

New Monetary Policy: Is this the Appropriate One?

“Πονηροί δέ ἄνθρωποι καί γόητες προκόψουσιν ἐπὶ τό χεῖρον, πλανῶντες καί πλανώμενοι, σὺ δέ μένε ἐν οἷς ἔμαθες καί ἐπιστώθης, εἰδῶς παρά τίνος ἔμαθες.”
(Β΄ Τιμοθ. γ΄ 13-14)

The objective of this research is to measure the economic consequences and the social interest of the new Monetary Policy after 2008. We want to determine its effectiveness and efficiency, its social costs and social benefits, and to evaluate its optimality and its appropriateness. We are using different policy rules, by dividing in four different regimes the period 2008-2025, and a VAR model, to test the effectiveness and efficiency of monetary policy by testing the effects of policy instruments (i_{FF} , MB, M^S) on the objective variables, prices (CPI), unemployment (u), growth of GDP (RGDP), stock market (DJIA), and long-term interest rate (i_{10YTB}). By measuring the bail in cost on depositors and the bail out cost on taxpayers, we can have an indicator of its appropriateness and optimality of this policy. The empirical results show that the most of the public policy tools do not have a significant effect on the objective variables. The benefits, lately, are insignificant and the social cost enormous and the reason might be the incompetence or the corruption of the financial system or the control of the policy makers by foreign powers. They must know what the true objective of their policy is, but they cannot satisfy it, which is the maximization of the social welfare, the wellbeing in every sector in the lives of the citizens of the country. There is a need to fix all these dysfunctional institutions and improve our democratic system, but if not impossible, it is very difficult and too late. What their new liberal public policies have caused people is just uncertainty (financial market risk), inflation, divisions, an enormous social cost, and pessimism for the future. After the 2024 elections and the new President in the U.S., some people had started to become more optimistic, but so far there are not any improvements, only deterioration (wars, destruction, and a creeping global recession). We must go back to our traditional policies and to our 3,000 years old moral philosophy and to our 2,000 years old Revealed Truth, which represent our value system, civilization, culture, faith, hope, and education and promote love for our people. Public policies must prevent crises and satisfy the current, the future, and eternal needs of humans (persons), our citizens.

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JEL (Classification): E52, E58, E43, E44, E23

1 Introduction

2

3 An appropriate monetary regime¹ is characterized by four properties: (i) the
4 weight policy makers put on price stability relative to their concern about output
5 stabilization, (ii) the day-to-day procedures used to implement policy, (iii) the
6 periodic evaluation of the policy effectiveness, and (iv) the social implications of
7 the monetary policy. This work deals with the four latest and current regimes
8 implemented by the Federal Reserve since 2008. For the U.S., the first is the New
9 Zero Interest Rate Regime (December 16, 2008-December 15, 2015) and then, the
10 second again with zero interest rate from (March 15, 2020 to March 16, 2022); the
11 third and fourth are the previous Positive Interest Rate regime (December 16, 2015
12 to March 14, 2020) and the current New Regime (March 17, 2022 -present).² Each
13 regime is an experiment that is associated with different policy objectives, different
14 operating procedures, different statistical patterns in the data, different effectiveness,
15 different social implications, but common “global end”, which is suboptimal, non-
16 preventable, and anti-social. (Sic).

17 The proper and suitable monetary policy must be effective, social and fair for
18 the people that means ethical. Ethics (ἠθική = ἡ ἐπιστήμη ἢ ἐρευνῶσα τοὺς κανόνας
19 τῆς διαγωγῆς τῶν ἐν τῇ κοινωσίᾳ συμβιούντων ἀνθρώπων καὶ ὀργανισμῶν,
20 δογματικὴ διδασκαλία, ἀντίληψις περὶ τοῦ καλοῦ καὶ ἀγαθοῦ) is a moral philosophy
21 or a discipline concerned with what is morally good and bad, morally true and lie,
22 morally right and wrong,³ and morally uncontrolled and enslaved. The term is also
23 applied to any social system, democracy, culture, traditions, politics, economics,
24 history, anthropology, biology, sociology, decision making, justice, social interest,
25 public policies, public goods, and it is discussed with the theory of moral values,
26 moral life and virtues (fear of God, faith, courage, peace, justice, prudence,
27 temperance, moderation, modesty, humility, hope, love), theological principles, and
28 practical moral problems. The Greek moral thought was originally based from the
29 600s B.C. on a new moral approach that emerged, at that time, which was using
30 rational arguments leading to the rise of moral philosophy as a distinct mode of
31 thought. This has been attributed to Socrates, Plato, Aristotle (the “supreme good”,
32 eudaimonia, εὐδαιμονία = εὖ + δαίμων, θεότης, εὐημερία), and many others up to
33 the Revelation in the 1st century A.D. Unfortunately, today, our problem is the
34 imposed ignorance (ἄγνοια) as wisdom (σοφία), the controlled political “leaders” as

¹Gavin (2018) examines four different monetary policy regimes from 1965 to 2015. See, “Monetary Policy Regimes and the Real Interest Rate”, [Monetary Policy Regimes and the Real Interest Rate | St. Louis Fed \(stlouisfed.org\)](https://www.stlouisfed.org/monetary-policy-regimes-and-the-real-interest-rate)

²See, “Federal Funds Target Rate History From 1990 to The Present”, [Fed Funds Target Rate History \(Historical\) \(fedprimerate.com\)](https://www.fedprimerate.com/federal-funds-target-rate-history)

³Today, “We are passing through the ultimate historical period of humanity and remain indifferent and in ignorance, far from the Truth due to the imposed sleep-education. Today’s knowledge is very deficient, a worldly knowledge meant only to secure a profession. In order to rise spiritually, we need the knowledge of the Truth, which is forbidden to be taught in our schools.” See, Δημητρίου Χατζηνικολάου, «Ο δρόμος προς τὴν ἐπίγειον ἀλλά καὶ τὴν αἰώνιον κόλασιν», Ὁρθόδοξος Τύπος, Ἀρ. Φύλλου 2562, 24 Ὀκτωβρίου 2025, σσ. 1καὶ 3. [2562-ΠΡΩΤΟΣΕΛΙΔΟ.jpg \(1200×1620\) \(orthodoxostypos.gr\)](https://www.orthodoxostypos.gr/2562-ΠΡΩΤΟΣΕΛΙΔΟ.jpg)

1 free, and the irrelevant public politics as appropriate policies, which are presented
2 in this article.

3

4 **The New Monetary Theory and Policy**

5

6 Before December 2008, the Fed implemented monetary policy with *limited*
7 *reserves*, Figure 1, by supplying non-borrowed (R^*) and borrowed (R_B) reserves, in
8 the banking system ($R^* + R_B = R_T^s$) and relied on *OMO*, as its key instrument (tool).
9 Then, the zero-interest rate era (ZIRE, $0.00\% \leq i_{FF} \leq 0.25\%$) started on
10 December 15, 2008 to December 15, 2015 for seven years (quantitative easing) and
11 again on March 15, 2020 to March 15, 2022 for two years (the suspicious COVID-
12 19 pandemic). Between December 16, 2015 and March 15, 2020, the positive
13 interest rate era (PIRE $0.25\% \leq i_{FF} \leq 5.50\%$),⁴ which continues after the
14 COVID-19 era (March 16, 2022 to present), with $3.50\% \leq i_{FF} \leq 3.75\%$ since
15 December 11, 2025, and this range of federal funds rates from 0% to 5.50% were
16 used to implement monetary policy decisions.⁵

