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HOW EFFECTIVE AND EFFICIENT ARE THE NEW “PROGRESSIVE” PUBLIC POLICIES?

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ABSTRACT

In this work we deal with the recent (1995-2024) Federal Reserve operated monetary policies, which were two unprecedented and distinct monetary policy regimes. They were, the inflation stabilization era (1995-2008) and the zero-interest rate era (December 15, 2008-December 15, 2015) and again (March 15, 2020-March 15, 2022), plus the current corrective period (March 16, 2022-present). These different monetary policy regimes provided various outcomes for interest rates, financial markets, inflation, cost of living, employment, international trade, and real economic growth. Then, a new “progressive” fiscal policy was imposed in 2021. Some of the important, but not so beneficial results are that monetary policy appears to be able to affect long-term real interest rates, risk, the prices of the financial assets (bubbles), inflation, and very little the real economic growth. The Fed’s interest rate target was set during these nine years at 0% to 0.25%. It has created a low level of long-term interest rates and the negative real rate of interest (cost of capital), due to double digit inflation and a negatively sloped yield curve. The evidence suggests that these public policies are not very effective; they have created a new and continued bubble in the financial market, perpetuated inflation, enormous deficits and debts, a redistribution of wealth from risk-averse savers to banks and risk-taker speculators, and a huge social cost (bail-in and bail-out cost), an endless vicious cycle. This unfair and anti-social monetary policy has increased the risk (RP) to the risk-averse depositors by making the real rate of interest negative and the cost to taxpayers with the IOR and the IONRRP. The effects on growth and employment of both public policies (monetary and fiscal) were gradual, small, and questionable, due to exaggerated liquidity, outsourcing, unfair trade policies, the suspicious COVID-19 pandemic, liberalism, the obsession with the “environment”, the “war” against fossil energy, the enormous inflow of illegal immigrants, the new wrong ideologies, the control of human beings, the wars in Ukraine, Palestine and Lebanon, the division among the political parties and the unethical campaigns for the presidential elections, and other restrictions and “innovations”, which increased uncertainty, the cost of production and generated enormous deficits and debts.

KEYWORDS: Monetary Policy, Central Banks and Their Policies, Money and Interest Rates, Financial Markets and the Macro-economy, Model Evaluation and Testing, Social Welfare

I. INTRODUCTION New Monetary Policy

The conception of a monetary policy regime is somewhat vague and different from a fiscal policy. It is related to the state of the economy, to Fed's experience and its independence (as a private institution), and to the idea of a global and liberal monetary standard. Examples of monetary standards include the classical gold standard¹ that existed in most developed economies between 1880 and 1914, the modified gold exchange standard adopted in 1946 after the Bretton Woods agreement (1944), the paper money standard that evolved after the abandonment of the Bretton Woods agreement in 1971,² and the digital money that it is forced,³ lately. This paper examines two distinct U.S. policy regimes that were adopted to manage a paper and the semi-paper money standard. These regimes are defined by the different goals for policy and by the different procedures, the inflation stabilization (moderation) era, 1995-2008 (2% inflation target) and the zero-interest rate (ZIR, $0.00\% \leq i_{FF} \leq 0.25\%$) era, 2008-2015 (quantitative easing) and 2020-2022 (the suspicious COVID-19 pandemic), which were used to implement monetary policy decisions.⁴ Then, a new "corrective" era started in 2022 and continues up to now, but there are no positive results in the horizon, only clouds, darkness, conflicts, and uncertainty for the future.

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 (antisocial) instruments⁵ and it relies since October 1, 2008 on interest on reserves (*IOR*)⁶ and since September 17, 2014, on interest on overnight reverse repurchase (*ONRRP*),⁷ too.

The Fed with its new monetary policy that is using since October 1, 2008, it has as its administered rates,⁸ (1) interest on reserves (i_{IOR}) and later, (2) interest of overnight reverse repurchase (i_{ONRRP}),

¹ The bimetallic, gold and silver, standard was abolished on January 17, 1873, with the demonetization of American silver, which became known, as the "Crime of 1873". See, Goodson (2019, pp. 70-71).

² See, Kallianiotis (2019).

³ This digital money, digital ID, and digital global governing will be the beginning of the end of humans' freedoms. See, Daskalakis (2024).

⁴ See, Bindseil (2016), Gavin (2018), Bullard (2018), and Kallianiotis (2023).

⁵ 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>

⁶ See, [Federal Reserve Board - Interest on Reserve Balances](#)

⁷ See, [Federal Reserve Board - Overnight Reverse Repurchase Agreement Facility](#)

⁸ In December 2008, they were, $i_{IOR} = 0.25\%$, $i_{ONRRP} = 0.05\%$, $i_{FF}^{eff} = 0.12\%$, and $i_{DR} = 0.50\%$. On July 26, 2022 they were, $i_{IOR} = 2.40\%$, $i_{ONRRP} = 2.30\%$, $i_{FF}^{eff} = 2.33\%$, and $i_{DR} = 2.50\%$. On October 21, 2022, they were: $i_{IOR} =$

with which influences the federal funds rate (i_{FF}). The demand for reserves curve ($R^d = R_R + R_E$) turns flat between the new administered rates at point E_1 , Figure 1, which helps to keep the i_{FF} into the *FOMC*'s target range ($4.75\% \leq \bar{i}_{FF} \leq 5.00\%$), today.⁹ With these enormous “ample” reserves,¹⁰ 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 ($R^s = R^*$) 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 could invest in Treasury Bills ($i_{RF} = 5.25\%$),¹¹ by offering loans to banks ($i_{FF}^{eff} = 5.33\%$),¹² or by depositing to the Fed ($i_{IOR} = 5.40\%$).¹³ Banks prefer to deposit their money to the Fed because i_{IOR} is higher compared to the alternative S-T investments and it is

3.15%, $i_{ONRRP} = 3.05\%$, $i_{FF}^{eff} = 3.08\%$, and $i_{DR} = 3.25\%$. On November 7, 2022, the interest rates became: $i_{IOR} = 3.90\%$, $i_{ONRRP} = 3.80\%$, $i_{FF}^{eff} = 3.83\%$, and $i_{DR} = 4.00\%$. Since October 2023 up to September 18, 2024, they were: $i_{IOR} = 5.40\%$, $i_{ONRRP} = 5.30\%$, $i_{FF}^{eff} = 5.33\%$, and $i_{DR} = 5.50\%$. Now, they are: $i_{IOR} = 4.90\%$, $i_{ONRRP} = 4.80\%$, $i_{FF}^{eff} = 4.83\%$, and $i_{DR} = 5.00\%$. See, [Rates related to monetary policy | FRED Blog \(stlouisfed.org\)](https://fredblog.stlouisfed.org/2024/04/rates-related-to-monetary-policy/) and <https://fredblog.stlouisfed.org/2024/04/rates-related-to-monetary-policy/>; also, [Interest Rates, Discount Rate for United States \(INTDSRUSM193N\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://www.federalreserve.gov/monetarypolicy/reserve-balances.htm). See, “Interest on Reserve Balances”, <https://www.federalreserve.gov/monetarypolicy/reserve-balances.htm>. See also, “Effective Federal Funds Rate”, <https://fred.stlouisfed.org/categories/118> and [Overnight Reverse Repurchase Agreements Award Rate: Treasury Securities Sold by the Federal Reserve in the Temporary Open Market Operations | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/categories/118); also, [Discount Window Primary Credit Rate \(DPCREDIT\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/categories/118).

⁹ It was: $5.25\% \leq i_{FF} \leq 5.50\%$ until September 18, 2004 and then, it was reduced by 50 basis points. See, [Federal Funds Target Range - Upper Limit \(DFEDTARU\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/categories/118) and [Federal Funds Target Range - Lower Limit \(DFEDTARL\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/categories/118). In addition, see, [Overnight Reverse Repurchase Agreements Award Rate: Treasury Securities Sold by the Federal Reserve in the Temporary Open Market Operations | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/categories/118).

¹⁰ See, Reserves of Depository Institutions: Total (TOTRESNS) SSOWNLOAD. With December 2008, $R_T = \$820.9$ billion, they reached \$4,193.2 billion (September 2021), 31.6% p.a. growth; on April 23, 2024, they were \$3,543.1 billion, on August 27, 2024, they are \$3,302.2 billion; and lately, September 24, 2024, they are \$3,321.1 billion. Source: [Reserves of Depository Institutions: Total \(TOTRESNS\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/categories/118).

¹¹ The T-Bill rate in the secondary market was, $i_{RF} = 0.02\%$ on June 30, 2021 and became in one year $i_{RF} = 4.06\%$ (November 7, 2022). On December 1, 2023, it was: $i_{RF} = 5.27\%$, and on April 30, 2024, it was $i_{RF} = 5.25\%$. Now (October 1, 2024), it is $i_{RF} = 4.72\%$. See, <https://tradingeconomics.com/united-states/interest-rate> and https://ycharts.com/indicators/3_month_t_bill and <https://fred.stlouisfed.org/series/TB3MS>. See, also, [Interest Rate on Reserve Balances \(IORB\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/IORB).

In addition, see, [3 Month Treasury Bill Rate \(ycharts.com\)](https://ycharts.com/indicators/3_month_t_bill).

¹² See, [Effective Federal Funds Rate - FEDERAL RESERVE BANK of NEW YORK \(newyorkfed.org\)](https://www.newyorkfed.org/markets/reference-rates/effr).

¹³ See, [Interest Rate on Reserve Balances \(IORB\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/IORB).

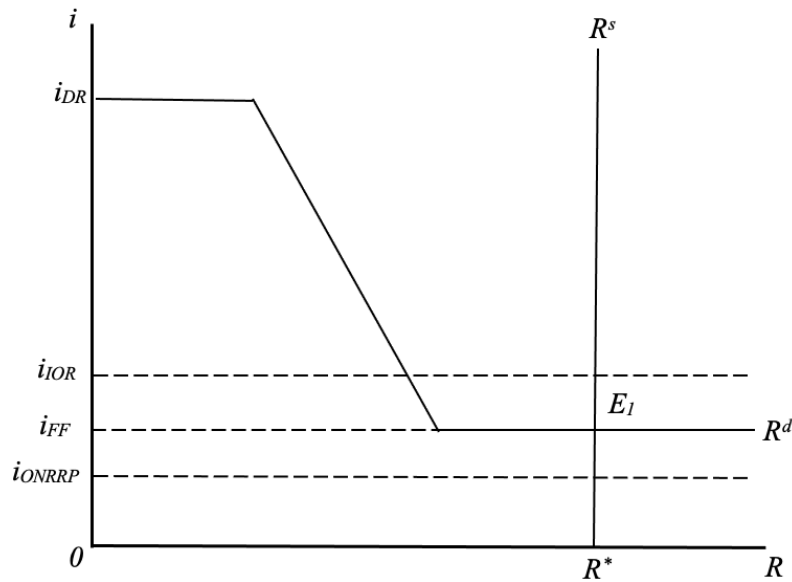


Figure 1: New Monetary Policy with Ample Reserves

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_1 = equilibrium ($R^s = R^d$).

also a safe overnight investment, but an unfair and anti-social bail-out cost for the taxpayers.¹⁴ (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} , as follows: [$EX D_{FF} \Rightarrow i_{FF} \uparrow$ and $EX S_{Reserves} \Rightarrow i_{IOR} \downarrow$]

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, $i_{IOR} = i_{IOER}$ and since March

¹⁴ See, Kallianiotis (2021c).

26, 2020, the Fed abandoned the required reserves ($R_R = 0$).¹⁵ This interest on required reserves ($IORR$) made Fed's policy effectiveness irrelevant for banks. The Fed shifted to an ample-reserves framework and reserve requirements (r_R) are not anymore, a tool of monetary policy. Thus, now, we have only IOR (i_{IOR}), which it is a new tool of monetary policy. The reserves are still remained "ample",¹⁶ as Figure 1 depicts.

Then, 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 had no workers because of the vaccine mandates (people were against this risky vaccination and they were laid-off from their jobs), a vast demand for imports (Graph 1),¹⁷ 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? Why the depositors had to earn zero nominal deposit rate and to pay a high real deposit rate (bail-in cost) to banks? Is this policy efficient, fair, ethical, or social? All this money supply¹⁸ and the government spending¹⁹ caused the enormous

¹⁵ 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, 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>

¹⁶ 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, on September 27, 2022, they became \$3,305.9 billion, on October 24, 2023, they were \$3,239.4 billion, and on April 23, 2024, they were \$3,543.1 billion (their highest level). Now (September 24, 2024), they are \$3,321.1 billion. <https://fred.stlouisfed.org/series/TOTRESNS>

¹⁷ 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/>

¹⁸ See, Money Supply, M2 (M2NS). With December 30, 2019, M2 = \$15,427.9 billion, with April 9, 2020 reached M2 = \$16,668.9 billion, with October 24, 2023, the M2 was \$20,699.3 billion, on November 28, 2023, it was M2 = \$20,671.1 billion, on April 23, 2024, M2 = \$20,981.9 billion, on August 27, 2024, it was M2 = \$20,987.2 billion, and on September 24, 2024, it became \$21,109.6 billion. [M2 \(M2NS\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/M2NS)

¹⁹ The U.S. government has spent the first nine month of 2024, $G = \$6.29$ trillion. See, [Federal Spending | U.S. Treasury Fiscal Data](#). See, also, Federal Debt: Total Public Debt (GFDEBTN). With May 6, 2024, the ND was \$34,714 billion, 122.25% of the GDP. With September 2, 2024, it was $ND = \$35,280$ billion or 123.21% of the GDP and on October 7,

double-digit inflation $\pi = 18\%$,²⁰ and an official²¹ $\pi = 9.1\%$, which is already, here and will stay for a long time, Figure 3 and CPI.²² How will we control the bubble²³ (Figure 2 and Table A6) in the financial market? The market manipulators and the insiders will start taking advantage of this situation, as already they are doing. All these artificial values have generated an unfair huge social cost and an uncertain future.

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} ²⁴ 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).²⁵ In 2014, the *FOMC* announced that it will use the Overnight Reverse Repurchase Agreement Facility (*ON RRP*)²⁶ 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).²⁷ When one nonbank financial

2024, it was \$35,684 billion or 124.32% of the GDP. [Federal Debt: Total Public Debt \(GFDEBTN\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

²⁰ See, SGS, http://www.shadowstats.com/alternate_data/inflation-charts

²¹ 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>. The inflation for some foods it is over 100%. For example, 3 liters of olive oil was priced \$28.99, now it is \$58.99. A packet of spaghetti was \$1 and its now \$2.50. It is obvious that the official numbers have become political numbers. The official (political) inflation with March 2024 was: $\pi = 3.5\%$ and with August 2024 fell to $\pi = 2.53\%$. [Current US Inflation Rates: 2000-2024 \(usinflationcalculator.com\)](https://www.usinflationcalculator.com/). See also, “What is the Current Inflation Rate?” [What is the Current U.S. Inflation Rate? \(inflationdata.com\)](https://inflationdata.com/)

²² See, Consumer Price Index for All Urban Consumers: All Items in U.S. City Average (CPIAUCSL). The official CPI was 204.813 (November 2008) and reached 312.23 (April 10, 2024), a growth of 52.446% or an average growth of 3.42% per annum. On August 14, 2024, it was 313.534 and on September 11, 2024, it became 314.121. [Consumer Price Index for All Urban Consumers: All Items in U.S. City Average \(CPIAUCSL\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

²³ See, Stockman (2022). On October 18, 2024, the DJIA reached 43,275.91, an amazing growth of 36.193% p.a.. See, [Dow Jones - DJIA - 100 Year Historical Chart | MacroTrends](#). Also, see, Table A6: Dow Jones - DJIA – Historical Annual Data.

²⁴ It was $i_{IOR} = 4.90\%$ with September 19, 2024. See, Board of Governors of the Federal Reserve System. “Interest on Required Reserve Balances and Excess Balances”. <https://www.federalreserve.gov/monetarypolicy/reqresbalances.htm>

²⁵ For December 2022, the bail-out was \$232.115 billion p.a.. On May 2024, taxpayers have a bail-out cost of \$208.503 billion per annum. With August 2024, the bail-out cost was \$193.117 billion p.a. See, Section VI below. See also, Kallianiotis (2021a).

²⁶ See, Board of Governors of the Federal Reserve System. “Overnight Reverse Repurchase Agreement Facility”. <https://www.federalreserve.gov/monetarypolicy/overnight-reverse-repurchase-agreements.htm>.

²⁷ 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.

institution uses the *ON RRP* facility, it deposits reserves at the Fed overnight receiving securities as collateral. The next day the transaction is “unwound”,²⁸ the Fed buys back the securities, and the institution earns the $i_{ON RRP}$, which the Fed sets, on the cash that the nonbanks deposited at the Fed; another bail out cost²⁹ discussed by Kallianiotis (2021a). This investment facility is a risk-free option and these institutions are willing to lend funds to that relatively low rate, the $i_{ON RRP}$, but not lower. For this reason, the $i_{ON RRP}$ acts as a reservation rate and institutions can use it to arbitrage other short-term rates. Then, 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.

