin that hurt Europe, U.S., and the world, “stay home eat worms”, “the inflation reduction act”, “domestic terrorism bill”, bureaucracy, crime and violence, open borders, “radical gender theory”,¹⁶⁹ kids indoctrination, woke racism, black lives matter, elimination of fossil fuels, green energy nightmare, defunding police, loss of respect by the rest of the world, etc.) and conflicts between the two parties (Republicans and Democrats), which avert its application.¹⁷⁰ All these problems have made America a nation in decline.

¹⁶⁵ See, Troy Segal, “Monetary Policy vs. Fiscal Policy: What's the Difference?”,

<https://www.investopedia.com/ask/answers/100314/whats-difference-between-monetary-policy-and-fiscal-policy.asp>

¹⁶⁶ The optimal interest rate on deposits (savings accounts) must be: $i_{D_i}^* = \pi_i^e + 1\%$ and the optimal interest rate on loans (the highest) must be: $i_{L_i}^* = i_p + 5\%$, where $i_{D_i}^*$ = the optimal deposit rate, π^e = expected true inflation rate, $i_{L_i}^*$ = the optimal loan rate, and i_p = the prime rate.

¹⁶⁷ Abortion is the worst crime that ignorant leaders have made as law of the land. «Τριπλό τό έγκλημα, και δολοφονία έμβρύων, και κερδοσκοπία, και δολοφονία διά των έμβολίων.» «Ο άνθρωπος, στην Αγία Γραφή όμολογείται ως έμψυχος εικών του Θεού... τό καθ' όμοίωσιν.» See, π. Στυλιανός Έμμ. Καρπαθίου, *Τά «έμβόλια» έναντι του Covid-Sars 2, Βοανεργές*, Άρ. Τεύχους 120, Μάρτιος-Άπρίλιος 2022, σσ. 74-83.

¹⁶⁸ The ultimate objective from the “forerunners” elites is reduction of population with any means. The U.S. army had 30,177 suicides the last 20 years. (*Fox News*, 10/7/2022).

¹⁶⁹ Trans organizations poised to lower age children for genital and chest transition surgeries. These actions are criminal, but there is no moral government and ethical justice system to restrict them. (*Fox News*, 9/6/2022).

¹⁷⁰ These policies-politics have become the objective by the Democratic Party the last six years. They tried for 4 years with all the unethical means to go against the administration (the Republic party and the President). They tried to impeach the President starting with Russia, then Ukraine, impeachment, Coronavirus, economic crisis, riots, and they were working for a long time on what will be their next “tool”, which was the 2020 elections, then came the January 6 committee. Their



These modern monetary and liberal fiscal policies have minimized the social benefits and the economy is going to a deep recession and the country into a permanent destruction. How is this possible to happen with all the economists and “experts”, after 5,000 years moral and ethical civilization and Revelation, working for the central bank and the U.S. Treasury? They must be completely controlled and just follow orders dictated by the liberal globalists. In financial markets there have been observed many unethical practices and behavior, like, (1) Scams,¹⁷¹ (2) Frauds, (3) Unfair trading practices, (4) Securities scams, (5) Churning, (6) Insider trading,¹⁷² (7) Window dressing, (8) Market manipulations, Woke policies,¹⁷³ etc.¹⁷⁴ Without regulations, moderation in money supply, trust, fairness, and confidence financial markets cannot function effectively and efficiently. All these markets and institutions have been created to benefit us (the people) and maximize our wellbeing. Massive overvaluations of equity happened in 2007, 2015, 2018, 2019, 2020 and in 2022 by reaching DJIA = 36,799.65 (1/4/2022), with the different pseudo-euphoria (election results, vaccine, climate fantasies, etc.) and the destructive enormous liquidity by the Fed and with the only 50% margin requirements.¹⁷⁵ When information about the operation of public companies is false, misleading or not transparent, trust in financial markets is going to be affected adversely. This gives financial market participants a stake in the disclosure of timely and meaningful information, including by assuring that the quality of financial reporting by public companies is as high as possible. And this in turn puts the spotlight on the role of the gatekeepers of the public trust, in particular accounting firms, banks, rating agencies, supervisors, and regulators.¹⁷⁶ The central bank must not allow the financial market to grow 39% per annum.

supporters are the controlled Media with the fake news and propaganda, the high tech companies (Google, Facebook, Twitter, Microsoft, etc.), and the establishment (professional politicians, FBI, CIA, DOJ, lobbyists, and the global elites). See, <https://www.bbc.com/news/world-us-canada-50802150> . Also, “2019 CIGI-Ipsos Global Survey on Internet Security and Trust”, <https://www.cigionline.org/internet-survey-2019> .