17

18 *The Mostly Zero Interest Rate Era (MZIRE)*

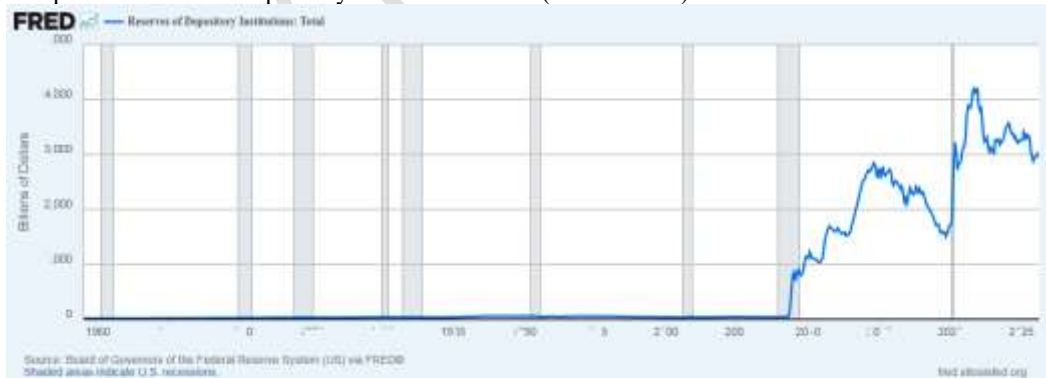
19

20 After the financial crisis of 2008, the Fed implements monetary policy with
21 *ample reserves*, Figure 2 and Graph 1,⁶ by using many new instruments⁷ and it relies

⁴See, “Federal Funds Target Rate History”, [Fed Funds Target Rate History \(Historical\) \(fedprimerate.com\)](https://www.fedprimerate.com/)

⁵See, Bindseil (2016), Gavin (2018), Bullard (2018), and Kallianiotis (2023). See also, “Economy at a Glance - Policy Rate”, [The Fed - Economy at a Glance - Policy Rate](https://www.fedprimerate.com/). In addition, see, [Fed Funds Target Rate History \(Historical\) \(fedprimerate.com\)](https://www.fedprimerate.com/). Further, see, [Federal Funds Rate History 1990 to 2026 – Forbes Advisor](https://www.fedprimerate.com/)

⁶Graph 1. Reserves of Depository Institutions: Total (TOTRESNS) SSOWNLOAD.



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

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 were \$3,302.2 billion; and lately, September 24, 2024, they were \$3,321.1 billion. With September 2025, they were $R_T = \$3,068.1$ billion. On November 2025, they were \$2,879.3 billion. With December 2025, they are \$2,941.7 billion. With January 2026, they were \$2,967.9 billion and now (April 2026), they were 3,018 billion.

⁷Policy 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>

1 on interest on reserves (IOR) since October 1, 2008, and since June 17, 2021, on
 2 interest on overnight reverse repurchase agreements ($IONRRP$),⁸ too. Why the poor
 3 taxpayers have to pay interest on these corrupted institutions?

4 With the previous regime, banks held reserves to meet the Fed's regulatory
 5 reserve requirements (R_R),⁹ which was 10% on demand deposits and some excess
 6 reserves (R_E) to meet the banking demands of their customers.¹⁰ The interest on
 7 reserves ($R_R + R_E = R_T^d$) was zero ($i_{IOR} = 0$), which was the appropriate, ethical, and
 8 socially fair practice. When banks needed extra reserves to meet their demands, they
 9 were borrowing these reserves from the federal funds market or through Fed's
 10 discount window.¹¹ If banks had excess reserves, they could lend them in the federal
 11 funds market at the i_{FF}^{eff} . The demand and supply of reserves are shown in Figure 1.
 12 To raise the i_{FF} , the Fed decreases the supply of reserves (R^*) by selling U.S.
 13 Treasury securities in the open market. To lower the i_{FF} , the Fed increases the
 14 supply of reserves (R^*) by buying government securities and later (December
 15 2008),¹² mortgage-back securities, too, in the open market, or by changing the
 16 reserve requirements (R_R). Also, it was using as instruments, the discount rate (i_{DR}
 17), the reserve requirements ratio (r_R), and the margin requirements (r_m).¹³ If the
 18 central bank wished to lower interest rates, it purchased government debt, thereby
 19 increasing the amount of cash in circulation or crediting banks' reserves; the R^*
 20 shifts to the right, Figure 1.

21
 22
 23

⁸See, "Repo and Reverse Repo Agreements", [Repo and Reverse Repo Agreements - FEDERAL RESERVE BANK of NEW YORK \(newyorkfed.org\)](https://www.newyorkfed.org/outreach/2014/08/2014-08-20-repo-and-reverse-repo-agreements). See, also, "Overnight Reverse Repurchase Agreements Award Rate", [Overnight Reverse Repurchase Agreements Award Rate: Treasury Securities Sold by the Federal Reserve in the Temporary Open Market Operations \(RRPONTSYAWARD\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://www.federalreserve.gov/monetarypolicy/overnight-reverse-repurchase-agreements-award-rate)

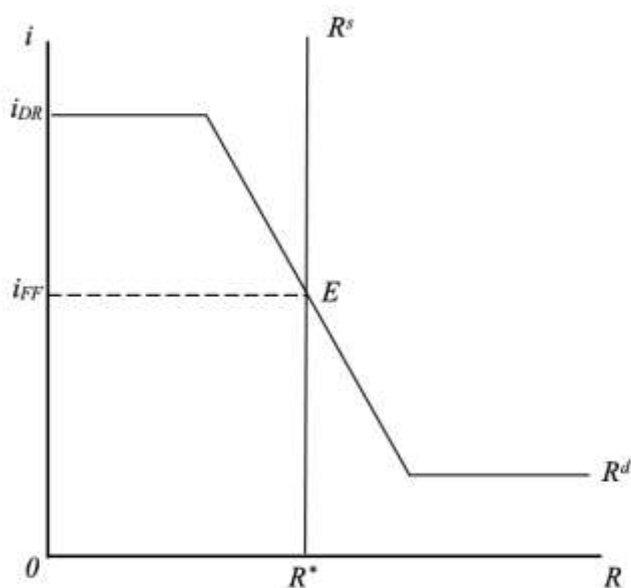
⁹As [announced](https://www.federalreserve.gov/monetarypolicy/reservereq.htm) on March 15, 2020, the Board reduced reserve requirement ratios to zero percent effective March 26, 2020. See, <https://www.federalreserve.gov/monetarypolicy/reservereq.htm> . See also, <https://www.thebalance.com/reserve-requirement-3305883>

¹⁰See, Kallianiotis (2017).

¹¹See, "Discount Window Lending", [The Fed - Discount Window Lending](https://www.federalreserve.gov/monetarypolicy/disc-window-lending). See, also, [Federal Discount Rate \(DISC\) Historical Data | Nasdaq](https://fred.stlouisfed.org/series/DISCRATE). In addition, [Interest Rates, Discount Rate for United States | FRED | St. Louis Fed](https://fred.stlouisfed.org/series/DISCRATE)

¹²On November 25, 2008, Federal Reserve announces it will initiate a program to purchase the direct obligations of housing-related government-sponsored enterprises and mortgage-backed securities backed by Fannie Mae, Freddie Mac, and Ginnie Mae. <https://www.federalreserve.gov/newsevents/pressreleases/monetary20081125b.htm>

¹³The $r_m = 50\%$ since 1974. The See, Kallianiotis (2017).

1 **Figure 1. Market with Limited Reserves**

2
 3 Note: R^d = demand for reserves, R^s = supply of reserves, i = interest rates, i_{DR} = discount rate,
 4 i_{FF} = federal funds rate, R = reserves, R^* = non-borrowed reserves, E = equilibrium ($R^s = R^d$),
 5 $R_B + R^* = R_T^s$, and $R_R + R_E = R_T^d$
 6

7 Banks, before October 1, 2008, were minimizing their holdings of excess
 8 reserves because $i_{IOER} = 0$. Then, with $i_{IOER} > 0$, banks have an incentive to hold
 9 more excess reserves.¹⁴ This is an anti-social policy, which forces the taxpayers to
 10 pay the corrupted banks with this enormous interest (bail out cost, calculated in
 11 Section V.1). The i_{IOER} became a tool to influence banks to hold more excess
 12 reserves at the Fed. The Fed has since that time the i_{IOER} as a new tool for
 13 implementing monetary policy. Since November 2008, $i_{IORR} = i_{IOER}$ and since
 14 March 26, 2020, the Fed abandoned the required reserves ($R_R = 0$).¹⁵ This $IORR$
 15 made Fed's policy effectiveness irrelevant for banks and now, banks are riskier. The
 16 Fed shifted to an ample-reserves framework and reserve requirements are not
 17 anymore a tool of monetary policy. Thus, now, we have only IOR (i_{IOR}) and since
 18 2021, the Fed introduced the $ION RRP$ ($i_{ON RRP}$). The reserves are still remained
 19 "ample", Figure 2.