II. The Exaggerated Liquidity and its Effects on the Economy

Between January 2008 (from \$880.754 billion) and the end of the financial crisis in May 2009, the Federal Reserve’s balance sheet increased by 150%, swelling to \$2.196 trillion.³⁰ Since then, the balance sheet has increased by an additional \$2.2 trillion and by July 2014, it had become \$4.4 trillion. It consisted of \$2.46 trillion in Treasuries, \$26.81 billion in agency debt, and \$1.76 trillion in mortgage-backed securities. Their value was on January 14, 2015: \$4.516 trillion and on August 14, 2019, it was \$3,337.347 billion. The total banks’ reserves ($R_R + R_E$) were \$200.608 billion and \$1,386.237 billion respectively, a total of \$1,586.845 billion. Lately, they are going up again. On November 8, 2023, they were \$7.909 trillion: \$4.873 trillion in government securities and \$2.463 trillion in mortgage-backed securities (plus other factors of \$0.573 trillion).³¹ On August 28, 2024, it was a small reduction, and they were \$7.144 trillion (\$4.399 trillion in government securities, \$2.308 trillion in mortgage-back securities, plus others of 0.437 trillion).³²

²⁸ Unwind = To close out a relatively complicated investment position.

²⁹ With May 2024, the ON RRP were \$439.806 billion and the $i_{ON RRP} = 5.30\%$. Then, their bail out cost is: \$23.310 billion per annum. On August 30, 2024, they were \$433.130 billion and $i_{ON RRP} = 5.30\%$, which make a bail-out cost of \$22.956 billion p.a. On October 7, 2024, they became \$322.948 billion and $i_{ON RRP} = 4.80\%$, that makes the bail-out cost of \$15.502 billion p.a. [FAQs: Reverse Repurchase Agreement Operations - FEDERAL RESERVE BANK of NEW YORK \(newyorkfed.org\)](https://www.federalreserve.gov/faqs/ReverseRepurchaseAgreementOperations-FEDERALRESERVEBANKofNEWYORK/newyorkfed.org)

³⁰ See, Assets: Total Assets (Less Eliminations from Consolidation): Wednesday Level (WALCL). Their highest value was on April 13, 2022, of \$8,965.487 billion; an increase by \$8,084.733 billion or 917.933% since 2008 or 65.567% per annum. Something is absolute wrong, here, with this enormous liquidity. The policy makers have to learn about MODERATION, SOCIAL INTEREST, and SOCIAL WELFARE. The total assets were, on December 7, 2023, \$7,737.385 billion and with May 2, 2024, they were \$7,362.474 billion. Then, they became \$7,046.925 billion (10/3/2024). [Assets: Total Assets \(Less Eliminations from Consolidation\): Wednesday Level \(WALCL\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/STLWALCL)

³¹ See, See, “Federal Reserve Balance Sheet: Factors Affecting Reserve Balances - H.4.1”, [Federal Reserve Balance Sheet: Factors Affecting Reserve Balances - H.4.1 - November 09, 2023](https://www.federalreserve.gov/h41/current/h41.htm)

³² With October 2024, the L-T assets (Notes, bonds, and MBS were \$6,000.756 billion) and the S-T (T-bills were only \$195.293 billion). This EX D for L-T securities $\Rightarrow P_{L-T} \uparrow \Rightarrow i_{L-T} \downarrow$ and we have a negative yield curve for a very long time ($i_{RF} = 4.71\% > i_{10YGB} = 3.83\%$). See, <https://www.federalreserve.gov/releases/h41/current/h41.htm>

Over four rounds of “quantitative easing” (QE) in 2008, 2010, 2012, and 2014, the Fed purchased a huge amount of assets such as U.S. Treasury debt and agency mortgage-backed securities and continued with the same policy until 2022. As the Fed was buying these assets, the banks that were selling them saw their excess reserve (R_E) balances to become enormous and the total monetary base was increasing. Actually, it continues going up until December 2021, where the total monetary base reached \$6,413.100 billion; a growth since 2008 by \$5,503.4 billion or 604.969% or 46.536% per annum.³³ With September 24, 2024, it was, $MB = \$5,670.2$ billion. This monetary policy cannot be efficient and socially necessary. As a result, excess reserves held by depository institutions reached \$2,699.968 billion by August 2014. To put that in perspective, in the pre-crisis years, by August 2008 they were \$1.876 billion; in December 2008 became \$767.319 billion; in February 2010, they were \$1,161.852 billion; in July 2011 became \$1,618.118; in August 2014, they reached \$2,699.968 billion; and then, they started to decline and were in May 2019: \$1,376.568 billion.³⁴ In July 2019, they were \$1,378.447 billion. In December 2019, the monetary base was \$3,382.800 billion, the currency in circulation was \$1,786.231 billion, the required reserves (R_R) were \$206.586 billion, and the excess reserves (R_E) were \$1,388.636 billion, also some other reserves of \$1.347 billion and continue to grow.³⁵ The money supply (M2) has surpassed all its limits, from \$7,502.6 billion (January 2008) reached \$21,859.7 billion (March 2022), a growth by \$14,357.1 billion or 191.362% or 13.67% per annum; and the DJIA had reached 43,275.91 on October 18, 2024 from 6,547.05 on March 9, 2009, a

³³ See, St. Louis Monetary Base Total. The Monetary base was on September 10, 2008: \$874.83 billion; December 31, 2008: \$1,690.829 billion; February 24, 2010: \$2,183.734 billion; February 22, 2012: \$2,753.052 billion; September 17, 2014: \$4,149.829 billion; April 15, 2015: \$4,167.780 billion; on June 14, 2019: \$3,304.252 billion; on August 14, 2019: \$3,331.637 billion; on December 19, 2019 it was \$3,441.873 billion (reserves: \$1,649.453 billion and currency: \$1,792.420 billion); on October 24, 2023, MB was \$5,567.1 billion; on November 28, 2023 went up to \$5,601.3 billion. On May 4, 2024, it became \$5,883 billion, and on August 27, 2024, it came down to \$5,653.9 billion, but in September 24, 2024, it went up again to \$5,670.2 billion. See, <https://fred.stlouisfed.org/series/BOGMBASE/>. Also, [Monetary Base; Total \(BOGMBASE\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/BOGMBASE/). In addition, see, Monetary Base; Total (BOGMBASE) | FRED | St. Louis Fed (stlouisfed.org) Further, see, <https://fred.stlouisfed.org/series/BASE/> See, also, <https://research.stlouisfed.org/datatrends/usfd/page7.php> <https://www.federalreserve.gov/releases/h3/current/>

³⁴ See, Monetary Base; Excess Reserves of Depository Institutions (DISCONTINUED): With December 30, 2019, they continue to growth to $R_E = \$1,491.106$ billion and with August 2020 they were \$2,799.719 billion, where they were discontinued to keep statistics. <https://fred.stlouisfed.org/series/EXCSRESNS>

³⁵ See, Monetary Base; Currency in Circulation: With December 30, 2019, $C = \$1,796.397$ billion, with October 24, 2023, it had reached \$2,327.7 billion, on November 28, 2023, it was $C = \$2,324.9$ billion, with May 2024, it reached \$2,339.9 billion and now (August 29, 2024) it is \$2,348.375 billion. <https://fred.stlouisfed.org/series/MBCURRCIR> <https://fred.stlouisfed.org/series/BOGMBASE/>

See, Monetary Base; Required Reserves of Depository Institutions (DISCONTINUED).With December 30, 2019, $R_R = \$207.24$ billion and lately, $R_R = \$167.36$ billion (April 9, 2020). On March 26, 2020, they became zero ($R_R = 0$). <https://fred.stlouisfed.org/series/REQRESNS>

See, Reserves of Depository Institutions: Total (TOTRESNS) SLOWLOAD. Observation: March 2024: \$3,543.1(+ more). Updated: April 23, 2024. With December 2008, $R_T = \$820.9$ billion, it reached \$4,193.2 billion (September 2021), 31.6% p.a. growth, and with (April 23, 2024), they were \$3,543.1 billion; they were with August 29, 2024, of \$3,302.2 billion and on September 24, 2024, they went up to \$3,321.1 billion.

[Reserves of Depository Institutions: Total \(TOTRESNS\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/TOTRESNS/)

growth by 36,728.86 points or 560.999% or 36.193% p.a. (Figure 2). Is this 36.193% p.a. growth of the stock prices³⁶ due to high risk (RP) or due to excess liquidity (Fed's policy) and its low margin requirements ($r_m = 50\%$)?³⁷ We live in an artificial (fake) world; nothing is correct valued, and all the true social values have been abandoned, too. Does this bubble bode a new financial crisis? Yes; but the world's planners found another way to cause a deeper crisis, the more effective and suspicious coronavirus and the vaccine mandate. Then, inconsiderate government expenditures went up drastically since 2020,³⁸ raising together the national debt (Figure 4).³⁹ Unfortunately, the most inefficient institution in the country is the Federal government.⁴⁰ The unfair trade deficit is going up, too (Graph 1).⁴¹ Fed also went back to a new zero federal funds rate, on March 16, 2020, to cope with

³⁶ In 2019, the stock market (DJIA) must had grown by 9.886% p.a. ($= \bar{r}_{RF} + \overline{HRP} = 0.986\% + 8.9\%$). See, Ross, Westerfield, Jaffe, and Jordan (2022, p. 311). Then, on (9/4/2024), the growth of the DJIA must had been: $g_{DJIA} = 5.05\% + 8.9\% = 13.95\%$, and today (10/18/2024): $g_{DJIA} = 4.54\% + 8.9\% = 13.44\%$. But it is growing at over 36% p.a., which shows its artificial manipulation, its enormous risk, and its dangerous bubble.

³⁷ The margin requirements must be, $r_m = 100\%$. You must buy stocks only with the money that you have (cash accounts). This enormous demand for stocks, due to borrowing, 50% loans of the market value of your stocks, you have contributed to this huge bubble, which is a very risky artificial market price of stocks and their indexes. See, [SEC.gov | Margin: Borrowing Money to Pay for Stocks](#)

³⁸ See, Federal Government: Current Expenditures (FGEXPND). In October 2019, it was $G = \$4,796.274$ billion and in April 2020, it was $G = \$8,884.291$ billion. On April 25, 2024, it was $G = \$6,591.274$ billion, on August 29, 2024, it was $G = \$6,683.964$ billion, and on September 26, 2024, it was $G = \$6,864.587$ billion. This is a very inefficient, ineffective, and wasteful government.

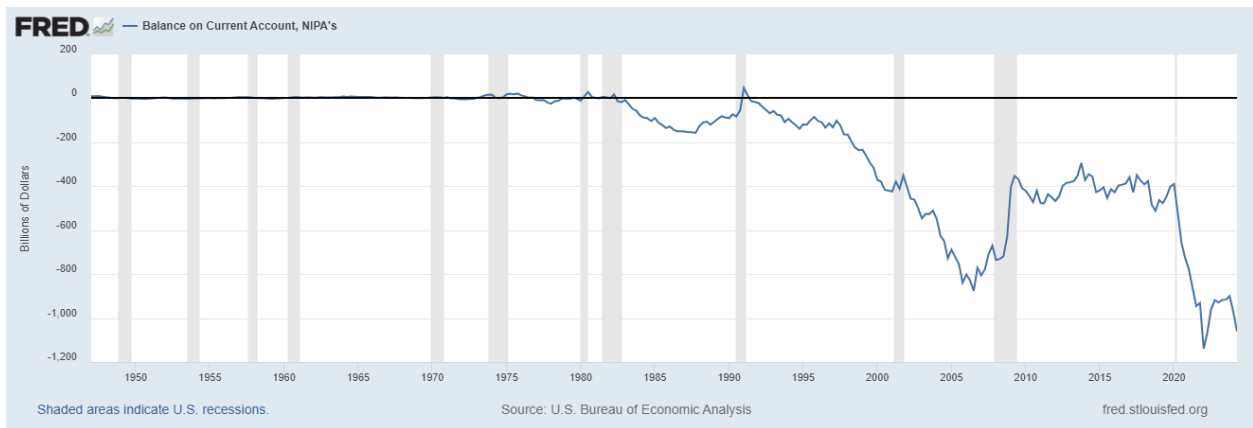
[Federal Government: Current Expenditures \(FGEXPND\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

³⁹ See, Federal Debt: Total Public Debt (GFDEBTN). Note: With May 6, 2024, the ND was \$34,714 billion, 122.25% of the GDP and with September 4, 2024, it was \$35,285.925 billion or 123.22% of the GDP. Now (10/8/2024), it is ND = \$35,686.3 billion or 124.32% of the GDP. [Federal Debt: Total Public Debt \(GFDEBTN\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

⁴⁰ The corruption, the control, and the ineffectiveness of all governments (the establishment, the deep swamp) are known since the French Revolution (by the Jacobins) in 1789. These government crises are global. There are a few governments that they are doing well, and the rest of the world is against them. As it has happened with Hungary's Prime Minister Viktor Orbán. "The EU wants answers from Hungary about work visas for Russia and Belarus". [The EU wants answers from Hungary about work visas for Russia and Belarus | AP News](#). Also, "EU ministers take a very public swipe at Hungary over a lack of respect for the bloc's values". [EU ministers take a very public swipe at Hungary over a lack of respect for the bloc's values \(msn.com\)](#)

⁴¹ Graph 1: Balance on Current Account, NIPA's (NETFI)

the new created economic crisis.⁴²



Note: With 2023: Q3, the CA = -\$820.286 billion, with 2023: Q4 became -\$794.265 billion, with 2024: Q2, it became -\$942.951 billion and with September 2024, it was -\$1,061.336 billion. NAFTA and China's join to WTO have deteriorated the U.S. Trade Account (Current Account). Then, these two actions were unfair policies for the U.S. economy.

Source: [Balance on Current Account, NIPA's \(NETFI\) | FRED | St. Louis Fed \(stlouisfed.org\)](#) and [The U.S. Trade Deficit: How Much Does It Matter? | Council on Foreign Relations \(cfr.org\)](#)

⁴² The new target federal funds rate was again back to: $0.00\% \leq \bar{i}_{FF} \leq 0.25\%$ and the effective: $i_{FF}^{eff} = 0.05\%$. Then, since July 26, 2023 and up to September 18, 2024, it is: $5.25\% \leq \bar{i}_{FF} \leq 5.50\%$ and the effective: $i_{FF}^{eff} = 5.33\%$. On September 19, 2024, the FOMC reduced the federal funds rate to: $4.75\% \leq \bar{i}_{FF} \leq 5.00\%$ and the effective: $i_{FF}^{eff} = 4.83\%$. See, [Fed Funds Target Rate History \(Historical\) \(fedprimerate.com\)](#) and <https://fred.stlouisfed.org/series/fedfunds> ; also, [Federal Funds Effective Rate \(DFF\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

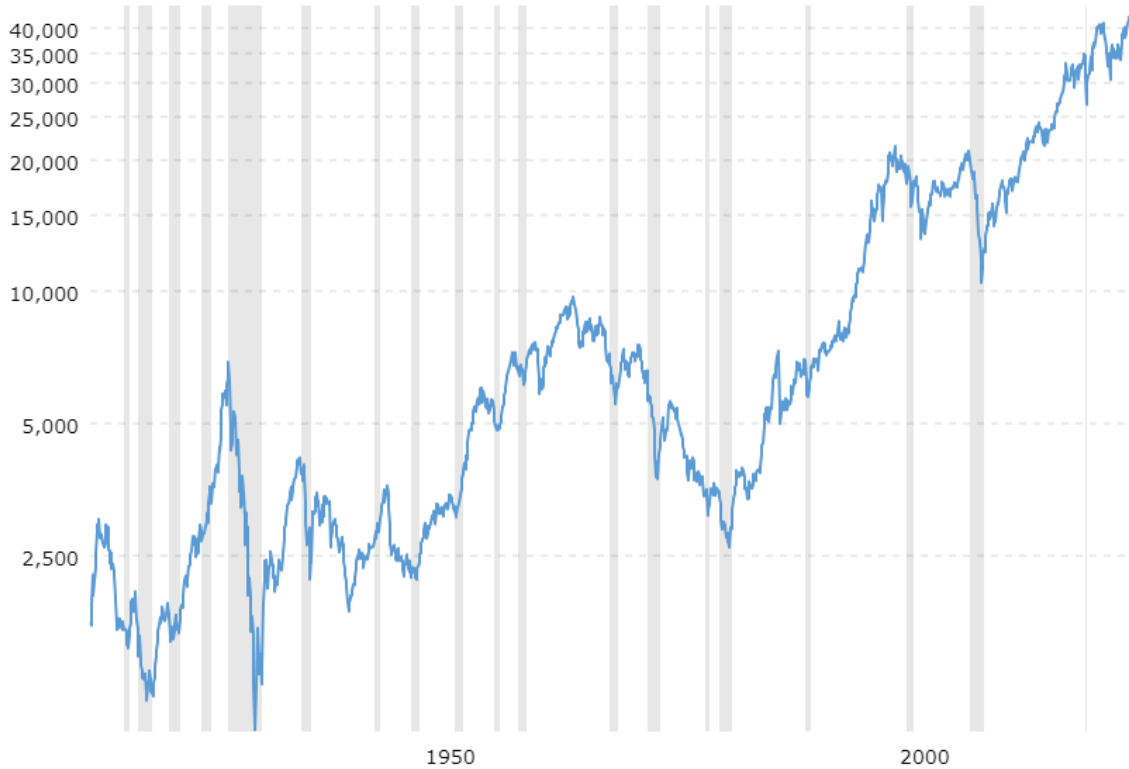


Figure 2: The U.S. Dow Jones Industrial Average

Note: USDJIA = U.S. Dow Jones Industrial Average. In 2009:03, the DJIA was 6,547.05 and on February 12, 2020 reached 29,551.42; a growth by 23,004.37 points or 351.37% (32.18% per annum). The pick point was on January 4, 2022 (DJIA = 36,799.65); a growth from March 9, 2009 by 30,252.6 points or 462.09% or 39.33 p.a. Then, a new pick on May 17, 2024 (DJIA = 40,003.59), which is a growth by 33,456.54 points or 511.017% or 34.068% p.a. since the trough of March 9, 2009. Further, it reached 40,842.79 on July 31, 2024 and then, the bubble started losing air and fell in a few days to 38,703.27 (August 5, 2024). The DJIA lost 2,139.52 points (or -5.24%). Lately (8/30/2024), it reached 41,563.08 and then, the bubble continues to grow, it became 42,352.75 on October 4, 2024, and 43,275.91 on October 18, 2024. The $\rho_{M2,ND} = 0.991$ and $ND \Rightarrow M2$, $\rho_{M2,DJIA} = 0.965$ and $M2 \Rightarrow DJIA$, $\rho_{M2,CPI} = 0.937$ and $M2 \Rightarrow CPI$; $\rho_{ND,CPI} = 0.900$ and $ND \Rightarrow CPI$, $\rho_{ND,DJIA} = 0.953$ and $ND \Rightarrow DJIA$, $\rho_{ND,M2} = 0.991$ and $ND \Rightarrow M2$, and $\rho_{DJIA,CPI} = 0.898$ and $DJIA \Rightarrow CPI$.