See also, The Voter Fraud in the 2020 Elections. “A Sampling of Recent Election Fraud Cases from Across the United States” <https://www.heritage.org/voterfraud> ; <https://www.heritage.org/voterfraud/search>

¹⁷¹ See, “Common Scams and Frauds”, <https://www.usa.gov/common-scams-frauds#item-36617>

¹⁷² *Insider trading* is the trading of a public company’s stock or bonds or stock options based on material, nonpublic information about the company. Many politicians are acting as insiders, due to superior information that they have. Their names, due to abuse of power, are very often in the News.

¹⁷³ See, “Statement on Nasdaq’s Diversity Proposals – A Positive First Step for Investors”, <https://www.sec.gov/news/public-statement/statement-nasdaq-diversity-080621>.

“But on Tuesday, Nasdaq, the second-largest stock exchange operator in the world, announced that they would file a proposed rule with the Securities and Exchange Commission to, according to the *Wall Street Journal*, “require listed companies to have at least one woman on their boards, in addition to a director who is a racial minority or one who self-identifies as lesbian, gay, bisexual, transgender or queer.” See also, “Woke Nasdaq Should Mind Its Own Business Prominent stock exchange plans to require “token” women, minorities, and LGBTQ people in listed companies’ leadership”. <https://spectator.org/nasdaq-woke-board-woman-lgbt/>

¹⁷⁴ See, Hans (2020).

¹⁷⁵ If we want a real and fair growth in the financial market, the margin requirements must be 100% ($r_m = 100\%$).

¹⁷⁶ See, Blommestein (2006).



Lastly, ethical and moral behavior is necessary for public policy makers, for a business, market, society, a nation, its President,¹⁷⁷ and the world to survive. You cannot build on lies, corruption, exploitation, lawlessness, anarchy, immorality, perversion, fraud, and deception your existence. People must act with wisdom, courage, integrity, personality, dependability, restraint, respect and self-respect,¹⁷⁸ and realism.¹⁷⁹ Markets and businesses must behave with effectiveness, efficiency, consistency, responsibility, and co-operation.¹⁸⁰ The public policies (monetary, fiscal, trade, etc.) have to be ethical and supportive for all citizens by minimizing their social cost. Philosophy and science (“scientists”) cannot offer many things to our society anymore because they have been eroded by this anti-humane movement (the liberal New Age plague). They became slaves to them (the liars), pawns, atheists, corrupted, immoral and unethical, politicized, followers of their financiers (grants offerors), and end up ignorant. This current ineffectiveness and inefficiency in public policies, with an unfair high social cost, is a very big crisis of our fallen world, today. We need pro-American public policies.

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¹⁷⁷ President Trump tried to change this forty years old corrupted (unethical) trend, but he was facing enormous opposition from the corrupted establishment and liberals (globalists) by using all their “innovated” means and experience since the British Revolution (1640) (<https://www.marxists.org/archive/hill-christopher/english-revolution/>), the French Revolution (1789) (<https://k-larevue.com/en/jews-and-the-french-revolution/>) and the Bolshevik Revolution (1917); like, Russia => Ukraine => impeachment => coronavirus => lockdown insanity => economic crisis => civil unrest => “autonomous zones” => destruction of monuments => defund the police => cultural revolution => distortion of history => keep schools closed => mail-in voting => voter fraud => global warming => January 6 => FBI raided Trump’s home, etc. (*Sic*). The country is in deep chaos. Then, what public policies can be used, here? The country, the government, its institutions, its justice system, its educational system, and anything else have to change, otherwise it cannot survive. Something is absolute wrong in today’s America, Europe, and in many other nations..

¹⁷⁸ A basic virtue for humans is “the fear of God” until they reach “the love for God”.

¹⁷⁹ «Πᾶν μέτρον ἄριστον.» (Moderation is everything).

¹⁸⁰ Of course, the first priority must be the citizens and the country and not the “allies”, as a U.S. President said to some representatives from the shoe industry, when they visit him in 1980s and asked to do something with the unfair trade and imports of shoes from developing countries. His response was, “the allies first”. These liberals are in power for half a century and the country has reached the point that it is today, “dead end”.



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