¹⁴The 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. Since September 18, 2025, it was, $i_{IOR} = 4.15\%$ and lately fell to 3.90% (November 2025). Now, June 1, 2026, it is 3.65%. See, "Interest on Reserve Balances", [Federal Reserve Board - Interest on Reserve Balances](#) and "Interest Rate on Reserve Balances (IORB Rate) (IORB)", [Interest Rate on Reserve Balances \(IORB Rate\) \(IORB\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

¹⁵As announced on March 15, 2020, the Board reduced reserve requirement ratios to zero percent effective March 26, 2020. This action eliminated reserve requirements for all depository institutions. See, "Reserve Requirements", <https://www.federalreserve.gov/monetarypolicy/reservereq.htm>.

1 When there is a large quantity of reserves in the banking system, as it is lately,
 2 Figure 2, the Fed can no longer influence the i_{FF} by making small changes in the
 3 supply of reserves (R^s). Why we need all these non-borrowed reserves (R^*)? What
 4 was the reason of this idle enormous liquidity? Why the taxpayers have to pay
 5 billions of dollars to the corrupted banks for keeping these idle excess reserves? Is
 6 this policy efficient, effective, fair, ethical, or social and the appropriate one? All
 7 this money supply had caused the enormous double digit inflation $\pi = 18\%$,¹⁶ and
 8 an official¹⁷ $\pi = 9.1\%$, which is already, here and will stay for a long time.¹⁸ How
 9 we will control the bubble in the financial market?¹⁹ Who is going to compensate
 10 the poor individuals with their potential huge loses in their IRA? The market
 11 manipulators and the insiders will start taking advantage of this situation with the
 12 abnormal 39.155% growth p.a. of the DJIA., and the Fed did not want to reduce the
 13 interest rate, because the money supply will increase further. All these public
 14 policies the last 18 years have generated an enormous risk, a future uncertainty, and
 15 an unfair huge social cost.²⁰ Lately, we have a new crisis, the Middle East one
 16 (Palestine, Lebanon, and Iran).²¹

17 The Fed is using since October 1, 2008, its administered rates (i_{IOR} and later i_{ONRRP})
 18 to influence the i_{FF} .²² The demand for reserves curve (R^d) turns flat between the

¹⁶See, SGS, http://www.shadowstats.com/alternate_data/inflation-charts

¹⁷See, 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/resource_sandtools/hr-topics/compensation/pages/annual-inflation-hit-40-year-high-in-may.aspx. In September 2022, it was $\pi = 8.2\%$, in November 2024, it was: $\pi = 2.75\%$, and in August 2025, it was, $\pi = 2.9\%$. In November 2025, it was $\pi = 2.7\%$, in January 2026, it was $\pi = 2.4\%$, and in April $\pi = 3.8\%$. See, Current US Inflation Rates: 2000-2026”, [Current U.S. Inflation Rates: 2000-2026 \(usinflationcalculator.com\)](https://www.usinflationcalculator.com) See also, “Fed can’t ignore the risk of higher inflation, Powell says”, [Fed can’t ignore the risk of higher inflation, Powell says \(msn.com\)](https://www.msn.com)

¹⁸“Inflation: Too much money chasing too few goods”...”Shrinkflation: products at the same price are getting smaller, lighter, and thinner to hide their actual rising cost.” ...”Chinese-made junk: loss of quality and product durability and keeping prices low.” See, Stockman (2022). In 2025, U.S. and Israel invaded and bombed Iran, which has its negative effects on oil transportation, its prices, on inflation, and stock markets. See, “Iran: Impacts of June 2025 Israel and US strikes”, [Iran: Impacts of June 2025 Israel and US strikes - House of Commons Library \(parliament.uk\)](https://www.parliament.uk)

¹⁹ The DJIA on March 9, 2009 fell to 6,516.86 and on September 22, 2025 reached 46,381.54; a growth by 39,864.68 points or 611.72% (37.07% per annum). On January 9, 2026, it reached 49,504.07; a growth by 42,987.21 points or 659.631% or 40.794% per annum. The highest was 50,188.14 on February 10, 2026, Figure 3. See, “Fed’s Powell says stocks are ‘fairly highly valued.’ These 3 charts show he’s right”, [Fed’s Powell says stocks are ‘fairly highly valued.’ These 3 charts show he’s right. - MarketWatch](https://www.marketwatch.com). Lately, due to the Iranian war the bubble is loosing air, it fell to 45,166.64 on March 27, 2026.

²⁰See, Polleit (2024a and 2025).

²¹ See, “Israel bombards Beirut with strikes as conflict with Iran widens” [Israel bombards Beirut with strikes as conflict with Iran widens - ABC News](https://www.abcnews.com), The wars in Middle East continue since 1948 and it has experienced over 40 major wars. See, [The wars in Middle East continue since 1948 - Search \(bing.com\)](https://www.bing.com)

²²On 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: $i_{IOR} = 3.15\%$, $i_{ONRRP} = 3.05\%$, $i_{FF}^{eff} = 3.08\%$, 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 $i_{DR} = 4.00\%$. The highest discount rate was 5.50% (July 26, 2023-September 17, 2024).

1 new administered rates at point E_1 , Figure 2, which helps to keep the i_{FF} into the
 2 *FOMC*’s target range ($3.50\% \leq \bar{i}_{FF} \leq 3.75\%$).²³ With these enormous “ample”
 3 reserves, the Fed does not need to make daily *OMO* (*OMP* or *OMS*), as it did before
 4 with the limited reserves to hit the i_{FF} target. Now, small shifts of the supply curve
 5 (R^s) have no effect on the i_{FF} . The main tool for keeping the i_{FF} on its target and
 6 driving the demand curve flat is the i_{IOR} . Banks invest their money short-term based
 7 on the interest rate and the risk. They can invest (with June 1, 2026) in Treasury
 8 Bills ($i_{RF} = 3.61\%$),²⁴ by offering loans to banks ($i_{FF}^{eff} = 3.64\%$),²⁵ or by
 9 depositing to the Fed ($i_{IOR} = 3.65\%$).²⁶ Banks prefer to deposit their money to the
 10 Fed because i_{IOR} is higher compared to the alternative S-T investments and it is also
 11 a safe overnight investment. (*Sic*). If the i_{FF} were to fall very far below the i_{IOR} ,
 12 banks would borrow in the federal funds market and deposit those reserves at the
 13 Fed, earning a profit (arbitrage, π_A) on the difference ($\pi_A = i_{IOR} - i_{FF}$). This
 14 arbitrage ensures that the i_{FF} does not fall much below i_{IOR} .

15
 16 $[EX D_{FF} \Rightarrow i_{FF} \uparrow, \text{Federal Funds} \uparrow \Rightarrow \text{Reserves} \uparrow$
 17 $, \text{and this } EX S_{Reserves} \Rightarrow i_{IOR} \downarrow]$
 18

19 Thus, when the Fed raises or lowers the i_{IOR} , the i_{FF} moves up or down, too.
 20 Consequently, the Fed can keep the i_{FF} into the target range ($3.50\% \leq \bar{i}_{FF} \leq$
 21 3.75% , now) set by the *FOMC* through adjustment of the i_{IOR} . The Fed sets the
 22 i_{IOR} directly, so this interest rate serves as an effective monetary policy tool. Thus,
 23 this i_{IOR} ²⁷ is the *primary tool* used by the Fed for influencing the i_{FF} , Figure 2. The
 24 old tools were satisfied the same objective without charging citizens with any cost,
 25 as they have to pay, now, the *IOR* and *ION RRP* (bail out cost to taxpayers of
 26 hundreds of billions of dollars per annum).²⁸ In 2014, the *FOMC* announced that it

Now, they are: $i_{IOR} = 3.65\%$, $i_{ON RRP} = 3.50\%$, $i_{FF}^{eff} = 3.64\%$, and $i_{DR} = 3.75\%$. See, “Interest on Reserve Balances”. <https://www.federalreserve.gov/monetarypolicy/reserve-balances.htm>. See also, “Effective Federal Funds Rate”, <https://www.newyorkfed.org/markets/reference-rates/effr>. Further, “FRB Rates - discount, fed funds, primary credit”, <https://fred.stlouisfed.org/categories/118>. In addition, See, <https://fred.stlouisfed.org/collection/federal-reserve-board-data>. And [Overnight Reverse Repurchase Agreements Award Rate | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/collection/federal-reserve-board-data)

²³This rate has the current target since October 29, 2025. See, [Fed Funds Target Rate History \(Historical\) \(fedprimerate.com\)](https://www.federalreserve.gov/monetarypolicy/fedfundsratehistory.htm) The highest rate was $5.25\% \leq \bar{i}_{FF} \leq 5.50\%$ (from 7/27/2023 to 9/18/2024) and now, it is $3.50\% \leq \bar{i}_{FF} \leq 3.75\%$ since 12/11/2025.