Source: [Dow Jones - DJIA - 100 Year Historical Chart | MacroTrends](#)

and [Dow Jones Industrial Average \(^DJI\) Stock Historical Prices & Data - Yahoo Finance](#), also, DAX 30 Index - Historical Annual Data, <https://www.macrotrends.net/2595/dax-30-index-germany-historical-chart-data>

Also, the average maturity of assets on the Fed's balance sheet rose as the FOMC rebalanced the portfolio, substituting long-term assets for short-term ones.⁴³ In October 2008 (ή άποφράς ήμέρα),⁴⁴ the Federal Reserve had begun to pay interest on reserves (IOR).⁴⁵ The IOR was set at the top of the federal funds target range and remained about 20 basis points above the discount rate on 3-month Treasury bills ($i_{IOR} = i_{RF} + 0.20\%$).⁴⁶ This was a factor that increased banks' willingness to hold a large stock of excess reserves. Interest rates paid on other short-term financial securities (for example, commercial paper and Treasury bills), often move up or down roughly in parallel with the funds rate.

⁴³ With 12/25/2019, they were: (1) Bills: \$164.167 billion; (2) Notes and Bonds: \$2,159.857 billion; (3) Mortgage-backed securities: \$1,420.886; and (4) Other assets: \$462.392 billion; Total: \$4,207.302 billion. With May 1, 2024, they became: (1) Bills: \$195.143 billion; (2) Notes and Bonds: \$3,874.914 billion; (3) Mortgage-backed securities: \$2,372.049; and (4) Other assets: \$901.275 billion; Total: \$7,343.381 billion. With September 4, 2024, they became: (1) Bills: \$195.293 billion; (2) Notes and Bonds: \$4,459.635 billion; (3) Mortgage-backed securities: \$2,299.798; and (4) Other assets: \$217.020 billion; Total: \$7,171.746 billion. See, <https://www.federalreserve.gov/releases/h41/current/h41.pdf>

When $D_{L-T} \uparrow \Rightarrow P_{L-T} \uparrow \Rightarrow i_{L-T} \downarrow$ and if $D_{S-T} \downarrow \Rightarrow P_{S-T} \downarrow \Rightarrow i_{S-T} \uparrow$. This is the reason that the Yield Curve is negatively sloped for a long time, which was very rare in the past.

⁴⁴ This was an ill-omened day for our economic history because of its immense negative effects on social welfare and its global effects, due to contagion (globalization, global control).

⁴⁵ Interest on reserves (IOR=IORR+IOER) is the rate at which the Federal Reserve Banks pay interest on idle reserve balances, which are balances held by depository institutions at their local Reserve Banks. One component of IOR was Interest on Required Reserves (IORR), which was the rate at which the Federal Reserve Banks were paying interest on required reserve balances (R_R). Paying interest on required reserves aims to eliminate the opportunity cost that depository institutions incur by not investing required reserves in interest-bearing assets; but all these interests are paid by the taxpayers. The $r_R = 0$ since March 26, 2020. The other component of IOR is Interest on Excess Reserves (IOER), which is the interest paid on those balances (R_E) that are above the level of reserves the depository institution were required to hold. Paying IOER increases the incentive for depository institutions to sell securities to the Fed, providing the Federal Reserve additional control over the effective federal funds rate (i_{FF}^{eff}) at the time that demand for loans is low. But, as it was mentioned, these IOR are paid by the poor taxpayers (bail-out cost). (Sic). See, also, Kallianiotis (2022).

⁴⁶ During the Zero Interest Rate Regime (2008:12-2015:11), on the average this i_{IOR} was: $\bar{i}_{IOR} = \bar{i}_{RF} + 0.20\% = 0.078\% + 0.20\% = 0.278\%$ [Kallianiotis (2020a, Table A1)]. This rate was on August 1, 2019, $i_{IOR} = 2.10\%$. From 7/27/2023 to 9/19/2024, the $i_{IOR} = 5.40\%$ ($= 5.20\% + 0.20\%$). Now (since September 19, 2024), it is $i_{IOR} = 4.90\%$ ($\cong 4.72\% + 0.20\%$). Interest on Reserve Balances, <https://www.federalreserve.gov/monetarypolicy/reserve-balances.htm>. Then, if banks were receiving interest ($2.10\% = 1.90\% + 0.20\%$) from the Fed, why to pay interest on deposits? They do not need more funds from depositors as long as the Fed provides this enormous liquidity (R^*). Banks kept a deposit rate closed to zero ($i_D = 0.05\%$) for 15 years, from December 2008 to June 2023, which was giving a negative real deposit rate ($r_D = -1.536\%$). In January 2020, $r_D = -2.25\%$. On October 2023, it was $r_D = -3.6\%$. In November 2023, with the official inflation it was $r_D = -2.1\%$ and with SGS, it was $r_D = -11.00\%$. This is another proof that the Fed has failed (or it has no interest) to maximize the depositors' interest income and consequently, their welfare. Fed is supplying these trillions of dollars reserves to banks and because there is no demand for investments, banks cannot offer loans, so they do not need all these excess reserves. Thus, the Fed offers to banks a high interest rate to avoid the opposition of the banks against this QE policy. (Sic). See, Kallianiotis (2020b). Depositors were paying interest, instead of receiving, on their bank accounts ($r_D < 0$). (Sic). These are true anti-social and unethical policies. The Fed is working for the banks and not for the citizens of the country.

Yields on long-term assets (i. e., corporate bonds and Treasury notes), are determined in part by expectations for the fed funds rate in the future. These enormous federal funds cannot be absorbed by banks because there is no sufficient demand for investments⁴⁷ and for this reason, they cause only bubbles in the financial market and preparing the environment for the 2nd global financial crisis of the 21st century (enormous liquidity, which is offered to financial investors by using margin accounts with $r_m = 50\%$) and keeping the deposit rate closed to zero. The QE programs flooded the banking system with liquidity and made it less necessary for banks to borrow in the federal funds market or to supply deposit accounts.⁴⁸ Therefore, this policy is not only inefficient and ineffective, but bad (risky and unfair) for depositors, for taxpayers, and for the real economy (for our financial system, too, and inflationary for everyone).⁴⁹

Meanwhile, domestic institutions have been charging fees to discourage large investors from making large deposits with them. As it was mentioned above, the deposit rate on small deposits was closed to zero since 2008, which makes the real deposit rate negative (depositors are paying the banks to keep their deposits). Thus, risk-averse depositors have been forced to avoid depositing their money to banks

⁴⁷ See, U.S. Gross Private Domestic Investment (billions of dollars, SA). In 2007: Q2, it was $I = \$2,697.217$ billion; in 2009: Q3, $I = \$1,841.416$ billion and until 2013 it was below the 2007 level. In 2019: Q3, $I = \$3,744.607$ billion, in 2019: Q4, $I = \$3,698.273$ billion, on October 26, 2023, it was $I = \$4,899.337$ billion, on 2024: Q1, it was $I = \$5,006.854$ billion, and on 2024: Q2, it was $I = \$5,144.229$ billion. <https://fred.stlouisfed.org/series/GPDI>

The demand for investments depends on the demand for goods by the Americans and their demand depends on their income and employment, which depend on domestic production. With the outsourcing (“the allies first”), this production has gone abroad, and the income of Americans has fallen, and unemployment is very high. “The number of immigrants working over this period is up by 2.9 million, while 183,000 fewer US-born Americans are working.” See, *Job gains are going to immigrants, and keeping young US-born men out of the workforce*. [Job gains are going to immigrants, and keeping young US-born men out of the workforce \(msn.com\)](https://www.msn.com). The domestic aggregate demand can increase only if manufacturing and agricultural production and jobs will come back to the country. Then, we need, here, a fiscal and a trade policy to improve these conditions. Monetary policy does not work by itself. The liberal central bank and the extreme liberal current administration are in favor of only liberal agenda for the country: Russia => Racism => Recession => Revenge (against the country) => Reproach (climate) => Refer to (impeachment) => Restraint (globalization) => Coronavirus => Vaccine mandate => Save the environment => liberal indoctrination in education => censorship => misinformation and disinformation => open borders => digital money => digital ID => citizens’ control => wars => financing the wars => woke and DEI ideologies. The establishment allowed for 30 years (since 1994) an unfair trade with the emerging markets and the country (the entire western economies) is suffering. The fake news is exposing the lies in the tariff fight with China and affects negatively the financial market. (*Fox News*, August 23, 2019). See, ‘Η Απάτη του AAUP, we’re releasing [a new statement titled Diversity, Equity, and Inclusion Criteria for Faculty Evaluation](https://www.aaup.edu). The demand for bank loans has declined. Commercial and Industrial Loans, All Commercial Banks: With 2023: Q3, loans fell by -1.0% p.a., with 2024: Q1, they fell by -1.7%. With 2024: Q2, they went up by +0.4%. <https://fred.stlouisfed.org/series/CILACBQ158SBOG>

⁴⁸ Banks supply deposits (deposit accounts) and depositors are demanding deposit accounts. Deposits are supply-determined (a downward negatively sloped supply curve) by the banks. See, Hadjimichalakis (1982, p.3).

⁴⁹ See, Consumer Price Index for All Urban Consumers: All Items in U.S. City Average (CPIAUCSL). The official CPI was 204.813 (November 2008) and reached 314.121 (September 11, 2024), a growth of 53.37% or an average growth of 3.34% per annum. [Consumer Price Index for All Urban Consumers: All Items in U.S. City Average \(CPIAUCSL\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/CPIAUCSL)

and to buy risky financial assets ($RP_{DJIA} = \bar{g}_{DJIA} - \bar{R}_{RF} = 39.33\% - 0.799\% = 38.531\%$).⁵⁰ These changes in private (non-public) Fed's monetary policy overturn and invalidate its ultimate objective, which is the prevention of financial crises and the improvement of social welfare.

III. Testing the Effectiveness and Efficiency of the New Monetary Policy

We can use OLS regression equations to test the effectiveness of the instruments of monetary policy (i_{FF}^{eff} , mb , and m^s) on the goal variables (p , u , $rgdp$, i_{10YTB} , $djia$, and ta) by taking them one by one as dependent variables and the remaining of them as lagged independent, too. This will be as a test of interdependence of the objective variables and their effect and efficiency of the policy tools.

$$djia_t = \alpha_0 + \alpha_1 djia_{t-1} + \alpha_2 rgdp_{t-1} + \alpha_3 i_{10YTB_{t-1}} + \alpha_4 p_{t-1} + \alpha_5 u_{t-1} + \alpha_6 ta_{t-1} + \alpha_7 i_{FF_t}^{eff} + \alpha_8 mb_t + \alpha_9 m_t + \varepsilon_t \quad (1)$$

$$rgdp_t = \beta_0 + \beta_1 djia_{t-1} + \beta_2 rgdp_{t-1} + \beta_3 i_{10YTB_{t-1}} + \beta_4 p_{t-1} + \beta_5 u_{t-1} + \beta_6 ta_{t-1} + \beta_7 i_{FF_t}^{eff} + \beta_8 mb_t + \beta_9 m_t + \varepsilon_t \quad (2)$$

$$i_{10YTB_t} = \gamma_0 + \gamma_1 djia_{t-1} + \gamma_2 rgdp_{t-1} + \gamma_3 i_{10YTB_{t-1}} + \gamma_4 p_{t-1} + \gamma_5 u_{t-1} + \gamma_6 ta_{t-1} + \gamma_7 i_{FF_t}^{eff} + \gamma_8 mb_t + \gamma_9 m_t + \varepsilon_t \quad (3)$$

$$p_t = \delta_0 + \delta_1 djia_{t-1} + \delta_2 rgdp_{t-1} + \delta_3 i_{10YTB_{t-1}} + \delta_4 p_{t-1} + \delta_5 u_{t-1} + \delta_6 ta_{t-1} + \delta_7 i_{FF_t}^{eff} + \delta_8 mb_t + \delta_9 m_t + \varepsilon_t \quad (4)$$

$$u_t = \lambda_0 + \lambda_1 djia_{t-1} + \lambda_2 rgdp_{t-1} + \lambda_3 i_{10YTB_{t-1}} + \lambda_4 p_{t-1} + \lambda_5 u_{t-1} + \lambda_6 ta_{t-1} + \lambda_7 i_{FF_t}^{eff} + \lambda_8 mb_t + \lambda_9 m_t + \varepsilon_t \quad (5)$$

$$ta_t = \mu_0 + \mu_1 djia_{t-1} + \mu_2 rgdp_{t-1} + \mu_3 i_{10YTB_{t-1}} + \mu_4 p_{t-1} + \mu_5 u_{t-1} + \mu_6 ta_{t-1} + \mu_7 i_{FF_t}^{eff} + \mu_8 mb_t + \mu_9 m_t + \varepsilon_t \quad (6)$$

We test the effectiveness and efficiency of monetary variables (instruments) before the global financial crisis, inflation stabilization era (1995:01-2008:11) and then, during the new monetary policy regime (2008:12-now) on the objective macro-variables. The empirical results of the OLS equations appear in Tables A1 and A2.

IV. Testing of the New Public (Monetary and Fiscal) Policies

Different public (monetary, fiscal, and trade) policies play critical roles in developing sustainable economic stability (in financial markets and in the real sector) in the country, which their effectiveness and efficiency can create an environment of balance and symmetry for faster economic growth and larger social welfare for its citizens. Monetary and fiscal policies are the fundamental components for promoting sustainable growth in the economy. Of course, trade policy cannot be ignored because it affects the domestic economy, too. The successful functioning of an economy depends on the coordinated activities of monetary and fiscal policies and the absence of this coordination leads to a poor overall economic performance. Lately, since 2009, we had an enormous liquidity, from the Fed

⁵⁰ These are the average rates from 2008:12 to 2023:09. This is an indication that our public policies have made our financial market very risky. The average $HRP = 8.9\%$ and the recent one was the unacceptable, $RP_{DJIA} = 38.531\%$. (Sic).

and since 2021, a huge spending spree by the liberal government financing wars and other strange investments. These new policies are conducted by two separate authorities (central bank and government), they are mutually dependent, but both inefficient and ineffective, and therefore, their accomplishment is consistent by contributing to high inflation and bubble in the financial markets, and many other impediments; thus, causing high social cost, Figures 2 and 3. There was no harmonized monetary and fiscal policy and we did not avoid inconsistencies and we cannot prevent crises.

Fiscal policy deals with the public expenditures and revenues and both were increasing by the liberal Biden's administration (Bidenomics).⁵¹ Pragmatic and effective fiscal stance promotes economic growth without inflation pressure, low levels of fiscal deficit and public debt,⁵² narrow down budget imbalances in situations of high fiscal deficit and public debt. But what we see the last years is exactly the opposite. The fiscal policy measures should be taken by influencing aggregate demand and supply, attempting to create better employment conditions and acceptable inflation level, leading the policy of steady trade balance, and supporting sustainable economic growth. Monetary Policy, which is the main subject, here, deals with the interest rate and the control of money supply by the central bank. It should be mostly focused on achieving stability of prices through targeting inflation rates, maximum employment, moderate L-T interest rate, financial market stability, growth of the GDP, and an exchange rate leading towards positive trade account balance. We want to test the comparative efficiency and effectiveness of the new public policies (monetary and fiscal policy), here.

To test the effectiveness of the monetary and fiscal policy simultaneously during the two regimes (Old from 1995 to 2008 and New from 2009 to present), a VAR model is constructed. We use a vector autoregression (VAR) model for the interrelated objective variables of the monetary and fiscal policy ($djia_t$, $rgdp_t$, i_{10YTB_t} , p_t , u_t , and ta_t)⁵³ as endogenous variables. Also, they are used as a function

⁵¹ "But what Joe Biden has done to our once great nation is **DISGUSTING: #1 OPEN BORDERS, #2 MIGRANT CRIME, #3 RECORD LEVEL INFLATION, #4 ELECTION INTERFERENCE, #5 CENSORSHIP AND INDOCTRINATION, #6 DEEP STATE CORRUPTION, #7 DESTRUCTION OF AMERICA.**" This is the view of the other party about this current administration. [TRUMP'S ACCOMPLISHMENTS VERSUS BIDEN'S ACCOMPLISHMENTS – Citizen Tom](#) . We hope that the country will not experience the Kamalanomics, which foreseen disastrous.

⁵² The Treasury secretary, Janet Yellen, declares, as an "expert" on these matters, that "debts and deficits do not matter". See, "Why Janet Yellen Doesn't Lose Sleep Over U.S. Borrowing That Alarms Most Americans", [Why Janet Yellen Doesn't Lose Sleep Over U.S. Borrowing | Time](#). See also, "U.S. National Debt by Year", [U.S. National Debt by Year \(investopedia.com\)](#). In addition, see, "US Debt by President: By Dollar and Percentage", [US Debt by President: Dollar and Percentage \(thebalancemoney.com\)](#). And as an atheist, she said: "Roe v. Wade and access to reproductive health care, including abortion, helped lead to increased labor force participation," Yellen said. See, "Abortion is an economic issue, argues Treasury Secretary Janet Yellen", [Treasury Secretary Janet Yellen: Abortion improves women's outcomes \(usatoday.com\)](#). See also, "Yellen: Banning abortion would be 'very damaging' to U.S. economy", [Yellen: Banning abortion would be 'very damaging' to U.S. economy - POLITICO](#) . With these people as public policy makers, we cannot expect any better results, than the current extremely questionable effectiveness and efficiency of their new policies. They are the «Παρ' ἀξίαν εὐτυχοῦντες.»

⁵³ Which are: ln of DJIA, ln of RGDP, yield on 10YTB, ln of CPI, USU rate, and ln of TA.

with their lagged values for all these endogenous variables in the system plus the monetary policy instruments (i_{FF}^{eff} , mb_t , and m_t) and the fiscal policy tools (t_t and g_t) as exogenous variables. The mathematical representation is as follows:

$$\begin{aligned}
 djia_t &= \alpha_{11}djia_{t-j} + \beta_{12}rgdp_{t-j} + \gamma_{13}i_{10YTB_{t-j}} + \delta_{14}p_{t-j} + \zeta_{15}u_{t-j} + \eta_{16}ta_{t-j} + c_o \\
 &\quad + \theta_{11}i_{FF_t}^{eff} + \kappa_{12}mb_t + \lambda_{13}m_t + \mu_{14}t_t + \xi_{15}g_t + \varepsilon_{1t} \\
 rgdp_t &= \alpha_{21}djia_{t-j} + \beta_{22}rgdp_{t-j} + \gamma_{23}i_{10YTB_{t-j}} + \delta_{24}p_{t-j} + \zeta_{25}u_{t-j} + \eta_{26}ta_{t-j} + c_o \\
 &\quad + \theta_{21}i_{FF_t}^{eff} + \kappa_{22}mb_t + \lambda_{23}m_t + \mu_{24}t_t + \xi_{25}g_t + \varepsilon_{2t} \\
 i_{10YTB_t} &= \alpha_{31}djia_{t-j} + \beta_{32}rgdp_{t-j} + \gamma_{33}i_{10YTB_{t-j}} + \delta_{34}p_{t-j} + \zeta_{35}u_{t-j} + \eta_{36}ta_{t-j} + c_o \\
 &\quad + \theta_{31}i_{FF_t}^{eff} + \kappa_{32}mb_t + \lambda_{33}m_t + \mu_{34}t_t + \xi_{35}g_t + \varepsilon_{3t} \\
 p_t &= \alpha_{41}djia_{t-j} + \beta_{42}rgdp_{t-j} + \gamma_{43}i_{10YTB_{t-j}} + \delta_{44}p_{t-j} + \zeta_{45}u_{t-j} + \eta_{46}ta_{t-j} + c_o \\
 &\quad + \theta_{41}i_{FF_t}^{eff} + \kappa_{42}mb_t + \lambda_{43}m_t + \mu_{44}t_t + \xi_{45}g_t + \varepsilon_{4t} \\
 u_t &= \alpha_{51}djia_{t-j} + \beta_{52}rgdp_{t-j} + \gamma_{53}i_{10YTB_{t-j}} + \delta_{54}p_{t-j} + \zeta_{55}u_{t-j} + \eta_{56}ta_{t-j} + c_o \\
 &\quad + \theta_{51}i_{FF_t}^{eff} + \kappa_{52}mb_t + \lambda_{53}m_t + \mu_{54}t_t + \xi_{55}g_t + \varepsilon_{5t} \\
 ta_t &= \alpha_{61}djia_{t-j} + \beta_{62}rgdp_{t-j} + \gamma_{63}i_{10YTB_{t-j}} + \delta_{64}p_{t-j} + \zeta_{65}u_{t-j} + \eta_{66}ta_{t-j} + c_o \\
 &\quad + \theta_{61}i_{FF_t}^{eff} + \kappa_{62}mb_t + \lambda_{63}m_t + \mu_{64}t_t + \xi_{65}g_t + \varepsilon_{5t}
 \end{aligned} \tag{7}$$

The evaluation and testing of the VAR model, eq. (7), are shown in Tables A3 (from 1995:01 to 2008:11) and A4 (from 2008:12 to 2023:12) in the Appendix. Also, measures of correlations and causality tests are applied between the instruments and the objective variables, Table A5.

V. Empirical Results

Table A1 shows the OLS estimations (eqs. 1-6) of the Old Regime (1995:01 – 2008:11). The i_{FF} had significant effect on u_t and ta_t . The mb_t had significant effects on $rgdp_t$, on p_t (inflation), u_t , and ta_t . The m_t^s had significant effects on p_t (inflation) and u_t . Table A2 continues with the OLS estimations during the New Regime (2008:12 – 2024:03). The i_{FF} has significant effects on $rgdp_t$, on u_t , and on ta_t . The mb_t has significant effects on ta_t ; and the m_t^s has significant effect on $djia_t$, on $rgdp_t$, and on i_{10YTB_t} .

Now, the empirical results of the VAR, eq. (7), for the Old Regime (1995:01-2008:11) are presented in Table A3. The i_{FF} had significant effect on u_t . The mb_t had significant effects on $djia_t$ (bubble), on $rgdp_t$, on p_t (inflation), and on u_t . The m_t^s had significant effect on u_t . The t_t had significant

effects on $djia_t$ (bubble), on $rgdp_t$, and on u_t . The g_t had significant effects on $rgdp_t$, on i_{10YTB} , on p_t (inflation), and on u_t . Thus, the monetary and fiscal policy tools were not very effective on our ultimate objective variables because their coefficients are insignificant or with wrong signs (ineffective and inefficient). (1) The financial market (LUSDJIA) is affected significantly (at the 10% level) by the monetary base (LUSMB), but it has a wrong sign (-). It is affected significantly (at the 5% level) by the government taxes (LUSGCTR). (2) The real income (LUSRGDP2012) is affected (at 10% level) by the monetary base (LUSMB), but it has wrong sign. It is also affected by the government taxes (at the 10% level), but it has wrong sign (+). It is also affected by the government spending (LUSGCEGI) significantly (at the 1% level). (3) The L-T interest rate (US10YTB) is not affected at all by the monetary policy instruments. It is affected significantly (at 5% level) by the government spending (crowding out effect). (4) The price level (LUSCPI) is affected significantly (at 1% level) by the monetary base, but it has wrong sign (-). It is affected significantly (at 1% level) by the government spending, which causes inflation. (5) The unemployment rate (USU) is affected significantly (at 5% level) by the federal funds rate, but it has wrong sign (-). It is affected significantly (at 5% level) by the monetary base, but it has wrong sign (+) and also by the money supply (LUSM2) significantly (at 1% level), but it has wrong sign (+), too. It is affected significantly (at 5% level) by taxes, but it has wrong sign (-). Lastly, it is affected significantly (at 10% level) by government spending (g); an increase in (g) reduces unemployment (u). (6) The international trade (current account, LUSCA) is not affected at all by monetary or fiscal policy. It needs a trade policy tool (dollar devaluation, tariffs, import taxes, quota, export subsidies, etc.).⁵⁴

In addition, the new regime (2008:12 to 2023:12) is tested the same way, with a VAR, as the previous one and the results appeared in Table A4. The i_{FF} has significant effects on $rgdp_t$, on u_t , and on ta_t . The mb_t has significant effect on u_t . The m_t^s has a significant effect on $djia_t$ (bubble), on $rgdp_t$, and on u_t . The t_t has significant effects on $rgdp_t$, on u_t , and on ta_t . The g_t has significant effects on i_{10YTB} , and on u_t . Thus, the new public policy tools have a small effect on the ultimate objective variables. (1) The financial market (LUSDJIA) is affected significantly by the money supply (LUSM2) (at the 1% level). (2) The U.S. income (LUSGDP) is significantly affected (at 1% level) by the federal funds rate (USFFR), but it has a wrong sign (+). An increase in federal funds rate is increasing production. Also, it is affected significant (at 1% level) by money supply (LUSM2) and taxes (LUSGCTR) but it has wrong sign (+). (3) The L-T interest rate (US10YTB) is not affected by any monetary policy tool, only by g_t (at 10% level) and it has wrong sign. (4) The price level (LUSCPI) is a big surprise; it is not affected by any policy instrument.⁵⁵ (5) The unemployment (USU)

⁵⁴ The U.S. trade policy is an anti-American one. Actually, all the U.S. foreign policies are anti-American. See, Mearsheimer and Walt (2007).

⁵⁵ The Fedflation (demand-side or demand-pull inflation) and the Bidenflation (supply-side or cost-push inflation) have destroyed the purchasing power of consumers. Richmond Fed President Thomas Barkin said he expects high rates to [slow the economy](#) further and cool inflation down to the 2% target, but so far there is no improvement. See,

is affected by federal funds (USFFR), but it has wrong sign (at 1% level); also, by monetary base (LUSMB) with wrong sign (at 1% level), by taxes (at 1% level) but wrong sign again, and by government spending (at 1% level). (6) The current account (LUSCA) is significantly affected by federal funds (at 1% level) and by the taxes (at 1% level).

Before 2008, the data show, Table A5, that the federal funds (i_{FF}) had no significant effect on any macro-variables, but there is causality with u , $rgdp$, and ta . The monetary base (mb) had significant effect (high correlation) on output ($rgdp$), negative on interest rate (i_{10YTB}), on inflation [$\rho = +0.965$ and causality, $mb \Rightarrow p$ (18.950^{***})], it causes u and i_{10YTB} (liquidity effect); also, negative effect on trade (ta), and increase on government spending (g) and taxes (t). The money supply (m^s) had similar effect, but no drastic effect on the financial market ($djia$). It causes p (inflation), u , $rgdp$, and i_{10YTB} . Government spending (g) had a high significant effect on inflation [$\rho = +0.997$ and $g \Rightarrow p$ (9.476^{***})]; it causes u , $rgdp$, and i_{10YTB} . Only taxes (t) were affecting the market ($djia$) [$\rho = +0.877$ but not causality]. Taxes (t) cause p (inflation) and u (unemployment). Also, government spending (g) causes mb and m^s .

With the new monetary policy, after 2008, the i_{FF}^{eff} causes p (inflation), u (unemployment), $rgdp$, and ta . The monetary base (mb) has a significant effect on the stock market ($djia$) [$\rho = +0.938$ but no causality]. The mb has affected prices (p) [$\rho = +0.963$ and no causality]; the mb causes u and $rgdp$. The money supply (m^s) has affected the market ($djia$) [$\rho = +0.902$ and $m^s \Rightarrow djia$ (3.030*)] and the price level (p) [$\rho = +0.975$ and no causality]; m^s causes u , $rgdp$, $djia$, and ta . The fiscal policy, government spending (g) has a high correlation with the market ($djia$) [$\rho = +0.867$ and $g \Rightarrow djia$ (2.974*)] and with inflation (p) [$\rho = +0.908$ and no causality]; g causes u and $djia$. Taxes (t) have a high correlation with the market ($djia$) [$\rho = +0.897$ and no causality]. Taxes (t) have a high correlation with prices (p) [$\rho = +0.919$ and no causality], but cause u and $djia$. Also, g causes i_{FF}^{eff} , so the monetary policy is accommodating the financing of budget deficit of the government. Then, the beginning of the problem is the government, as we see in Table A7, too.

VI. Policies, Politics, Vicious Cycles, and their Implications

The financial crisis started in August 2007, when French banks stopped buying U.S. mortgage-back securities because they considered them risky and with high market prices, due to low federal funds rate.⁵⁶ More than a year later (December 16, 2008), the Fed reacted with new monetary policy to deal with this financial crisis and with the introduction of new instruments that enacted to deal with its

Bloomberg <noreply@mail.bloombergbusiness.com>. See also, Historical Inflation Rates: 1914-2024, https://www.usinflationcalculator.com/inflation/historical-inflation-rates/#google_vignette

⁵⁶ It was below 3.00% from 2001 to 2005 and 1.00% from 2003 to 2005. See, http://www.fedprimerate.com/fedfundrate/federal_funds_rate_history.htm

consequences and led to great changes in the federal funds market. In general, four developments caused most of the change: (α') the Fed's balance sheet expanded in size,⁵⁷ (β') new banking regulations were enacted,⁵⁸ (γ') the Fed began paying interest to banks on funds they held in their reserve accounts at the Fed (IOR), interest on required and excess reserves, IOR&ER, Figure 1,⁵⁹ (δ') it started using new monetary policy instruments (tools),⁶⁰ (ϵ') zero reserve requirements, R_R (actually, reserve requirements ratio, $r_R = 0$),⁶¹ ($\sigma\tau'$) the use of overnight reverse repurchase agreement facility, ON RRP,⁶² and (ζ') the scorned and idle margin requirements tool (r_m).⁶³ Using these dramatized and complex tools (instruments), the Federal Reserve influences the demand for, and supply of balances that depository institutions hold at Federal Reserve Banks, which affect excessively the monetary base (MB) and the money supply (M^S).

Thus, the latest incompatible modern monetary and fiscal policies have caused serious problems to the U.S. economy. The U.S. national debt had surpassed 122% of GDP⁶⁴ and deficits had tended to be up to 11% during the latest financial crisis. On October 13, 2023, it was 124.09% of the GDP⁶⁵ and it is going up constantly. The chronic deficits come from incomparable American characteristics (its market-oriented economy), which in large part has been caused by policies of tax reductions, especially for the upper income groups and businesses since 1980s⁶⁶ and inconsiderable spending by

⁵⁷ See, Wolla (2019).

⁵⁸ See, Kallianiotis (2020b).

⁵⁹ "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, 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 Required Reserve Balances and Excess Balances", <https://www.federalreserve.gov/monetarypolicy/reqresbalances.htm>

⁶⁰ See, Kallianiotis (2017).

⁶¹ Since March 26, 2020, they are zero. See, Reserve Requirements [Federal Reserve Board - Reserve Requirements](#)

⁶² See, Overnight Reverse Repurchase Agreement Facility, <https://www.federalreserve.gov/monetarypolicy/overnight-reverse-repurchase-agreements.htm>

⁶³ The $r_m = 50\%$ since 1974. See, <https://www.frbsf.org/economic-research/publications/economic-letter/2000/march/margin-requirements-as-a-policy-tool/>. The effects of these tools and rules on stock markets are presented in Table A6.

⁶⁴ The U.S. national debt (8/24/2016) was \$19.450 trillion and the GDP \$16.575 trillion. With November 21, 2023, the $ND = \$33.744$ trillion (124.46% of the GDP), the budget deficit was \$1.742 trillion, and the $GDP = \$27.115$ trillion. On May 7, 2024, it had reached $ND = \$34.717$ trillion, on July 17, 2024, it was \$34.913 trillion, on September 11, 2024, it had reached \$35.367 trillion or 123.43% of the GDP, and became on October 10, 2024, \$35.692 trillion or 124.32% of the GDP. See, <https://www.usdebtclock.org/>. They have to finance the wars in Ukraine, in Israel, and in Lebanon, to support the illegal immigrants, and pursue their woke politics; these are the orders that they receive. (*Sic*). They (the dark powers) corrupt the pseudo-leaders first and then, they control them. See, Mearsheimer and Walt (2007).