²⁴See, “3-Month Treasury Bill Secondary Market Rate, Discount Basis (TB3MS)”, [3-Month Treasury Bill Secondary Market Rate, Discount Basis \(TB3MS\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/collection/federal-reserve-board-data)

²⁵See, “Effective Federal Funds Rate”, [Effective Federal Funds Rate - FEDERAL RESERVE BANK of NEW YORK \(newyorkfed.org\)](https://www.newyorkfed.org/markets/reference-rates/effr)

²⁶See, “Interest Rate on Reserve Balances (IORB Rate) (IORB)”, [Interest Rate on Reserve Balances \(IORB Rate\) \(IORB\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/collection/federal-reserve-board-data)

²⁷ See, Board of Governors of the Federal Reserve System. “Interest on Required Reserve Balances and Excess Balances”. <https://www.federalreserve.gov/monetarypolicy/reqresbalances.htm>

²⁸With May 2024, the ON RRP were \$439.806 billion and the $i_{ON RRP} = 5.30\%$. Then, their bail out cost was: \$23.310 billion per annum. On August 30, 2024, they were \$433.130 billion and $i_{ON RRP} = 5.30\%$, which made a bail-out cost of \$22.956 billion p.a.. [FAQs: Reverse Repurchase](https://www.federalreserve.gov/monetarypolicy/faq-reverse-repurchase.htm)

1 will use the Overnight Reverse Repurchase Agreement Facility (*ONRRP*)²⁹ to help
 2 control the i_{FF} . This facility is a form of *OMO*, where the Fed interacts with many
 3 nonbank financial institutions (large money market funds and government-
 4 sponsored enterprises).³⁰ When one nonbank financial institution uses the *ONRRP*
 5 facility, it deposits reserves at the Fed overnight receiving securities as collateral.
 6 The next day the transaction is “unwound”;³¹ the Fed buys back the securities and
 7 the institution earns the i_{ONRRP} , which the Fed sets, on the cash it deposited at the
 8 Fed (another bail out cost), Figure 2. This investment facility is a risk-free option
 9 and these institutions are willing to lend funds to this relatively low rate, the i_{ONRRP}
 10, but not lower. For this reason, the i_{ONRRP} acts as a reservation rate and institutions
 11 can use it to arbitrage other short-term rates. Thus, the interest rate paid on *ONRRP*
 12 transactions and it is below the i_{IOR} , acts like a floor for the i_{FF} and serves as a new
 13 *supplementary policy tool* by the Fed, Figure 2.

14 Some reasonable questions arise, now. Why the Fed needs these overnight
 15 deposits (ONRRP)?³² Why the tax payers have to pay some more billion dollars per
 16 annum to these money market nonbank lenders? Why we do not increase the deposit
 17 rate (i_D) to increase the deposits (demand for deposit accounts)³³ in our banks, if
 18 they need more liquidity? Make at least the saving account rate, $i_D \cong 3.55\% \geq$

[Agreement Operations - FED FEDERAL RESERVE BANK of NEW YORK \(newyorkfed.org\)](https://www.newyorkfed.org/monetarypolicy/overnight-reverse-repurchase-agreements.htm).
 With November 24, 2025, the ONRRP were \$1.077 billion, see, “Overnight Reverse Repurchase
 Agreements: Treasury Securities Sold by the Federal Reserve in the Temporary Open Market
 Operations (RRPONTSYD)”, [Overnight Reverse Repurchase Agreements: Treasury Securities Sold by
 the Federal Reserve in the Temporary Open Market Operations \(RRPONTSYD\) | FRED | St. Louis Fed
 \(stlouisfed.org\)](https://www.fred.stlouisfed.org/series/RRPONTSYD). See, “Overnight Reverse Repurchase Agreements Award Rate (RRPONTSYAWARD)”,
[Overnight Reverse Repurchase Agreements Award Rate \(RRPONTSYAWARD\) | FRED | St. Louis
 Fed \(stlouisfed.org\)](https://www.fred.stlouisfed.org/series/RRPONTSYAWARD)

²⁹See, Board of Governors of the Federal Reserve System. “Overnight Reverse Repurchase Agreement
 Facility”. <https://www.federalreserve.gov/monetarypolicy/overnight-reverse-repurchase-agreements.htm>.

³⁰See, “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/rp_counterparties.

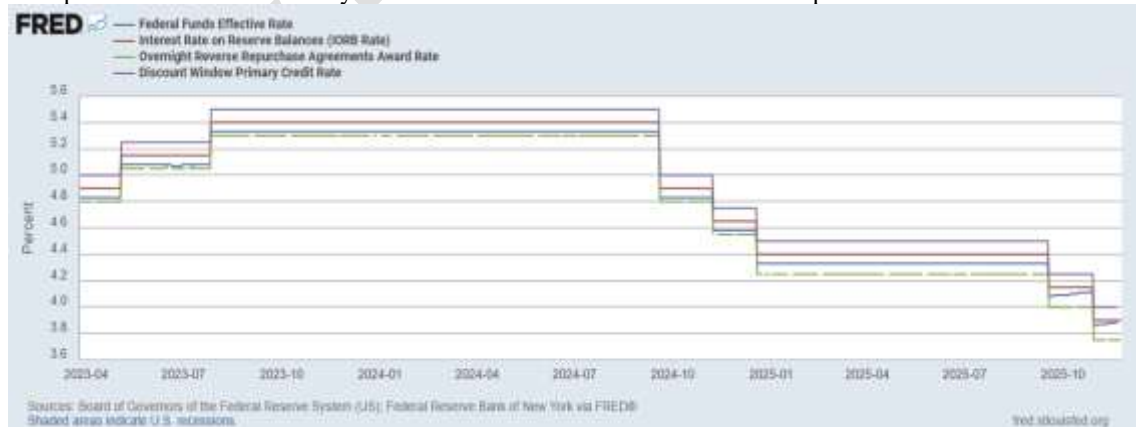
³¹Unwind = To close out a relatively complicated investment position.

³²See, “How the Fed’s Overnight Reverse Repo Facility Works”, JANUARY 11, 2022. [HTTPS://LIBERTYSTREETECONOMICS.NEWYORKFED.ORG/2022/01/HOW-THE-FEDS-OVERNIGHT-REVERSE-REPO-FACILITY-WORKS/](https://libertystreeteconomics.newyorkfed.org/2022/01/how-the-feds-overnight-reverse-repo-facility-works/). See, also, “Interest Rates”. [Interest Rates - St. Louis Fed](https://www.fred.stlouisfed.org/series/RRPONTSYAWARD)

³³See, Hadjimichalakis (1982).