⁶⁵ In Euro-zone, the national debts were from 9.7% (Estonia) to 176.9% (Greece) of the GDP, with an average of 85.2% for the fiscal year 2015. The budget deficits, for the same year, were from -1.2% (surplus, Luxembourg) to 7.2% (Greece) of the GDP. This was partly due to industry (banks) rescue plans (different bailouts), stimulus plans, and economic stabilizers (i.e., unemployment benefits, etc.). See, [World Debt Clocks \(usdebtclock.org\)](#)

⁶⁶ In U.S. businesses and wealthy people do not pay taxes. See, "19 of America's biggest companies paid little — or zero — income tax: 'The tax code is broken' ", [19 of America's biggest companies paid little — or zero — income](#)

the current government. Taxes are going up for

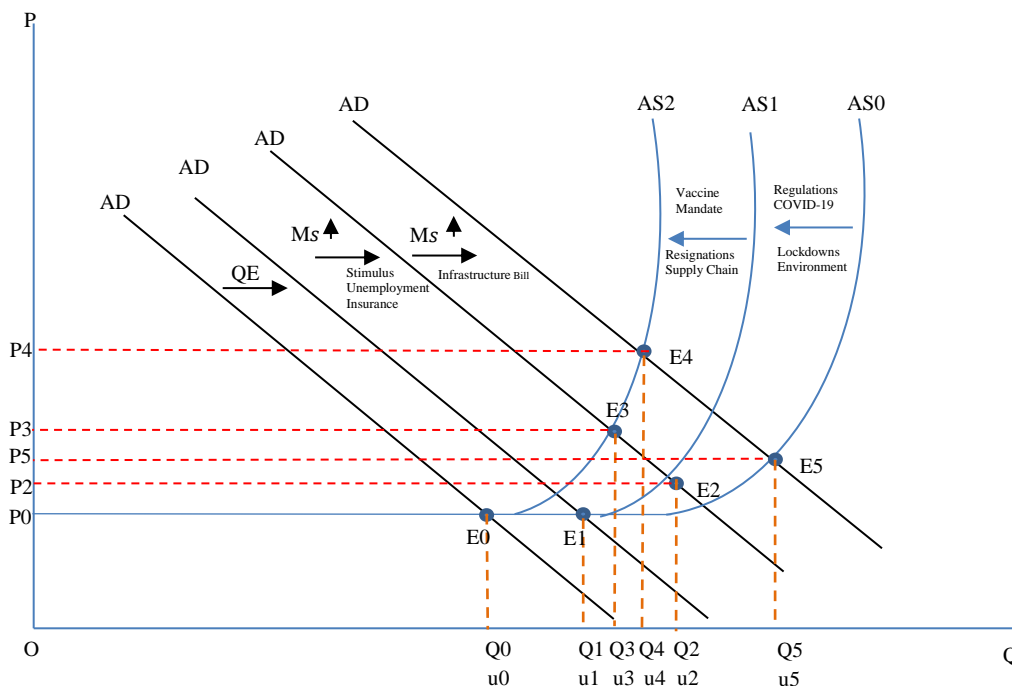


Figure 3: U.S. Current Aggregate Demand and Supply

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” by going against fossil fuels, 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

[tax: "The tax code is broken" - CBS News](#) . Also, “55 Corporations Paid \$0 in Federal Taxes on 2020 Profits”, [55 Corporations Paid \\$0 in Federal Taxes on 2020 Profits – ITEP](#) . Further, “30 Biggest Companies That Paid Zero Taxes”, [30 Biggest Companies That Paid Zero Taxes - TheStreet](#) . The textbooks call this tax-avoidance as “double taxation”. (Sic).

to E₅ (Fedflation), with the economy almost at full employment and moderate inflation at P₅. Then, moderation is the only solution, but our policy makers do not follow these historic traditions, values and virtues.

everyone with the new fiscal cliff deal on January 1, 2013 and with Biden's administration since 2021.⁶⁷ Also, U.S. has an increase in spending for Medicare (prescription drugs) and for all these wars that were and are going on (in Yugoslavia, Gulf, Iraq, Afghanistan, Syria, Levant, Libya, Ukraine, Israel, Lebanon, etc.).⁶⁸

America's problems, in the past, were relatively limited, due to good economic growth because of demographic expansion (massive legal immigration and relatively high fertility rates), due to its value system (the European values or more accurate, the Greek-Orthodox values),⁶⁹ its manufacturing and agriculture, and because of the dollar's preeminent role as the international reserve currency since 1944.⁷⁰ The new liberal pseudo-philosophies have destroyed the entire West, its culture, its values, its free speech, its freedom of expression, its education,⁷¹ its society, its freedoms in general, and its existence. The open borders policies in the U.S. and in EU with the millions of illegal (mostly, Asians, Africans, and Muslims) immigrants have changed the European identity of the West and have changed the name of the old Christendom to Eurostan; but the worst are the daily terrorist attacks and other crimes against the poor citizens.⁷² The same crises exist in U.S., too, since 2021 or since the presidency

⁶⁷ See, "Biden's FY 2023 Budget Would Result in \$4 Trillion of Gross Revenue Increases", [Biden Budget & Biden Tax Increases: Details & Analysis \(taxfoundation.org\)](https://www.taxfoundation.org/biden-budget-biden-tax-increases-details-analysis)

⁶⁸ The strange of all these wars is that only Christians have been affected. Unfortunately, there are moral perpetrators (dark powers) behind these jihadists and NATOists. The country that has not submitted to these mobs is the Orthodox Christian Russia. See, Mearsheimer and Walt (2007). Also, "Israel Strikes Southern Lebanon, Killing Mayor", https://greekreporter.com/2024/10/16/israel-strike-southern-lebanon-mayor-killed-middle-east-airstrikes/?utm_source=newsletter&utm_medium=email&utm_campaign=GR+News+Daily. The lack of leadership in the West since 1640 (with the British Revolution), is causing all these problems.

⁶⁹ Now, they try with all their means to destroy this unique and superior culture with their "cancel culture" ideology and their "woke" philosophy. See, 'Ιωάννης Ν. Καλλιανιώτης, «Η Έπιδιωκομένη Ακύρωση του Πολιτισμού μας (Cancel Culture)», *Μεταμορφώτης*, 21 Σεπτεμβρίου 2024, σσ. 1-4. <https://metemorfothis.blogspot.com/2024/09/cancel-culture.html>

⁷⁰ See, Kallianiotis (2014a and b). Lately, the dollar is facing a competition from the BRICS nations, due to the conflicts between West and East. See, "Great Power Conflict Fuels BRICS Expansion Push: Amid China-U.S. tensions, the impetus to build a bigger BRICS has grown stronger than ever" [Great Power Conflict Fuels BRICS Expansion Push – The Diplomat](https://www.diplomatist.com/2024/09/great-power-conflict-fuels-brics-expansion-push-the-diplomatist) .

BRICS is an [intergovernmental organization](https://en.wikipedia.org/wiki/BRICS) comprising [Brazil](https://en.wikipedia.org/wiki/Brazil), [Russia](https://en.wikipedia.org/wiki/Russia), [India](https://en.wikipedia.org/wiki/India), [China](https://en.wikipedia.org/wiki/China), [South Africa](https://en.wikipedia.org/wiki/South_Africa), [Egypt](https://en.wikipedia.org/wiki/Egypt), [Ethiopia](https://en.wikipedia.org/wiki/Ethiopia), and the [United Arab Emirates](https://en.wikipedia.org/wiki/United_Arab_Emirates). See, "Member states of BRICS", [Member states of BRICS - Wikipedia](https://en.wikipedia.org/wiki/Member_states_of_BRICS) . See also, BRICS, [BRICS portal \(infobrics.org\)](https://www.infobrics.org/) and [BRICS - Wikipedia](https://en.wikipedia.org/wiki/BRICS)

⁷¹ Colleges and Universities have abandoned excellence for DEI. (*Fox News*, 12/11/2023). The educational system in the West, if it is not yet dead, it is dying daily. See, also, "Η Απάτη του AAUP", [a new statement titled Diversity, Equity, and Inclusion Criteria for Faculty Evaluation](https://www.aaup.edu/press-releases/a-new-statement-titled-diversity-equity-and-inclusion-criteria-for-faculty-evaluation) .

⁷² On July 27, 2016, they attacked a Church and killed the priest during the service in France. See, http://www.nytimes.com/2016/07/29/world/europe/france-church-attack.html?_r=0 . Greece is in big trouble with all these

of Barack Hussein Obama (2009); reverse discrimination is the rule, today. If you are Christian and European in origin, you are a second-class U.S. citizen (due to the DEI). The Fed is co-responsible (jointly liable) by providing the dollars (Fed's liabilities) that are used by the Treasury to pay for the nation's deficits, due to its anti-American foreign policies⁷³ by buying the government debt instruments (U.S. Treasury liabilities)⁷⁴ and mortgage back securities (private debt liabilities).

These two new public policies contributed to the bubble of the stock market, Figure 2, to the high inflation, Figure 3, and to enormous debts and deficits (domestic and foreign), Figure 4 and Graph 1. We live in a fragile world, which is based on recycling of liabilities⁷⁵ and redistributing wealth and risk. Of course, the mal and manipulated investment in financial assets, the asset bubbles, the overleverage, the corruption, and the income inequality⁷⁶ are going to deteriorate further the social coherence of our heterogeneous nations (mixtures of people and "cultures") by creating poverty and satisfy Illuminati's objective, wars, suspicious viruses, famines, digital ID,⁷⁷ and reduction of population. The innovated unethical and anti-social bail-in and bail-out cost of the new monetary policy is enormous and has caused serious problems to taxpayers and depositors. Public policy makers have a lot of work to do in the near future; but will they have the power to pursue a humane social policy? So far, we see only their ineffective politics and their anti-social policies,⁷⁸ which feed the vicious cycle, Tables A6 and A7.

In the New Monetary Policy, a hidden corruption and an obvious deception can be measured as follows:

millions of illegal immigrants (Muslims) that EU has forced her to keep inside the country. Greece has a very bad experience of four hundred years occupation by the islamizide Mongols, the barbarians Ottoman Turks. Then, Muslims have no place in Greece because this country (the civilizer of the world) is based on Ancient Greek moral philosophy and Revelation. Greece is a unique country and must be respected by the Europeans, as it is by Chinese. Chinese are calling Greece as "Sila", that means, "The Other Great Civilization".

⁷³ See, Mearsheimer and Walt (2007).

⁷⁴ This excess supply of government securities will cause their prices to fall and their return (interest rate) to increase, Crowding out effect.

⁷⁵ From *capitalism*, we have, now, a new system, *debtism* and going to *globalism* (global dictatorship), which actually is already, here. See, Davidson (2015).

⁷⁶ We are in a new gilded age, worse than the one in 1870s. See, O'Donnell (2015).

⁷⁷ See, "Κέννα: Μέσω ιδρύματος Γκέιτς το μικροτσίπ στα νεογέννητα!", [Μετεμορφώθης: Κέννα: Μέσω ιδρύματος Γκέιτς το μικροτσίπ στα νεογέννητα!](https://metemorfothis.blogspot.com) (metemorfothis.blogspot.com)

⁷⁸ Things look very vague and dark for the U.S. presidential elections in November 2024.

With **December 2022**, the losses due to inflation (official $\pi = 8.38\%$ for the year 2022 and unofficial $\pi_{SGS} = 17\%$) and the decline of the stock markets⁷⁹ were enormous plus the social (bail out and bail in) cost, which was:

(Ia) The total reserves were: $R_T = 3,126.2$ billion.

The $i_{IOR} = i_{RF} + 0.20\% = 4.25\% + 0.20\% = 4.45\%$. But, it was $i_{IOR} = 4.40\%$.

Thus, Fed was paying total interest on these reserves (I_R) = \$3,126.2 billion x 4.40% = **\$137.553** billion per annum. This was a *bail out cost* that taxpayers are paying.

(Ib) The overnight reverse repurchases agreements: \$2,199.121 billion.

The $i_{ONRRP} = 4.30\%$.

Fed was paying an interest of: **\$94.562** billion p.a. (*bail out cost*)

(II) Total deposits (D_T) = \$17,763.3113 billion.⁸⁰

$i_D = 0.05\%$

Banks were paying an insignificant total interest on deposits (I_D) = \$17,763.3113 billion x 0.05% = **\$8.882** billion per annum.

(III) The official inflation rate is (π) = 8.38%; then, $r_D = i_D - \pi = 0.05\% - 8.38\% = -8.33\%$

Thus, depositors were paying to their banks (*bail in*): \$17,763.3113 x (-8.33%) = **\$1,479.684** billion p.a.

The SGS consumer inflation (1980-based)⁸¹ was $\pi = 17\%$.

The true *bail in* was: \$17,763.3113 x (-16.95%) = **\$3,010.881** billion p.a.

(IV) Banks could offer loans: $R_E + D_T = 3,126.2$ billion + \$17,763.3113 billion = \$20,889.511 billion.

Banks' interest rate was from 7.41% (mortgage rate) to 34.99% (credit cards with bad credit scores). The average $i_{CC} = 20.00\%$. Then, the average loan rate was: $\bar{i}_L = (7.41\% + 20.00\%): 2 = 13.705\%$.

Banks were having an interest revenue (R_L) of \$20,889.511 billion x 13.705% = **\$2,862.907** billion p.a.

Thus, with **December 2022**, the poor depositors were paying (bail in cost = **\$3,010.881** billion p.a. or the "official" bail in cost = **\$1,479.684** billion) and taxpayers (bail out cost = **\$232.115** billion p.a.).

⁷⁹ The DJIA was 36,799.65 on January 4, 2022 and fell to 32,001.25 on November 3, 2022; a decline by 4,798.4 points or -13.04%. Our purchasing power has declined by 17% and our investments have lost 13.04%. Then, our public policies are unethical and anti-social.

⁸⁰ See, Deposits, All Commercial Banks. <https://fred.stlouisfed.org/series/DPSACBW027SBOG> .

⁸¹ See, http://www.shadowstats.com/alternate_data/inflation-charts

This situation continues and it seems it will be permanent. With **May 2024**, the losses due to inflation (official $\pi = 3.4\%$ for April 2024 and unofficial $\pi_{SGS} = 12\%$) and the volatility of the stock markets continues plus the social (bail out and bail in) cost, which was:

(Ia) The total reserves were: $R_T = 3,429.5$ billion.

The $i_{IOR} = i_{RF} + 0.20\% = 5.25\% + 0.20\% = 5.45\%$. But it was $i_{IOR} = 5.40\%$.

Thus, Fed is paying total interest on these reserves (I_R) = $\$3,429.5$ billion x $5.40\% =$
\$185.193 billion per annum. This is a *bail out cost* that taxpayers are paying.

(Ib) The overnight reverse repurchases agreements: $\$439.806$ billion.

The $i_{ONRRP} = 5.30\%$.

Fed was paying an interest of: **\$23.310** billion p.a. (*bail out cost*)

(II) Total deposits (D_T) = $\$17,597.2332$ billion.⁸²

$i_D = 0.45\%$

Banks were paying an insignificant total interest on deposits (I_D) = $\$17,597.2332$ billion x $0.45\% =$
\$79.188 billion per annum.

(III) The official inflation rate is (π) = 3.4% ; then, $r_D = i_D - \pi = 0.45\% - 3.4\% = -2.95\%$

Thus, depositors were paying to their banks (*bail in*): $\$17,597.2332$ x $(-2.95\%) =$
\$519.118 billion.

The SGS consumer inflation (1980-based)⁸³ was $\pi = 12\%$.

The true *bail in* was: $\$17,597.2332$ x $(-11.55\%) =$
\$2,032.480 billion p.a.

(IV) Banks could offer loans: $R_E + D_T = \$3,429.5$ billion + $\$17,597.2332$ billion = $\$21,026.733$ billion.

Banks' interest rate was from 7.03% (mortgage rate) to 34.99% (credit cards with bad credit scores). The average $i_{CC} = 20.00\%$. Then, the average loan rate was: $\bar{i}_L = (7.03\% + 20.00\%): 2 =$
 13.515% .

Banks were having an interest revenue (R_I) of $\$21,026.733$ billion x $13.515\% =$
\$2,841.763 billion p.a.

Then, with **May 2024**, the poor depositors were paying (bail in cost = **\$2,032.480** billion p.a. or the "official" bail in cost = **\$519.118** billion) and taxpayers were paying (bail out cost = **\$208.503** billion p.a.), an anti-social and unethical monetary policy by the Fed, and at the same time it has created bubbles in the stock market and high inflation.⁸⁴

⁸² See, Deposits, All Commercial Banks. <https://fred.stlouisfed.org/series/DPSACBW027SBOG> .

⁸³ See, http://www.shadowstats.com/alternate_data/inflation-charts

⁸⁴ The U.S. prices will never come down to their previous levels, the only thing that could be, it is the growth of these prices. which can be reduced. Our real income and wealth have been lost forever. See the continues growth of the CPI.

The Fed's unethical and unfair monetary policy continues even, today. With **August 2024**, the losses due to inflation (official $\pi = 2.89\%$ for July 2024 and unofficial $\pi \cong 10\%$) and the volatility, by more than $\mp 1,000$ points, of the stock markets continues plus the social (bail out and bail in) cost, which was:

(Ia) The total reserves were: $R_T = 3,302.2$ billion.

The $i_{IOR} = i_{RF} + 0.20\% = 5.05\% + 0.20\% = 5.25\%$. But, it was $i_{IOR} = 5.40\%$.

Thus, Fed is paying total interest on these reserves (I_R) = $\$3,302.2$ billion x $5.40\% =$ **\$178.319** billion per annum. This is a *bail out cost* that current taxpayers are paying and future generations will continue.

(Ib) The overnight reverse repurchases agreements: $\$279.215$ billion.

The $i_{ONRRP} = 5.30\%$.

Fed pays an interest of: **\$14.798** billion p.a. (*bail out cost*)

(II) Total deposits (D_T) = $\$17,646.4329$ billion.

$i_D = 0.46\%$

Banks were paying an insignificant total interest on deposits (I_D) = $\$17,646.4329$ billion x $0.46\% =$ **\$81.174** billion per annum.

(III) The official inflation rate is (π) = 2.89% ; then, $r_D = i_D - \pi = 0.46\% - 2.89\% = -2.43\%$

Thus, depositors were paying to their banks (*bail in*): $\$17,646.4329$ x $(-2.43\%) =$ **\$428.808** billion.

The SGS consumer inflation (1980-based) was $\pi = 10\%$.

The true *bail in* was: $\$17,646.4329$ x $(-9.54\%) =$ **\$1,683.470** billion p.a.

(IV) Banks could offer loans: $R_E + D_T = \$3,302.2$ billion + $\$17,646.4329$ billion = $\$20,948.632$ billion.

Banks' interest rate was from 6.73% (mortgage rate) to 34.99% (credit cards with bad credit scores). The average $i_{CC} = 20.00\%$. Then, the average loan rate was: $i_L = (6.73\% + 20.00\%): 2 = 13.365\%$.

Banks were having an interest revenue (R_I) of $\$20,948.632$ billion x $13.365\% =$ **\$2,799.785** billion p.a.

Thus, with **August 2024**, the poor depositors were paying (bail in cost = **\$1,683.470** billion p.a. or the "official" bail in cost = **\$428.808** billion) and taxpayers were paying (bail out cost = **\$193.117** billion p.a.), a pure anti-social and unethical monetary policy by the "independent" from

[Consumer Price Index for All Urban Consumers: All Items in U.S. City Average \(CPIAUCNS\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/consumer-price-index/all-urban-consumers-all-items-in-u-s-city-average-cpiaucns)

the government and citizens Fed, and at the same time it has created enormous bubbles in the stock market and permanent inflation with the help of the Biden fiscal policies.

Further, 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, morally,⁸⁵ and with moderation. 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. Thus, both extreme systems are 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 of the owner.⁸⁶ Only fair progressive income taxes are sufficient for a prosperous nation. At the same time, the government spending must be prudent, efficient, moderate, and without wastes.⁸⁷ The current administration's waste and the financing of Zelensky⁸⁸ to go against the "big enemies", the Russians, and lately, Israel to go against Palestinians

⁸⁵ The moral crisis is a very serious impediment to the western (U.S. and EU) "progressive" culture, today. The last four years, immorality and pervasion have surpassed any previous depravity in human history. There is no way out from these enemies of humanity. The U.S. Representative, Matt Gaetz (R-FL) said the "with Trump-Vance in government, we will have low inflation and back to two genders". See, "Όρα, Αλεξάντερ Ντούγκιν, «Είμαστε αντιμετώπι με τη Δύση ως ιδεολογία, φιλελευθερισμός, παγκοσμιοποίηση, μετανθρωπισμός».

<https://orthodoxstypos.gr/e%ce%af%ce%bc%ce%b1%cf%83%cf%84%ce%b5-%ce%b1%ce%bd%cf%84%ce%b9%ce%bc%ce%ad%cf%84%cf%89%cf%80%ce%bf%ce%b9-%ce%bc%ce%b5-%cf%84%ce%b7-%ce%b4%cf%8d%cf%83%ce%b7-%cf%89%cf%82-%ce%b9%ce%b4%ce%b5%ce%bf%ce%bb/>. See, also, " 'Mother' and 'Father' Replaced With 'Parent 1' and 'Parent 2' in French Schools Under Same-Sex Amendment", ['Mother' and 'Father' Replaced With 'Parent 1' and 'Parent 2' in French Schools Under Same-Sex Amendment \(newsweek.com\)](https://www.newsweek.com/mother-and-father-replaced-with-parent-1-and-parent-2-in-french-schools-under-same-sex-amendment). Immorality and perversion are unacceptable by Greeks. For this reason, the three major Greek political parties are rejected, as unethical, anti-Greek, and atheist. This orchestrated by the dark powers, "cancel culture" means to cancel and eliminate the Greek Christian Orthodox culture and paideia, which keep the world prosperity and values for three thousands years; and these Greek pseudo-leaders are supporting its abolition. These policies are not progress but catastrophe.

⁸⁶ This unfair, unethical, anti-social, anti-humane, and occupational tax, the property tax, has been imposed on Greeks since the European debt crisis (2008) by the globalist mob of the EU and IMF.

⁸⁷ Independent studies have shown that a pencil for the federal government costs \$300; its true cost is \$0.10. Then, imagine how much cost the 924 aircrafts that are used by the government and how much is their pollution to the environment, which they pretend that they care. (*Fox News*, 7/19/2022). They are against fossil fuel and they have destroyed the mountains, the seas, and the farming lands with windmills and solar panels. See, "The battle over land use: Farm crops versus solar farms", [The battle over land use: Farm crops versus solar farms | MPR News](https://www.mprnews.com/story/news/2022/07/19/farm-crops-versus-solar-farms). Also, see, [Photos show wind farm devastation of Algoma, Canada – Save The Huron Mountains. Further, Massachusetts, Rhode Island Make Record Joint Offshore Wind Buy | Engineering News-Record \(enr.com\)](https://www.enr.com/story/2022/07/19/massachusetts-rhode-island-make-record-joint-offshore-wind-buy)

⁸⁸ See, "Zelenskiy Tells Finance Ministers Ukraine Needs \$55 Billion For Budget, Rebuilding Through Next Year". <https://www.rferl.org/a/zelenskiy-appeals-international-donors-support-ukraine/32080182.html> . So far, he has received \$120 billion; Biden is sending \$2 billion more, and Zelensky visited Washington D.C. and asked for \$24 billion. (*Fox News*, 9/20/2023). See also, [Where the \\$113 billion the US approved for Ukraine has gone | CNN Politics](https://www.cnn.com/2023/09/20/politics/where-the-113-billion-the-us-approved-for-ukraine-has-gone/index.html) . But, a homogenous country, like Ukraine, cannot have a non-Ukrainian as President because he causes serious divisions and enormous problems (even wars) to the citizens. See, 'Ηρόδοτου «Τό Έλληνικόν έόν όμαιμόν τε καί όμόγλωσσον καί θεών ιδρύματα κοινά καί θυσία ήθεά τε όμότροπα» (Ηρόδοτος, Ουρανία 144). See also, [How Much Aid Has the U.S. Sent Ukraine? Here Are Six Charts. | Council on Foreign Relations \(cfr.org\)](https://www.cfr.org/ukraine/how-much-aid-has-the-us-sent-ukraine-here-are-six-charts). In addition, Biden signs

and Lebanese, can be seen from the increase of the national debt the last three and a half years by \$14.095 trillion or 65.25% or 18.64% per annum,⁸⁹ Figure 4.

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 ideals in the form of real initiatives and operations of government because there is an enormous conflict of interest, an existing establishment, a strong lobby,⁹⁰ corrupted and controlled politicians, manipulated media,⁹¹ and a deep swamp (παράκρᾶτος). 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, so people do not trust them anymore.⁹² Due to oppositions from the different branches (legislative,⁹³ executive, and judicial) and their different political parties (Republicans and Democrats) of government, different ideologies and degree of corruption, the budgetary and fiscal decisions made by lawmakers even though that they are key

\$95 billion military aid package for Ukraine, Israel and Taiwan, [Biden signs \\$95 billion military aid package for Ukraine, Israel and Taiwan : NPR](#)

⁸⁹ The U.S. national debt went from \$21.6 trillion to \$35.695 trillion, the last three years. Figure 4. These liberals are in favor of high debt; they say that “debt does not matter”. See, also, <https://tradingeconomics.com/united-states/government-debt> and [Federal Deficit and Debt: January 2021 \(pgpf.org\)](#).

⁹⁰ See, Mearsheimer and Walt (2007). See also, Kallianiotis (2023).

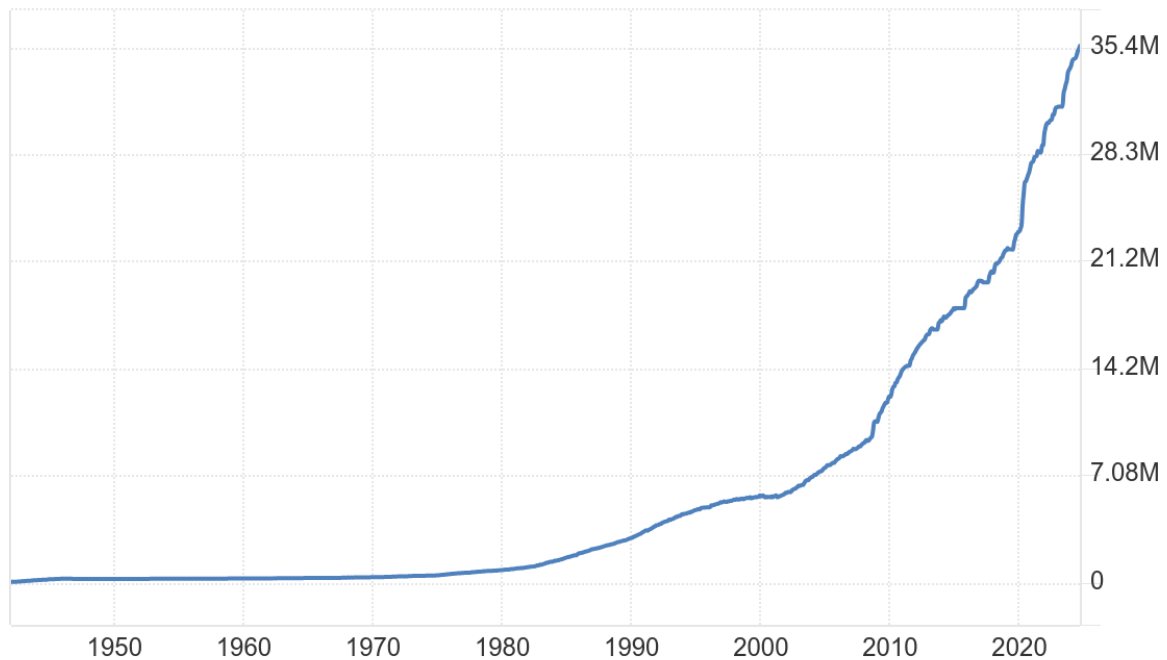
⁹¹ See, John Swinton, the former Chief of Staff at the NEW YORK TIMES, who was asked to give a toast before the prestigious New York Press Club in 1953. He made this candid confession [it’s worth noting that Swinton was called “The Dean of His Profession” by other newsmen, who admired him greatly]. “There is no such thing, at this date of the world’s history, as an independent press. You know it and I know it. There is not one of you who dares to write your honest opinions, and if you did, you know beforehand that it would never appear in print. I am paid weekly for keeping my honest opinions out of the paper I am connected with. Others of you are paid similar salaries for similar things, and any of you who would be so foolish as to write honest opinions would be out on the streets looking for another job. If I allowed my honest opinions to appear in one issue of my paper, before twenty-four hours my occupation would be gone. The business of the journalist is to destroy the truth; to lie outright; to pervert; to vilify; to fawn at the feet of mammon, and to sell the country for his daily bread. You know it and I know it and what folly is this toasting an independent press. We are the tools and vassals of the rich men [the dark powers] behind the scenes. We are the jumping jacks, they pull the strings and we dance. Our talents, our possibilities and our lives are all the property of other men. We are intellectual prostitutes.”

⁹² See, “Turnout in U.S. has soared in recent elections but by some measures still trails that of many other countries”. The turnout is 94.9% in Uruguay (the highest), 62.8% in the last U.S. elections, in the past the turnout was small (i.e., in 1996, it was only 49%), the same also holds with EU elections, and 36.1% in Switzerland. <https://www.pewresearch.org/fact-tank/2022/11/01/turnout-in-u-s-has-soared-in-recent-elections-but-by-some-measures-still-trails-that-of-many-other-countries/>

⁹³ 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.

US Government Debt - USD Million



Source: tradingeconomics.com | U.S. Department of the Treasury

Figure 4: United States Government Debt

Note: The U.S. National Debt, with October 11, 2024, was: $ND = \$35.695$ trillion.

Source: <https://tradingeconomics.com/united-states/government-debt> and [Federal Deficit and Debt: January 2021 \(pgpf.org\)](https://www.pgpf.org/).

Also, <https://www.usdebtclock.org/>

Further, [Federal Debt & Debt Management | U.S. GAO](https://www.gao.gov/)

And [United States Government Debt \(tradingeconomics.com\)](https://tradingeconomics.com/)

More, [U.S. National Debt by Year \(thebalancemoney.com\)](https://thebalancemoney.com/)

components of their effective morality,⁹⁴ but a morality and ethics that have, by design, enormous and differential impact on others (unborn babies, citizens and businesses) cannot be materialized, so they cannot be favorable.

⁹⁴ See, "Pete Buttigieg Flew His Husband to a Dutch Sporting Event in a Military Aircraft on Taxpayer Money". <https://republicanballotnews.com/pete-buttigieg-flew-his-husband-to-a-dutch-sporting-event-in-a-military-aircraft-on-taxpayer-money/>

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;⁹⁵ just pure politics. During the last sixteen years (2008-2024) the monetary policy is ineffective, inefficient, and has caused serious social problems (enormous social costs); then, the last four year (2021-2024), we see that the federal system and the entire liberal administration are not effective, too. Table A7 shows the correlation and causality of these two public policies on prices (inflation) and the market (bubbles). Before 2021, governors and mayors, in different states and cities, did not follow administration's orders or directions. Judges also were cancelling or banned executive orders. There was and still is a big division that is cultivated by the fanatic left (atheists and backward "progressives", cancelers of our culture) and has made questionable their public politics. (*Sic*). On July 13, 2024, it was an assassination attempt against President Trump during his rally in Butler, PA, and a second one on September 15, 2024, in West Palm Beach, Florida.⁹⁶ We live in a world of ignorance, controlled by the dark power, and governed by powerless leaders. Then, what can we expect from their public policies? Nothing!

VII. Conclusions

In response to the global financial crisis, as it was mentioned above, several new policies were enacted that altered the structure of the federal funds market in profound ways by keeping the target federal funds rate close to zero for too many years. On the borrowing side, the Fed's large-scale asset purchases (LSAPs) flooded the banking system with liquidity and made it less necessary to borrow or to seek more deposits, which has raised serious ethical policy questions. Banks had a deposit rate closed to zero ($i_D = 0.05\%$) for more than fourteen years. In addition, the Federal Deposit Insurance Corporation (FDIC) introduced new capital requirements⁹⁷ that increased the cost of wholesale

⁹⁵ 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%. They revealed their incompetence, lately, with the war against Russia, Palestine, and Lebanon, and who knows what else they have in their minds. They do not care for peace and the life of the people. The order that they are receiving is that we are overpopulated and the population must be reduced substantially. What a misfortune for our societies, today!.. Lately, they (NATO) have started invading Russia. See, "Putin warns NATO risks 'war' over Ukraine long-range missiles; Russia expels U.K. diplomats it accuses of spying", [Putin warns NATO risks 'war' over Ukraine long-range missiles; Russia expels U.K. diplomats it accuses of spying](https://www.nbcnews.com/news/international/putin-warns-nato-risks-war-over-ukraine-long-range-missiles-russia-expels-uk-diplomats-it-accuses-of-spying-rcna111111), [Putin warns NATO risks 'war' with Russia over Ukraine long-range missiles \(nbcnews.com\)](https://www.nbcnews.com/news/international/putin-warns-nato-risks-war-over-ukraine-long-range-missiles-russia-expels-uk-diplomats-it-accuses-of-spying-rcna111111) Also, "Putin draws new red line on long-range missiles", [Vladimir Putin draws new red line on long-range missiles \(bbc.com\)](https://www.bbc.com/news/world-europe-57484848)

⁹⁶ See, "House GOP leaders demand accountability on Trump assassination attempt: 'So many questions'", [House GOP leaders demand accountability on Trump assassination attempt: 'So many questions' \(msn.com\)](https://www.msn.com/en-us/news/politics/house-gop-leaders-demand-accountability-on-trump-assassination-attempt-so-many-questions). See, also "Trump 'assassination attempt': Suspect charged after second apparent plot", [Trump 'assassination attempt': Suspect charged after apparent shooting plot \(nbcnews.com\)](https://www.nbcnews.com/news/politics/trump-assassination-attempt-suspect-charged-after-apparent-shooting-plot-rcna111111)

⁹⁷ On April 16, 2019, the FDIC, the Office of the Comptroller of the Currency, and the Board of Governors of the Federal Reserve System issued a proposal that would establish risk-based categories for determining applicability thresholds for regulatory capital requirements for certain U.S. subsidiaries of foreign banking organizations and application of liquidity requirements to foreign banking organizations, certain U.S. depository institution holding companies, and certain depository institution subsidiaries. Comments on the proposal must be received by June 21, 2019. See, "Regulatory

funding for domestic financial institutions. On the lending side, the Federal Reserve is paying financial institutions interest on their reserves (i_{IOR}), bail-out cost to taxpayers, which exceeds the effective federal funds rate.⁹⁸ When financial institutions have access to this low-risk and high liquidity alternative (i_{IOR}), they have less incentive to lend in the federal funds market (i_{FF}^{eff}), to borrow from the discount window (i_{DR}), and to pay high interest on deposits (i_D), because, $i_{DR} > i_{IOR} > i_{FF}^{eff} > i_D$. This new policy is inefficient and anti-social.