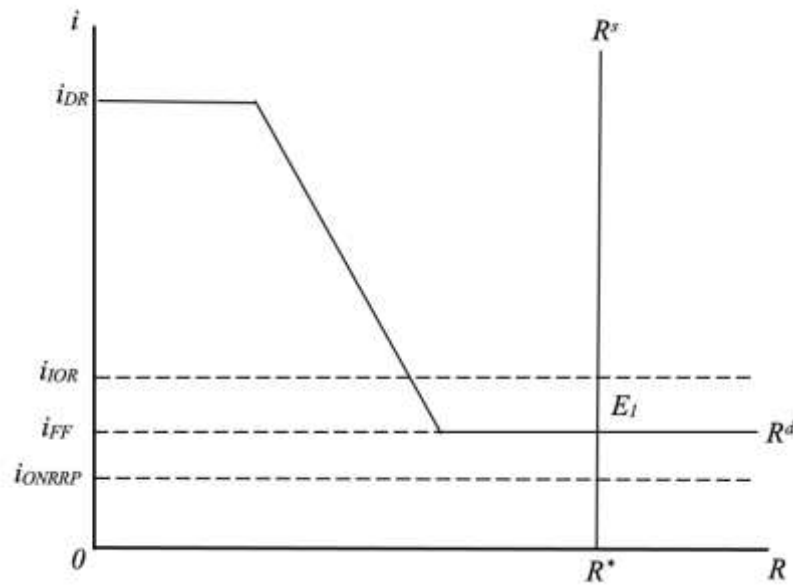
1 $i_{ONRRP} \cong 3.50\%$ ³⁴ and not zero ($i_D = 0.05\%$), as it was for 15 years.³⁵ Why we
 2 exploit the depositors? Why we confiscate their deposits? Why we force the risk
 3 averse depositors to invest in the risky financial market? This new policy is not
 4 necessary, and it has also a very high social cost (trillions of dollars bail out cost to
 5 taxpayers and bail in cost to depositors). The federal funds market can provide the
 6 liquidity for the banks through the OMO without forcing the people to bail out banks
 7 by paying *IOR* and *IONRRP*. The limited reserve system is sufficient to provide all
 8 reserves needed in our banking system and concurrently, it maximizes the social
 9 benefits (social welfare).
 10
 11

³⁴Graph 2. The fed funds rate stays between the discount rate and the reverse repo rate



Note: With February 21, 2026, they were: $i_{DR} = 3.75\%$, $i_{IOR} = 3.65\%$, $i_{FF}^{eff} = 3.64\%$, and $i_{ONRRP} = 3.50\%$. Source: [Rates related to monetary policy | FRED Blog](#)

³⁵In this case the real deposit rate was: $r_D = i_D - \pi = r_D = 3.80\% - 8.2\% = -4.4\%$, which is still negative, but not -8.15% , as it was in the past. The deposit rate must be: $i_D = \pi_t^e + 1\%$ or $r_D = 1\%$. At that time, $i_D = 8.2\% + 1\% = 9.2\%$. With December 2025, $r_D = i_D - \pi = r_D = 0.39\% - 2.7\% = -2.31\%$; then, the $i_D = 3.70\%$ (necessary to cover the inflation), but no lower than 3.50% (the i_{ONRRP}). Now, $r_D = i_D - \pi = r_D = 0.38\% - 3.8\% = -3.42\%$; the deposit rate must be, $i_D = \pi_t^e + 1\% = 3.8\% + 1\% = 4.8\%$. See, [National Rate: Savings \(SNDR\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

1 **Figure 2.** *New Monetary Policy with Ample Reserves*

2
3 Note: i = interest rates, i_{FF} = federal funds rate, i_{DR} = discount rate, i_{IOR} = interest rate on reserves,
4 i_{ONRRP} = interest rate on overnight reverse repurchase, R = reserves, R^d = demand for reserves, R^s
5 = supply of reserves, R^* = non-borrowed reserves, E_I = equilibrium ($R^s = R^d$). On June 1, 2026,
6 these rates were: $i_{DR} = 3.75\%$, $i_{IOR} = 3.65\%$, $i_{FF}^{eff} = 3.64\%$, and $i_{ONRRP} = 3.50\%$.

7

8

9 *Exaggerated Liquidity and its Effects on the Economy*

10

11

12

13

The Fed introduced new lending programs and new tools during the global financial crisis in 2007-2008.³⁶ Thus, the Federal Reserve has a variety of policy tools (instruments)³⁷ that it was using in the past and it is still using them, now,

³⁶They were: (1) Term Auction Facility (TAF) on December 12, 2007. (2) Term Securities Lending Facility (TSLF) on March 11, 2008. (3) Swap Lines on March 11, 2008. (4) Loans to J.P. Morgan to buy Bear Sterns on March 14, 2008. (5) Primary Dealer Credit Facility (PDCF) on March 16, 2008. (6) Loans to AIG on September 16, 2008. (7) Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF) on September 19, 2008. (8) Commercial Paper Funding Facility (CPFF) on October 7, 2008. (9) Money Market Investor Funding Facility (MMIFF) on October 21, 2008. (10) Term Asset-Backed Securities Loan Facility (TALF) on November 25, 2008. See, Mishkin and Eakins (2018, p. 224).

³⁷These instruments are the followings: (1) [Open Market Operations](#). (2) [Discount Window and Discount Rate](#). (3) [Reserve Requirements](#). (4) [Interest on Required Reserve Balances and Excess Balances](#). (5) [Overnight Reverse Repurchase Agreement Facility](#). (6) [Term Deposit Facility](#). (7) [Commercial Paper Funding Facility](#). (8) [Primary Dealer Credit Facility](#). (9) [Money Market Mutual Fund Liquidity Facility](#). (10) [Primary Market Corporate Credit Facility](#). (11) [Secondary Market Corporate Credit Facility](#). (12) [Term Asset-Backed Securities Loan Facility](#). (13) [Paycheck Protection Program Liquidity Facility](#). (14) [Municipal Liquidity Facility](#). (15) [Main Street Lending Program](#). (16) [Central Bank Liquidity Swaps](#). (17) [Temporary Foreign and International Monetary Authorities \(FIMA\) Repo Facility](#). (18) [Expired Policy Tools](#). (19) Margin Requirements. See, Overview of Margin Requirements. <https://www.finra.org/rules-guidance/key-topics/margin-accounts> . Also,

1 together with the new ones, in order to implement monetary policy and support the
 2 economy during the latest global financial and the suspicious coronavirus (COVID-
 3 19) economic and social crises, and during these last five years of huge government
 4 spending (inefficiency and wastes),³⁸ which led the country to an enormous national
 5 debt.³⁹ Some economists are blaming Alan Greenspan, who started his policy by
 6 fueled financial asset with inflation. In 1987:Q2 the U.S. GDP was \$4.8 trillion and
 7 the total stock market was valued at \$3 trillion, as measured by the Wilshire 5000.
 8 During the three-decade period, the Wilshire 5000 market cap rose by 1,440% to
 9 \$46.3 trillion; that is nearly four times the 375% gain in nominal GDP to \$22.7
 10 trillion.⁴⁰ Thus, our financial markets are completely artificial; very risky bubbles.

11 Then, this irrational liquidity by the Fed continues and when there is a large
 12 quantity of reserves in the banking system, as it is lately, Figure 2, the Fed can no
 13 longer influence the i_{FF} by making small changes in the supply of reserves (R^S).
 14 What was the reason of this idle enormous liquidity with the economy lockdown,
 15 businesses had no workers because of the vaccine mandates (people were against
 16 this risky vaccination and they were laid off from their jobs), a vast demand for
 17 imports (Graph 7),⁴¹ a supply chain problem, and a very anemic AD ? Why the
 18 depositors had to earn zero deposit rate and pay a high real deposit rate (bail-in cost)
 19 to banks? All this money supply⁴² and the government spending⁴³ caused the

<https://www.investopedia.com/terms/i/initialmargin.asp>. Further, All Regulations, <https://www.federalreserve.gov/supervisionreg/reglisting.htm>

³⁸The current administration, President Trump, created a new department the DOGE, to reduce government waste; but they continue to do the same government spending by financing the wars in Ukraine, Palestine, Syria, Iran, Venezuela, etc.. Estimated Savings from the DOGE: \$214B. Amount Saved Per Taxpayer: \$1,329.19. See, [DOGE: Department of Government Efficiency](#). See, also, Mearsheimer and Walt (2007). But their mistakes continue and have made the U.S. the most dangerous country for the global peace. *“The US was the overwhelming choice (24% of respondents) for the country that represents the greatest threat to peace in the world today”*. See, “Which Country Is The Greatest Threat to World Peace?”, [Which Country Is The Greatest Threat to World Peace? - Brilliant Maps](#)

³⁹The U.S. National debt was on November 25, 2025, \$38.329 trillion, which is 121.34% of the GDP. Now (3/8/2026), it is \$38.858 trillion. See, <https://www.usdebtclock.org/>

⁴⁰See, Stockman (2022, p.106).