In 2020, Federal Reserve officials signaled plans to keep interest rates near zero for years to come and said they were studying how to provide more support to a U.S. economy battered by the suspicious coronavirus (COVID-19), the mandatory vaccines,⁹⁹ and related shutdowns. “We are strongly committed to using our tools to do whatever we can and for as long as it takes to provide some relief and stability,” Fed Chairman Jerome Powell said on June 10, 2020 at a virtual news conference after a two-day policy meeting.¹⁰⁰ Earlier, in 2021, they had said that they will keep up with the liquidity to protect the environment.¹⁰¹ But, they caused instability (Figure 2) and high inflation (Figure 3). Thus, the unethical bail in and bail out, plus the other “protective” social costs, are continuing for many years; only the Illuminati know the exact time, due to this latest healthcare, financial, economic, environmental, social, cultural, and other problems that they create to the world, and the worst of all, the election crisis of the 2020 and their new plans for the 2024 one.¹⁰² The data and the empirical work show that all these results give a questionable effectiveness, efficiency, and social welfare of the new public policies, and have negative effects on the small businesses, on the citizens of the country, and

Capital”, <https://www.fdic.gov/resources/bankers/capital-markets/regulatory-capital/index.html>

⁹⁸ $i_{IOR} = 5.40\% > i_{FF}^{eff} = 5.33\%$. After September 19, 2024, they became: $i_{IOR} = 4.90\% > i_{FF}^{eff} = 4.83\%$. See, George Selgin, “The Strange Official Economics of Interest on Excess Reserves”, October 3, 2017. <https://www.alt-m.org/2017/10/03/strange-official-economics-of-interest-on-excess-reserves/>. See also, “Is the Federal Reserve a Scam?”, [Is the Federal Reserve a Scam? : r/conspiracy \(reddit.com\)](https://www.reddit.com/r/conspiracy)

⁹⁹ What corruption and deception are these that the world is facing today with all these pseudo-leaders in power? They do not know how to maximize social welfare and unfortunately, how to make peace. See, «Συνέντευξη τύπου από την ευρωβουλή για τα εμβόλια κατά του κορωνοϊού», <https://enromiosini.gr/arthrografia/synteyxi-typou-apo-tin/>

¹⁰⁰ See, Fed Officials Project No Rate Increases Through 2022. <https://www.wsj.com/articles/fed-debates-how-to-set-policy-for-the-post-pandemic-economy-11591781402>

¹⁰¹ Does the green obsession require more liquidity? For want reason? See, “Climate Change and Financial Stability”, <https://www.federalreserve.gov/econres/notes/feds-notes/climate-change-and-financial-stability-20210319.html#Climate%20Risks%20and%20Financial%20Stability>. (Sic)

¹⁰² **“I made history.** When I **LEFT** the Democratic Party. And after I stood up against the “tolerant” Left’s REGIME, **they came after me. HARD.** This is Tulsi Gabbard. When I came to Congress for the first time in 2002, I saw with my own eyes what the Democratic party was...an **anti-American, woke,** and **cowardly** group of **ELITISTS** who fought for **NOBODY** but themselves! On their priority list, **Americans like you and I were at the very bottom.** As a combat veteran and former Congresswoman, it’s in my *blood* to serve my country. So I stood up for the American **PEOPLE!** And the Democrats branded me a **TRAITOR.** They threw the entire kitchen sink at me, hoping I’d back down and leave the **SWAMP** in shame. But I will **NEVER** give up the fight to **SAVE** our country! (Tulsi Gabbard). Now, they are pushing Kamala to become the President of the United States. This will be the biggest scorn for the United States history and culture.

on the ultimate objective economic variables.

Lastly, the questions are still remaining. Why the Fed needs these overnight deposits (*ON RRP*)?¹⁰³ Why the tax payers have to pay some more billion dollars per annum to these money market nonbank lenders? Why they do not raise the deposit rate (i_D) to increase the deposits (demand for deposit accounts)¹⁰⁴ in our banks, if they need more liquidity? Make the saving account rate $i_D \geq i_{ONRRP} \cong 5.32\%$ ¹⁰⁵ and not zero ($i_D = 0.05\%$), as it was for 15 years. These new public policies are not necessary and they have also a very high social cost (trillions of dollars bail out cost to tax payers and bail in cost to depositors, plus the capital losses to investors in the financial market, due to artificial bubbles, and the reduction of purchasing power of the consumers from the double digit inflation).¹⁰⁶ 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 was sufficient, fair, ethical, and effective to provide all reserves needed in our banking system. Of course, citizens of the country want safety, security, peace, economic stability, and improvement of their social welfare. The current “progressive” public policies are not able to provide these basic needs, so there is a necessity for new public policies and efficient and effective policy makers to satisfy these simple humane objectives. We continue to hope and work.

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¹⁰⁴ See, Hadjimichalakis (1982).

¹⁰⁵ See, [Overnight Reverse Repurchase Agreements Award Rate: Treasury Securities Sold by the Federal Reserve in the Temporary Open Market Operations \(RRPONTSYAWARD\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

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Appendix

Table A1 OLS Estimations of the Objective Variables (1995:01-2008:11)

Variables	$djia_t$	$rgdp_t$	i_{10YTB_t}	p_t	u_t	ta_t
c_0	-3.346 (2.830)	0.631* (0.334)	10.927 (14.644)	-0.424* (0.223)	38.657*** (8.495)	1.751* (0.951)
$djia_{t-1}$	0.800*** (0.051)	0.012** (0.006)	0.445* (0.265)	-0.007* (0.004)	-0.073 (0.151)	0.025 (0.020)
$rgdp_{t-1}$	0.938* (0.533)	0.897*** (0.062)	-1.375 (2.684)	0.087** (0.042)	-7.591*** (1.642)	-0.378** (0.184)
$i_{10YTB_{t-1}}$	-0.009 (0.008)	-0.001 (0.001)	0.778*** (0.070)	0.002* (0.001)	0.018 (0.022)	-0.002 (0.003)
p_{t-1}	-0.765* (0.421)	-0.027 (0.055)	1.760 (2.904)	0.845*** (0.031)	3.608*** (1.199)	0.240 (0.156)
u_{t-1}	-0.030* (0.018)	0.002 (0.002)	0.100 (0.096)	0.001 (0.001)	0.664*** (0.045)	0.004 (0.006)
ta_{t-1}	0.140 (0.118)	-0.024* (0.014)	-0.739 (0.778)	0.028*** (0.008)	-0.444 (0.361)	0.913*** (0.049)
$i_{FF_t}^{eff}$	-0.002 (0.006)	0.001 (0.001)	0.056 (0.041)	0.001 (0.001)	-0.075*** (0.017)	0.004** (0.002)
mb_t	-0.120 (0.078)	-0.016* (0.008)	-0.153 (0.501)	-0.038*** (0.013)	0.416** (0.176)	0.041** (0.020)
m_t	0.147 (0.272)	0.054 (0.034)	-1.153 (1.678)	0.083*** (0.022)	1.684** (0.686)	0.005 (0.084)
AR(1)	-	-0.289* (0.159)	0.302*** (0.106)	-	-	-
MA(1)	-	-	-	0.527*** (0.068)	-0.238*** (0.090)	-0.434*** (0.102)

R^2	0.980	0.999	0.957	0.999	0.965	0.981
SER	0.042	0.005	0.209	0.002	0.126	0.017
F	858.325	11091.97	317.292	27128.50	383.623	741.521
$D-W$	2.035	2.192	1.929	1.881	2.034	1.842
N	167	167	167	167	167	167
$RMSE$	0.040279	0.004394	0.200154	0.002370	0.121709	0.016216

Note: $djia_t$ = USDJIA = U.S. Dow Jones Industrial Average Index, $rgdp_t$ = USRGDP2012 = U.S. real GDP, i_{10YTB_t} = US10YTB = U.S 10-Year Treasury Bonds Rate, p_t = LUSCPI = ln of U.S. CPI, u_t = USU = U.S. unemployment rate, ta_t = LUSCA = ln of U.S. Current Account, c_0 = constant term, $i_{FF_t}^{eff}$ = USFFR = U.S. effective federal funds rate, mb_t = LUSMB = ln of U.S. monetary base, m_t = LUSM2 = ln of U.S. money supply (M2), $AR(1)$ = autoregressive 1 process, $MA(1)$ = moving average 1 process, *** = significant at the 1% level, ** = significant at the 5% level, * = significant at the 10% level, R^2 = R-squared, SER = S.E. regression, F = F-statistic, $D - W$ = Durbin-Watson statistic, N = number of observations, and $RMSE$ = root mean square error..
Source: Economagic.com, Bloomberg, and FRED.

Table A2 OLS Estimations of the Objective Variables (2008:12-2024:03)

Variables	$djia_t$	$rgdp_t$	i_{10YTB_t}	p_t	u_t	ta_t
c_0	0.148 (2.488)	3.532*** (0.565)	-31.261** (14.752)	0.125 (0.227)	-79.999* (44.652)	3.639 (1.017)
$djia_{t-1}$	0.854*** (0.038)	0.010 (0.009)	0.652** (0.305)	0.005 (0.004)	-1.766*** (0.674)	0.014 (0.015)
$rgdp_{t-1}$	0.166 (0.315)	0.513*** (0.071)	3.287** (1.364)	-0.021 (0.025)	9.098 (5.647)	-0.397*** (0.129)
$i_{10YTB_{t-1}}$	0.004 (0.007)	0.001 (0.002)	0.174** (0.073)	0.001 (0.001)	-0.125 (0.127)	-0.007** (0.003)
p_{t-1}	-0.662** (0.261)	0.029 (0.059)	4.923 (3.558)	0.995*** (0.028)	4.584 (4.678)	0.050 (0.107)
u_{t-1}	0.005 (0.003)	-0.002** (0.001)	0.052 (0.037)	0.001 (0.001)	0.891*** (0.062)	-0.007*** (0.001)
ta_{t-1}	0.280* (0.150)	0.024 (0.034)	0.479 (0.821)	-0.007 (0.009)	1.102 (2.689)	0.546*** (0.061)
$i_{FF_t}^{eff}$	0.010 (0.011)	0.011*** (0.002)	0.137 (0.087)	0.001 (0.001)	-0.325* (0.191)	0.017*** (0.004)
mb_t	0.041 (0.036)	0.012 (0.008)	-0.363 (0.498)	-0.002 (0.004)	-0.793 (0.642)	0.050*** (0.015)

m_t	0.315*** (0.104)	0.094*** (0.024)	-3.140** (1.532)	0.008 (0.010)	-0.956 (1.874)	-0.067 (0.043)
AR(1)	-	-	0.914*** (0.044)	0.327*** (0.080)	-	-
R^2	0.990	0.992	0.948	0.999	0.892	0.807
SER	0.044	0.010	0.206	0.003	0.793	0.018
F	1967.409	2477.174	283.364	20260.32	158.911	80.974
D-W	2.109	1.710	1.891	1.910	1.886	2.149
N	184	184	184	184	184	184
RMSE	0.042978	0.009761	0.207465	0.002762	0.771442	0.017568

Note: See Table A1.

Source: See, Table A1.

Table A3 Vector Autoregression Estimates (1995:01-2008:11)

Variables	$djia_t$	$rgdp_t$	i_{10YTB_t}	p_t	u_t	ta_t
$djia_{t-1}$	0.762*** (0.090)	0.020** (0.009)	1.152*** (0.432)	-0.009* (0.005)	0.107 (0.266)	0.042 (0.037)
$djia_{t-2}$	-0.015 (0.086)	0.011 (0.009)	-0.424 (0.416)	0.010** (0.005)	-0.308 (0.256)	-0.001 (0.036)
$rgdp_{t-1}$	0.436 (0.778)	0.492*** (0.079)	0.865 (3.840)	-0.029 (0.043)	-4.332* (2.308)	-0.527* (0.322)
$rgdp_{t-2}$	0.729 (0.840)	0.296*** (0.085)	-7.688* (4.047)	0.114*** (0.047)	-3.830 (2.490)	-0.182 (0.348)
$i_{10YTB_{t-1}}$	-0.010 (0.017)	-0.003** (0.002)	1.015*** (0.081)	0.002** (0.001)	0.030 (0.050)	-0.005 (0.007)
$i_{10YTB_{t-2}}$	0.004 (0.016)	0.001 (0.002)	-0.186*** (0.078)	-0.002*** (0.001)	0.003 (0.048)	0.002 (0.007)
p_{t-1}	-1.399 (1.295)	-0.177 (0.131)	8.369 (6.239)	1.193*** (0.076)	5.620 (3.839)	-0.488 (0.536)
p_{t-2}	0.071 (1.249)	-0.020 (0.126)	-11.514* (6.017)	-0.389*** (0.069)	2.053 (3.702)	0.869 (0.517)
u_{t-1}	-0.016 (0.027)	0.001 (0.003)	0.007 (0.130)	0.001 (0.002)	0.372*** (0.080)	0.006 (0.011)
u_{t-2}	0.011 (0.024)	0.001 (0.002)	0.046 (0.118)	-0.001 (0.001)	0.160** (0.073)	-0.004 (0.010)
ta_{t-1}	-0.121 (0.203)	-0.019 (0.020)	-1.329 (0.977)	0.035*** (0.011)	-0.159 (0.601)	0.611*** (0.084)

ta_{t-2}	0.326 (0.204)	-0.039* (0.021)	0.177 (0.984)	-0.023** (0.011)	-0.109 (0.605)	0.184*** (0.085)
c_0	-4.845 (3.770)	1.706*** (0.381)	48.647*** (18.165)	-0.141 (0.209)	35.864*** (11.178)	3.680** (1.562)
$i_{FF_t}^{eff}$	-0.009 (0.008)	-0.001 (0.001)	-0.002 (0.040)	-0.001 (0.001)	-0.055** (0.024)	0.001 (0.003)
mb_t	-0.199* (0.095)	-0.018* (0.010)	0.551 (0.457)	-0.032*** (0.005)	0.637** (0.281)	0.041 (0.039)
m_t	0.117 (0.346)	-0.039 (0.035)	-1.428 (1.668)	0.005 (0.019)	3.199*** (1.026)	-0.133 (0.143)
t_t	0.517** (0.255)	0.043* (0.026)	1.608 (1.227)	-0.010 (0.014)	-1.686** (0.755)	0.096 (0.105)
g_t	-0.098 (0.301)	0.150*** (0.030)	2.880** (1.450)	0.077*** (0.017)	-1.589* (0.893)	0.098 (0.125)
R^2	0.981	0.999	0.962	0.999	0.967	0.981
SEE	0.042	0.004	0.201	0.002	0.123	0.017
F	452.884	8461.297	223.272	19871.32	260.825	456.883
N	167	167	167	167	167	167

Note: See, Table A1. t_t = ln of taxes, g_t = ln of government spending, and SEE = standard error of equation.
Source: See, Table A1.

Table A4 Vector Autoregression Estimates (2008:12-2023:12)

Variables	$djia_t$	$rgdp_t$	i_{10YTB_t}	p_t	u_t	ta_t
$djia_{t-1}$	0.816*** (0.077)	-0.007 (0.016)	0.652* (0.385)	0.006 (0.005)	2.274** (1.125)	0.004 (0.030)
$djia_{t-2}$	0.018 (0.076)	0.011 (0.016)	-0.974*** (0.381)	-0.003 (0.005)	-3.799*** (1.116)	-0.010 (0.030)
$rgdp_{t-1}$	-0.449 (0.411)	0.576*** (0.086)	3.093 (2.066)	-0.023 (0.026)	-4.587 (6.046)	-0.333** (0.161)
$rgdp_{t-2}$	0.790* (0.421)	0.031 (0.088)	-2.623 (2.118)	-0.001 (0.027)	-1.606 (6.199)	-0.089 (0.165)
$i_{10YTB_{t-1}}$	0.008 (0.016)	0.001 (0.003)	1.098*** (0.079)	0.002** (0.001)	-0.178 (0.232)	0.004 (0.006)
$i_{10YTB_{t-2}}$	0.001 (0.017)	-0.001 (0.004)	-0.183** (0.085)	-0.002* (0.001)	0.187 (0.249)	-0.015 (0.007)
p_{t-1}	-0.950	0.096	14.579***	1.316***	-33.558**	0.712

	(1.092)	(0.227)	(5.488)	(0.069)	(16.059)	(0.427)
P_{t-2}	0.411	-0.156	-11.696**	-0.346***	37.111**	-
0.847*	(1.165)	(0.242)	(5.854)	(0.075)	(17.166)	(0.455)
u_{t-1}	-0.006	-0.001	0.046	-0.001	0.508***	-0.007***
	(0.006)	(0.001)	(0.031)	(0.001)	(0.091)	(0.002)
u_{t-2}	0.016***	0.003***	-0.030	-0.001	-0.036	0.002
	(0.006)	(0.001)	(0.028)	(0.001)	(0.083)	(0.002)
ta_{t-1}	0.007	0.082**	-0.328	-0.007	0.286	0.352***
	(0.197)	(0.041)	(0.991)	(0.013)	(2.900)	(0.077)
ta_{t-2}	0.533***	-0.099***	0.241	-0.021**	6.895***	0.180***
	(0.181)	(0.038)	(0.908)	(0.012)	(2.658)	(0.071)
c_0	-1.734	3.077***	-3.585	0.229	-3.455	4.134***
	(3.100)	(0.645)	(15.584)	(0.199)	(45.599)	(1.212)
$i_{FF_t}^{eff}$	-0.001	0.013***	0.020	0.001	-0.467***	0.025***
	(0.013)	(0.003)	(0.065)	(0.001)	(0.191)	(0.005)
mb_t	-0.021	-0.011	-0.310	0.001	2.627***	0.028
	(0.058)	(0.012)	(0.293)	(0.004)	(0.858)	(0.023)
m_t	0.420***	0.085***	0.742	0.001	-1.394	-0.070
	(0.125)	(0.026)	(0.629)	(0.008)	(1.841)	(0.049)
t_t	0.008	0.106***	0.177	0.008	-10.064***	0.145***
	(0.123)	(0.026)	(0.618)	(0.008)	(1.807)	(0.048)
g_t	-0.100	-0.066	-2.404*	0.007	16.948***	-0.002
	(0.256)	(0.053)	(1.287)	(0.016)	(3.767)	(0.100)
R^2	0.991	0.994	0.940	0.999	0.932	0.839
SEE	0.044	0.009	0.220	0.003	0.642	0.017
F	1021.274	1473.556	149.722	13109.00	132.006	49.786
N	181	181	181	181	181	181

Note: See, Tables A1 and A3.

Source: See, Table A1.

Table A5
Effectiveness of Public Policies

Old Regime: 1995:01 – 2008:11						
	<i>p</i>	<i>u</i>	<i>rgdp</i>	<i>i10YTB</i>	<i>djia</i>	<i>ta</i>
i_{FF}^{eff} ρ (\Rightarrow)	-0.486	-0.706 (14.175***)	-0.487 (3.434**)	0.741	-0.258	0.604 (2.660*)
<i>mb</i>	0.965 (18.949***)	0.153 (5.354***)	0.968	-0.833 (4.207**)	0.768	-0.879
<i>m</i>	0.989 (4.303**)	0.121 (5.165***)	0.987 (5.682***)	-0.843 (5.900***)	0.794	-0.885
<i>t</i>	0.963 (3.106**)	-0.174 (4.677**)	0.971	-0.706	0.877	-0.792
<i>g</i>	0.997 (9.476***)	0.108 (2.961*)	0.974 (3.569**)	-0.794 (3.292**)	0.758	-0.836
$\rho_{g,mb} = 0.968$ and $g \Rightarrow mb$ (3.698**), $\rho_{g,m2} = 0.989$ and $g \Rightarrow m2$ (9.189***)						
New Regime: 2008:12 – 2023:11						
	<i>p</i>	<i>u</i>	<i>rgdp</i>	<i>i10YTB</i>	<i>djia</i>	<i>ta</i>
i_{FF}^{eff} ρ (\Rightarrow)	-0.589 (4.347**)	0.392 (25.024***)	-0.515 (19.978***)	0.203	-0.565	-0.249 (10.634***)
<i>mb</i>	0.963	-0.712 (9.040***)	0.950 (11.366***)	-0.503	0.938	0.621
<i>m</i>	0.975	-0.811 (10.262***)	0.972 (18.508***)	-0.663	0.902 (3.030*)	0.714 (9.875***)
<i>t</i>	0.919	-0.841 (17.462***)	0.948	-0.572 (2.550*)	0.897	0.647 (4.326**)
<i>g</i>	0.908	-0.597 (12.521***)	0.909	-0.651	0.867 (2.974*)	0.560
$\rho_{g,iFF} = -0.326$ and $g \Rightarrow i_{FF}$ (3.211**)						

Note: See, Table A1; $\rho_{i,j}$ = correlation coefficient, \Rightarrow = causality, F-Statistic in parenthesis [i.e., $i_{FF}^{eff} \Rightarrow u$ (14.175***)].

Source: See, Table A1.

Table A6 Dow Jones - DJIA – Historical Annual Data

Year	Average Closing Price	Year Open	Year High	Year Low	Year Close	Annual % Change
2024	39,066.30	37,715.04	41,563.08	37,266.67	41,563.08	10.28%
2023	34,121.54	33,136.37	37,710.10	31,819.14	37,689.54	13.70%
2022	32,898.34	36,585.06	36,799.65	28,725.51	33,147.25	-8.78%
2021	34,055.29	30,223.89	36,488.63	29,982.62	36,338.30	18.73%
2020	26,890.67	28,868.80	30,606.48	18,591.93	30,606.48	7.25%
2019	26,379.59	23,346.24	28,645.26	22,686.22	28,538.44	22.34%
2018	25,046.86	24,824.01	26,828.39	21,792.20	23,327.46	-5.63%
2017	21,750.20	19,881.76	24,837.51	19,732.40	24,719.22	25.08%
2016	17,927.11	17,148.94	19,974.62	15,660.18	19,762.60	13.42%
2015	17,587.03	17,832.99	18,312.39	15,666.44	17,425.03	-2.23%
2014	16,777.69	16,441.35	18,053.71	15,372.80	17,823.07	7.52%
2013	15,009.52	13,412.55	16,576.66	13,328.85	16,576.66	26.50%
2012	12,966.44	12,397.38	13,610.15	12,101.46	13,104.14	7.26%
2011	11,957.57	11,670.75	12,810.54	10,655.30	12,217.56	5.53%
2010	10,668.58	10,583.96	11,585.38	9,686.48	11,577.51	11.02%
2009	8,885.65	9,034.69	10,548.51	6,547.05	10,428.05	18.82%
2008	11,244.06	13,043.96	13,058.20	7,552.29	8,776.39	-33.84%
2007	13,178.26	12,474.52	14,164.53	12,050.41	13,264.82	6.43%
2006	11,409.78	10,847.41	12,510.57	10,667.39	12,463.15	16.29%
2005	10,546.66	10,729.43	10,940.55	10,012.36	10,717.50	-0.61%
2004	10,315.51	10,409.85	10,854.54	9,749.99	10,783.01	3.15%
2003	9,006.64	8,607.52	10,453.92	7,524.06	10,453.92	25.32%
2002	9,214.85	10,073.40	10,635.25	7,286.27	8,341.63	-16.76%
2001	10,199.29	10,646.15	11,337.92	8,235.81	10,021.57	-7.10%
2000	10,729.38	11,357.51	11,722.98	9,796.03	10,787.99	-6.17%
1999	10,481.56	9,184.27	11,497.12	9,120.67	11,497.12	25.22%
1998	8,630.76	7,965.00	9,374.27	7,539.07	9,181.43	16.10%
1997	7,447.01	6,442.49	8,259.30	6,391.70	7,908.30	22.64%
1996	5,739.63	5,177.45	6,560.91	5,032.94	6,448.27	26.01%
1995	4,494.28	3,838.48	5,216.47	3,832.08	5,117.12	33.45%
1994	3,794.22	3,756.60	3,978.36	3,593.35	3,834.44	2.14%
1993	3,524.92	3,309.20	3,794.33	3,242.00	3,754.09	13.72%

Year	Average Closing Price	Year Open	Year High	Year Low	Year Close	Annual % Change
1992	3,284.08	3,172.40	3,413.20	3,136.60	3,301.11	4.17%
1991	2,929.04	2,610.64	3,168.83	2,470.30	3,168.83	20.32%
1990	2,679.45	2,810.15	2,999.75	2,365.10	2,633.66	-4.34%
1989	2,510.33	2,144.64	2,791.41	2,144.64	2,753.20	26.96%
1988	2,061.48	2,015.25	2,183.50	1,879.14	2,168.57	11.85%
1987	2,277.53	1,927.31	2,722.42	1,738.74	1,938.83	2.26%
1986	1,793.10	1,537.73	1,955.57	1,502.29	1,895.95	22.58%
1985	1,327.99	1,198.87	1,553.10	1,184.96	1,546.67	27.66%
1984	1,178.59	1,252.74	1,286.64	1,086.57	1,211.57	-3.74%
1983	1,190.78	1,027.04	1,287.20	1,027.04	1,258.64	20.27%
1982	884.53	882.52	1,070.55	776.92	1,046.54	19.60%
1981	932.95	972.78	1,024.05	824.01	875.00	-9.23%
1980	891.14	824.57	1,000.17	759.13	963.99	14.93%
1979	844.38	811.42	897.61	796.67	838.74	4.19%
1978	821.13	817.74	907.74	742.12	805.01	-3.15%
1977	894.37	999.75	999.75	800.85	831.17	-17.27%
1976	975.20	858.71	1,014.79	858.71	1,004.65	17.86%
1975	802.89	632.04	881.81	632.04	852.41	38.32%
1974	759.13	855.32	891.66	577.60	616.24	-27.57%
1973	924.07	1,031.68	1,051.70	788.31	850.86	-16.58%
1972	950.08	889.30	1,036.27	889.15	1,020.02	14.58%
1971	884.87	830.57	950.82	797.97	890.20	6.11%
1970	753.12	809.20	842.00	631.16	838.92	4.82%
1969	875.72	947.73	968.85	769.93	800.36	-15.19%
1968	903.96	906.84	985.21	825.13	943.75	4.27%
1967	879.48	786.41	943.08	786.41	905.11	15.20%
1966	872.78	968.54	995.15	744.32	785.69	-18.94%
1965	910.70	869.78	969.26	840.59	969.26	10.88%
1964	834.09	766.08	891.71	766.08	874.13	14.57%
1963	714.69	646.79	767.21	646.79	762.95	17.00%
1962	639.14	724.71	726.01	535.76	652.10	-10.81%
1961	691.74	610.25	734.91	610.25	731.14	18.71%
1960	618.02	679.06	685.47	566.05	615.89	-9.34%

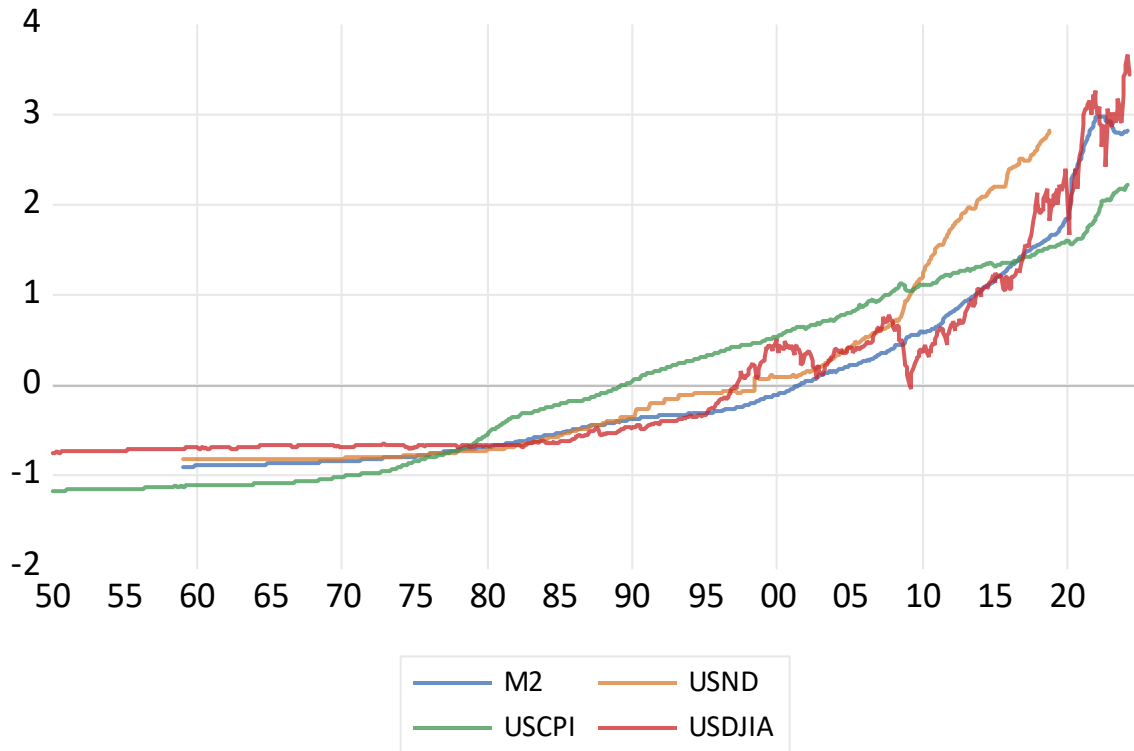
Year	Average Closing Price	Year Open	Year High	Year Low	Year Close	Annual % Change
1959	632.57	587.59	679.36	574.46	679.36	16.40%
1958	491.26	439.27	583.65	436.89	583.65	33.96%
1957	476.07	496.03	520.77	419.79	435.69	-12.77%
1956	493.21	485.78	521.05	462.35	499.47	2.27%
1955	442.69	408.89	488.40	388.20	488.40	20.77%
1954	334.34	282.89	404.39	279.87	404.39	43.96%
1953	275.84	292.14	293.79	255.49	280.90	-3.77%
1952	270.35	269.86	292.00	256.35	291.90	8.42%
1951	257.41	239.92	276.37	238.99	269.23	14.37%
1950	216.28	198.89	235.47	196.81	235.41	17.63%
1949	179.67	175.03	200.52	161.60	200.13	12.88%
1948	179.78	181.04	193.16	165.39	177.30	-2.13%
1947	177.48	176.39	186.85	163.21	181.16	2.23%
1946	191.52	191.66	212.50	163.12	177.20	-8.14%
1945	169.66	152.58	195.82	151.35	192.91	26.65%
1944	143.32	135.92	152.53	134.22	152.32	12.09%
1943	134.92	119.93	145.82	119.26	135.89	13.81%
1942	107.15	112.77	119.71	92.92	119.40	7.61%
1941	121.93	130.57	133.59	106.34	110.96	-15.38%
1940	134.64	151.43	152.80	111.84	131.13	-12.72%
1939	142.57	153.64	155.92	121.44	150.24	-2.92%
1938	132.36	120.57	158.41	98.95	154.76	28.06%
1937	166.45	178.52	194.40	113.64	120.85	-32.82%
1936	162.07	144.13	184.90	143.11	179.90	24.82%
1935	120.35	104.51	148.44	96.71	144.13	38.53%
1934	98.16	100.36	110.74	85.51	104.04	4.14%
1933	84.50	59.29	108.67	50.16	99.90	66.69%
1932	64.53	74.62	88.78	41.22	59.93	-23.07%
1931	138.60	169.84	194.36	73.79	77.90	-52.67%
1930	236.04	244.20	294.07	157.51	164.58	-33.77%
1929	313.54	307.01	381.17	198.69	248.48	-17.17%
1928	226.17	203.35	300.00	191.33	300.00	49.48%
1927	176.07	155.16	200.93	152.73	200.70	27.67%

Year	Average Closing Price	Year Open	Year High	Year Low	Year Close	Annual % Change
1926	153.00	151.08	166.14	135.20	157.20	4.05%
1925	134.40	121.25	159.39	115.00	151.08	25.37%
1924	99.65	95.65	120.51	88.33	120.51	26.16%
1923	94.87	98.77	105.38	85.91	95.52	-2.70%
1922	93.24	78.91	102.76	78.59	98.17	21.50%
1921	73.39	72.67	81.50	63.90	80.80	12.30%
1920	90.01	107.23	108.85	66.75	71.95	-32.90%
1919	99.79	82.60	119.62	79.35	107.23	30.45%
1918	80.97	76.68	89.07	73.38	82.20	10.51%
1917	87.87	96.15	99.18	65.95	74.38	-21.71%
1916	95.27	98.81	110.15	86.42	95.00	-4.19%
1915	74.45	54.63	99.21	54.22	99.15	81.49%

Note: DJIA = Dow Jones Industrial Average Index, growths and declines.

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

Table A7 Fiscal and Monetary Policies and their Vicious Cycles



Correlation Coefficients

	M2	USND	USCPI	USDJIA
M2	1.000000	0.991392	0.937439	0.964552
USND	0.991392	1.000000	0.899773	0.953220
USCPI	0.937439	0.899773	1.000000	0.898418
USDJIA	0.964552	0.953220	0.898418	1.000000

Note: M2 = money supply, USND = U.S. national debt, USCPI = U.S. consumers price index, and USDJIA = U.S. Dow Jones Industrial Average.

Pairwise Granger Causality Tests

Date: 10/08/24 Time: 10:30

Sample: 1950M01 2024M12

Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
USND does not Granger Cause M2	717	4.00508	0.0186

M2 does not Granger Cause USND		3.54195	0.0295
USCPI does not Granger Cause M2	781	5.69492	0.0035
M2 does not Granger Cause USCPI		6.40767	0.0017
USDJIA does not Granger Cause M2	781	2.23213	0.1080
M2 does not Granger Cause USDJIA		8.15051	0.0003
USCPI does not Granger Cause USND	717	2.21795	0.1096
USND does not Granger Cause USCPI		10.8357	2.E-05
USDJIA does not Granger Cause USND	717	1.32215	0.2672
USND does not Granger Cause USDJIA		15.1165	4.E-07
USDJIA does not Granger Cause USCPI	889	5.65915	0.0036
USCPI does not Granger Cause USDJIA		2.94729	0.0530

Note: The Vicious Cycle goes as follows, $BD \uparrow \Rightarrow ND \uparrow \Rightarrow EX S_{GS} \Rightarrow P_{GS} \downarrow \Rightarrow i \uparrow \Rightarrow$
Fed wants to keep the interest rate low $\Rightarrow M^s \uparrow \Rightarrow i \downarrow \Rightarrow \pi \uparrow \Rightarrow DJIA \uparrow \Rightarrow i \uparrow \Rightarrow BD \uparrow =$
 $> ND \uparrow$.

Source: FRED, Yahoo/Finance, and <https://tradingeconomics.com/united-states/government-debt>