⁴¹See, “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/>. See also, Kallianiotis (2025b).

⁴²See, Money Supply, M2 (M2NS), Graph 5. 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, with September 2025, it was M2 = \$22,134.7 billion, and with April 2026, it was M2=\$22,936.2 billion. [M2 \(M2NS\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

⁴³See, Federal Debt: Total Public Debt (GFDEBTN), Graph 10. 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 one year later, November 25, 2025, it was \$38.329 trillion or 121.34% of the GDP. With June 1, 2026, it was ND = \$39.197 trillion, 121.83% of the GDP. [Federal Debt: Total Public Debt \(GFDEBTN\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

1 enormous double-digit inflation $\pi = 18\%$,⁴⁴ and an official⁴⁵ $\pi = 9.1\%$, which is
 2 already, here and will stay for a long time, and a huge trade deficit; Graph 6 gives
 3 the CPI⁴⁶ and Graph 7 the Current Account.⁴⁷ How will we control the bubble⁴⁸
 4 (Figure 3 and Exhibit A1, A1a, and A1b) in the financial market? The market
 5 manipulators and the insiders, plus the unacceptable and unfair U.S. and Israeli war
 6 against Iran⁴⁹ will start taking advantage of this situation, as already they are doing.
 7 All these artificial values⁵⁰ have generated an unfair huge social cost and an
 8 uncertain future. There is no asset (real or financial) to be correctly priced;
 9 everything is artificially overpriced.

10 Thus, between January 2008 (from \$880.754 billion) and the end of the financial
 11 crisis in May 2009, the Federal Reserve's balance sheet increased by 150%,
 12 swelling to \$2.196 trillion.⁵¹ Since then, the balance sheet has increased by an

⁴⁴See, SGS, http://www.shadowstats.com/alternate_data/inflation-charts

⁴⁵See, 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). and became $\pi = 3.81\%$ with April 2026. See also, "What is the Current Inflation Rate?" [What is the Current U.S. Inflation Rate? \(inflationdata.com\)](https://inflationdata.com)

⁴⁶See, 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 with April 2026, it was CPI = 332.407.. [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)

⁴⁷The Trade Account was -\$119.981 billion (March 2022) and became -\$162.060 billion in (March 2025). See, Trade Balance: Goods, Balance of Payments Basis (BOPGTB), [Trade Balance: Goods, Balance of Payments Basis \(BOPGTB\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/BOPGTB). See also, The U.S. Trade Balance with Every Country. [The U.S. Trade Balance with Every Country | The Motley Fool](https://www.motleyfool.com). With 2025, the total trade deficit was TA = -\$1,230.513 billion. See, Trade in Goods with World, Seasonally Adjusted. U.S. Census. [Trade in Goods with World, Seasonally Adjusted. U.S. Census. - Search \(bing.com\)](https://www.census.gov/data/tables/releases/2025/03/250301.html)

⁴⁸See, Stockman (2022). See, [Dow Jones - DJIA - 100 Year Historical Chart | MacroTrends](https://www.macrotrends.net/stock-charts/djia). Also, see, Table A6: Dow Jones - DJIA – Historical Annual Data.

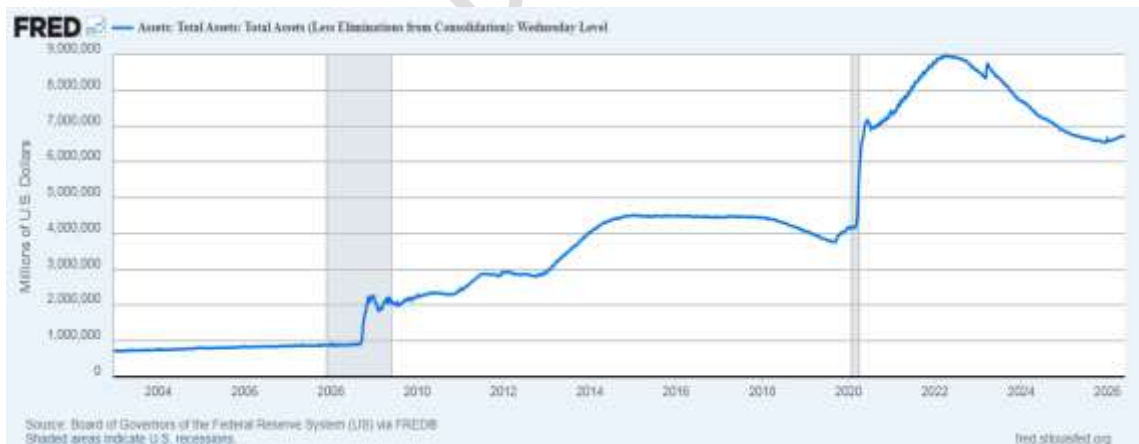
⁴⁹See, "Live Updates: U.S. and Israel Strike Iran as Trump Calls for Overthrow of Government", *New York Times*, [Live Updates: U.S. and Israel Strike Iran as Trump Calls for Overthrow of Government - The New York Times \(nytimes.com\)](https://www.nytimes.com/live/2025/03/26/us-and-israel-strike-iran). Iranian Supreme Leader [Ayatollah Ali Khamenei is dead](https://www.nytimes.com/2025/03/26/us-and-israel-strike-iran/). The U.S. and Israel [seized a rare opportunity](https://www.nytimes.com/2025/03/26/us-and-israel-strike-iran/) to kill several top Iranian leaders at once, prompting Iran to [vow revenge](https://www.nytimes.com/2025/03/26/us-and-israel-strike-iran/) and threatening to [drive up oil prices and inflation](https://www.nytimes.com/2025/03/26/us-and-israel-strike-iran/). Now, the U.S. is racing to complete its mission [before munitions run out](https://www.nytimes.com/2025/03/26/us-and-israel-strike-iran/)—and the Islamic Revolutionary Guard Corps faces its [ultimate test](https://www.nytimes.com/2025/03/26/us-and-israel-strike-iran/). Emma Tucker, Editor in Chief, *The Wall Street Journal*, 3/1/2026.

⁵⁰See, Stockman (2022).

⁵¹Graph 3. Assets: Total Assets: Total Assets (Less Eliminations from Consolidation): Wednesday Level (WALCL).

1 additional \$2.2 trillion and by July 2014, it had become \$4.4 trillion. It consisted of
 2 \$2.46 trillion in Treasuries, \$26.81 billion in agency debt, and \$1.76 trillion in
 3 mortgage-backed securities. The highest value was on January 14, 2015: \$4.516
 4 trillion and on August 14, 2019, it was \$3,337.347 billion. The total banks' reserves
 5 ($R_R + R_E$) were \$200.608 billion and \$1,386.237 billion respectively, a total of
 6 \$1,586.845 billion. Lately, they were going up again. On April 13, 2022, it reached
 7 \$8,965.487 billion (the highest). On November 8, 2023, they were \$7.909 trillion:
 8 \$4.873 trillion in government securities and \$2.463 trillion in mortgage-backed
 9 securities (plus other factors of \$0.573 trillion).⁵² On August 28, 2024, it was a small
 10 reduction, and they were \$7.144 trillion (\$4.399 trillion in government securities,
 11 \$2.308 trillion in mortgage-back securities, plus others of 0.437 trillion).⁵³ Lately,
 12 (11/19/2025), they were, Total Assets = \$6,555.283 billion and \$6,573.602 billion
 13 with January 8, 2026.⁵⁴

14 Over four rounds of “quantitative easing” (QE)⁵⁵ in 2008, 2010, 2012, 2014,
 15 2023, and 2024, the Fed purchased a huge amount of assets such as U.S. Treasury
 16 debt and agency mortgage-backed securities and continued with the same policy
 17 until 2024. As the Fed was buying these assets, the banks that were selling them saw
 18 their excess reserve (R_E) balances to become enormous and the total monetary base
 19 was increasing. Actually, it continues going up until December 2021, where the total
 20 monetary base reached \$6,413.100 billion; a growth since 2008 by \$5,503.4 billion
 21 or 604.969% or 46.536% per annum, Graph 4.⁵⁶ With August 27, 2024, it was,



Note: The total assets were, on December 7, 2023, \$7,737.385 billion and with May 2, 2024, they were \$7,362.474 billion, with January 8, 2026, they were \$6,573.602 billion, with February 18, 2026, they were \$6,613.395 billion and with May 27, 2026, they were \$6,704.383 billion..

Source: [Assets: Total Assets: Total Assets \(Less Eliminations from Consolidation\): Wednesday Level \(WALCL\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

⁵²See, 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](#). See also with January 08, 2026, <https://www.federalreserve.gov/releases/h41/current/h41.htm>

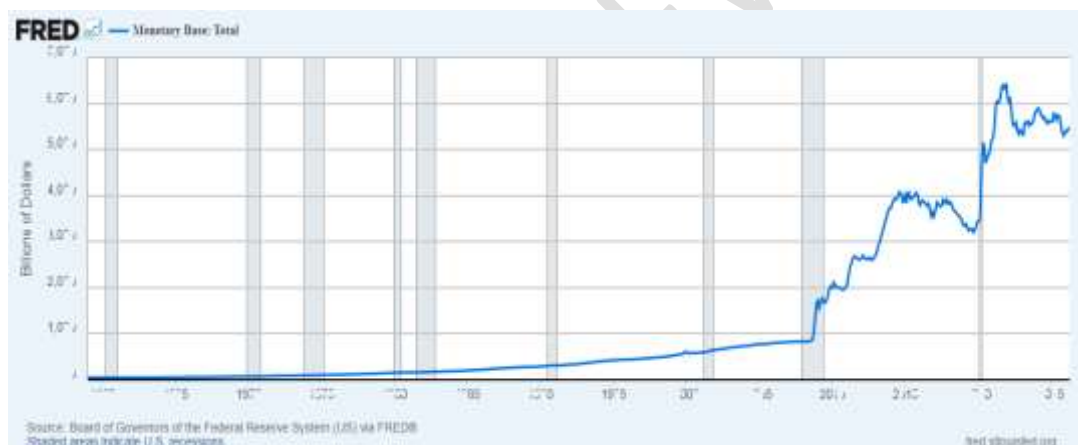
⁵³See, <https://www.federalreserve.gov/releases/h41/current/h41.htm>

⁵⁴See, “Federal Reserve Balance Sheet: Factors Affecting Reserve Balances - H.4.1”, [Federal Reserve Balance Sheet: Factors Affecting Reserve Balances - H.4.1 - November 20, 2025](#)

⁵⁵“Foolishly, Greenspan and Company spared them the trouble by flooding the world with surplus dollars.” . . . “a coiled spring of irrational exuberance and momentum chasing.” See, Stockman (2022).

⁵⁶Graph 4. St. Louis Monetary Base Total.

1 $MB = \$5,653.9$ billion and with October 2025, it was $MB = \$5,361.5$ billion. This
 2 monetary policy cannot be efficient and socially necessary. As a result, excess
 3 reserves held by depository institutions reached, $R_E = \$2,699.968$ billion by August
 4 2014. To put that in perspective, in the pre-crisis years, by August 2008 they were
 5 \$1.876 billion; in December 2008 became \$767.319 billion; in February 2010, they
 6 were \$1,161.852 billion; in July 2011 became \$1,618.118; in August 2014, they
 7 reached \$2,699.968 billion; and then, they started to decline and were in May 2019:
 8 \$1,376.568 billion.⁵⁷ In July 2019, they were \$1,378.447 billion. In December 2019,
 9 the monetary base was \$3,382.800 billion, the currency in circulation was
 10 \$1,786.231 billion, the required reserves (R_R) were \$206.586 billion, and the excess
 11 reserves (R_E) were \$1,388.636 billion, also some other reserves of \$1.347 billion



Note: 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, on August 27, 2024, it came down to \$5,653.9 billion, on December 23, 2025 was \$5,301.9 billion, in January 2026, they were: \$5,402.6 billion, and in April 2026, it was $MB = \$5,470.4$ billion.

Source: <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/> <https://fred.stlouisfed.org/series/BOGMBASE/#>

⁵⁷See, 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>

1 and continue to grow.⁵⁸ In October 2025, the $R_T \equiv R_E = \$2,944.7$ billion⁵⁹ and in
 2 April 2026, they were $R_T \equiv R_E = \$3,018$ billion.

3 The money supply (M2) has surpassed all its limits,⁶⁰ from \$7,502.6 billion
 4 (January 2008) reached \$21,577 billion (June 2022), a growth by \$14,074.4 billion
 5 or 187.59% or 13.4% per annum; lately, the M2 = \$22,329.8 billion (November
 6 2025), Graph 5.⁶¹ The consumer price index (CPI) was growing, and the inflation
 7 had reduced consumers' purchasing power, Graph 6.⁶² The DJIA reached 41,563.08

⁵⁸See, Monetary Base; Currency in Circulation: With December 30, 2019, C = \$1,796.397 billion, with October 24, 2023 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) SOWNLOAD. 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; today (August 29, 2024) , they are \$3,302.2 billion. [Reserves of Depository Institutions: Total \(TOTRESNS\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

⁵⁹See, [Reserves of Depository Institutions: Total \(TOTRESNS\) | FRED | St. Louis Fed](#)

⁶⁰See, 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, with August 27, 2024, it is M2 = \$20,987.2 billion, and now (April 2026) M2 = \$22,936.2 billion. [M2 \(M2NS\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

⁶¹Graph 5. Money Supply, M2 (M2NS)



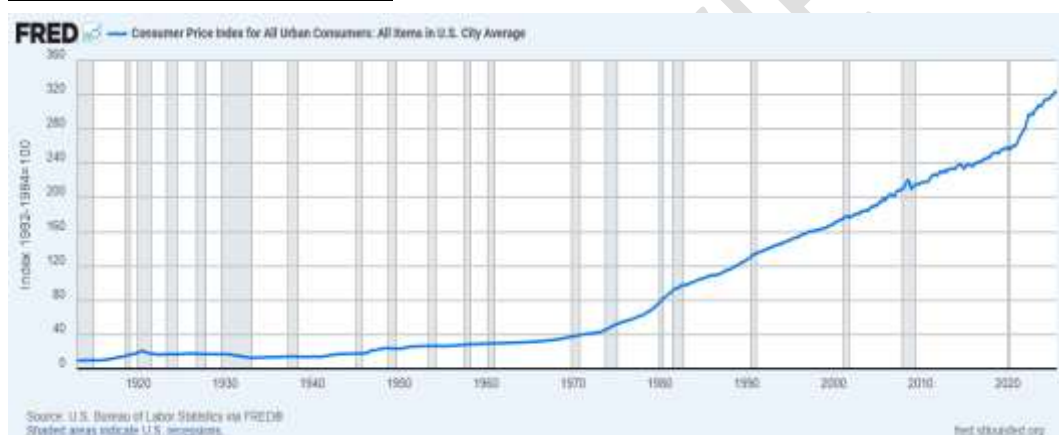
Note: November 2025: \$22,329.8 billion, Updated: Dec 23, 2025 12:01 PM CST. With January 2026, the M2 was \$22,505.2 billion and with April 2026, it was M2 = \$22,936.1 billion.

Source: [M2 \(M2NS\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

⁶²Graph 6. The Consumer Price Index (CPI) for All Urban Consumers

1 on August 30, 2024 from 6,547.05 on March 9, 2009, a growth by 35,016.03 points
 2 or 534.837% or 34.506% p.a. The highest DJIA was on January 12, 2026,
 3 49,590.20, a growth of 43,043.15 points or 657.44%, 39.06% per annum.⁶³
 4 September 19, 2025, 46,314.57 (Figure 3),⁶⁴ a growth by 39,807.53 points or
 5 611,76% or 36.85% p.a. The DJIA reached 50,188.14 (2/10/2026) and then, came
 6 the U.S. and Israeli war against Iran and it fell to 45,166.64 by -5,021.5 points or -
 7 10% (3/27/2026). Was this 36.85% p.a. growth of the stock prices⁶⁵ due to high risk
 8 (RP) or due to excess liquidity (Fed's policy) and its low margin requirements ($r_m =$
 9 50%)?⁶⁶ The market capitalization on December 31, 2008 was \$11.461 trillion and
 10 on December 31, 2025 had reached \$68.963 trillion,⁶⁷ a growth by \$57.502 trillion
 11 or 501.719% in 17 years or 29.513% p.a.

12 The GDP in 2008:Q4 was \$14.770 trillion and in 2025:Q4 was \$30.616
 13 trillion,⁶⁸ a growth by \$15.846 trillion or 107.285% or 6.3% p.a.; 4.68 times less
 14 than the financial market or the GDP grew by 23.213% less than the market. Thus,



Note: Consumer prices up 3.0 percent from September 2024 to September 2025
 November 19, 2025. The Consumer Price Index for All Urban Consumers (CPI-U) increased 3.0
 percent for the 12 months ending September 2025, after rising 2.9 percent over the 12 months ending
 August. [Chart Image](#) and [Chart Data](#). In January 2026, the CPI = 325.252. The inflation was 2.7% in
 December 2025 and fell to 2.4% in January 2026.

Source: [Consumer Price Index for All Urban Consumers: All Items in U.S. City Average \(CPIAUCNS\) | FRED | St. Louis Fed](#) Also, [Consumer prices up 3.0 percent from September 2024 to September 2025 : The Economics Daily: U.S. Bureau of Labor Statistics](#)

⁶³See, [Yahoo Finance - Stock Market Live, Quotes, Business & Finance News](#)

⁶⁴See, "Dow Jones Industrial Average (DJIA)", [Dow Jones Industrial Average \(DJIA\) History Chart](#)

⁶⁵In 2019, the stock market (DJIA) must have 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, today (9/4/2024), the growth of the DJIA must be: $g_{DJIA} = 5.05\% + 8.9\% = 13.95\%$, and today (11/25/2025), $g_{DJIA} = 3.82\% + 8.9\% = 12.72\%$.

⁶⁶The 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](#)

⁶⁷The total market cap represents the combined market cap of all U.S.-based public companies listed on the New York Stock Exchange, Nasdaq, or the OTCQX U.S. See, "Total Market Value of the U.S. Stock Market", [US Stock Market Total Market Value 2026 | Sibilis Research](#)

⁶⁸U.S. GDP in 2008 and in 2025. See, [United States \(USA\) GDP - Gross Domestic Product 2008 | countryeconomy.com](#) and [United States GDP \(2025\) - Worldometer \(worldometers.info\)](#)

1 the stock market has gotten way ahead of the economy. Does this bubble bode a
 2 new financial crisis? Yes; but, the world's planners found another way to cause a
 3 deeper crisis, the more effective and suspicious coronavirus (COVID-19)⁶⁹ and the
 4 criminal vaccine mandate.⁷⁰ What lays ahead, it is a fall of the financial asset prices
 5 until they recover a healthy relationship between stock market growth and growth of
 6 the economy. Unfortunately, everything is artificial (fake); no true value anywhere,
 7 Exhibits A1, A1a, and A1b.

8 Then, inconsiderate government expenditures went up drastically since 2020,⁷¹
 9 raising together the national debt Graph 10. Unfortunately, the most inefficient
 10 institution in the country is the Federal government.⁷² The unfair trade deficit is
 11 going up, too (Graph 7),⁷³ due to enormous liquidity, which depreciates the

⁶⁹COVID-19: The number 1 corresponds to A and the number 9 to I; then, COVID-19 is COVID-AI. See, "How has AI helped in the COVID pandemic?", [How has AI helped in the COVID pandemic?](#). Η μία άπατη μετά την άλλη!..

⁷⁰Deadly vaccines for the COVID-19. See, "Largest COVID Vaccine Study Ever Reveals The Actual Health Risks You Face", [Largest COVID Vaccine Study Ever Reveals The Actual Health Risks You Face : ScienceAlert](#)

⁷¹See, Federal Government: Current Expenditures (FGEXPND). On April 25, 2024, it was G = \$6,591.274 billion and on August 29, 2024, it was G = \$6,683.964 billion. This is a very inefficient government. [Federal Government: Current Expenditures \(FGEXPND\) | FRED | St. Louis Fed \(stlouisfed.org\)](#)

⁷²The 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 was 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 \(msn.com\)](#). At the end, with all this negative EU propaganda, Orbán lost the elections. See, "How Orbán, a Wizard of Populism, Lost His Magic Touch", [How Orbán Lost His Touch, and Hungary's Election - The New York Times \(nytimes.com\)](#). See also, "Europe cheers Orbán defeat as a bloody nose for the Kremlin – but Hungary's future remains contested", [Europe cheers Orbán defeat – but Hungary's future remains contested \(cnbc.com\)](#). The number one leader of the world is the enemy of the ignorant and fallen West, the Christian Orthodox Vladimir Putin.

⁷³Graph 7: Balance on Current Account, NIPA's (NETFI)



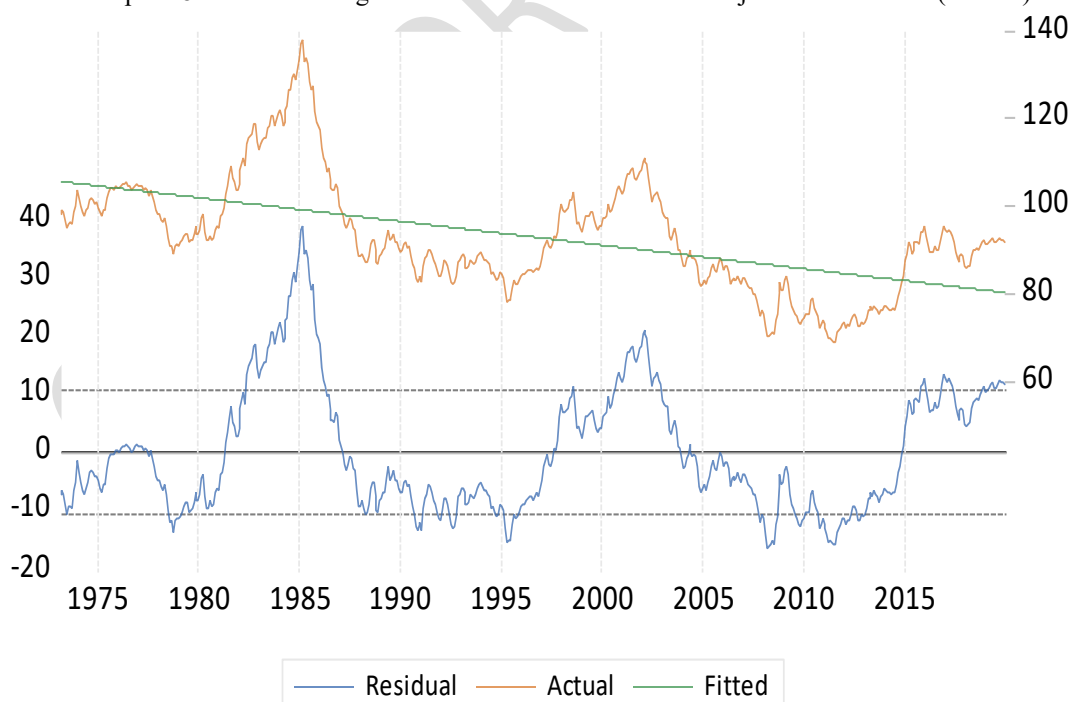
Note: With 2023:Q3, the CA = -\$820.286 billion, with 2023:Q4 became -\$794.265 billion, with 2024:Q2, it became -\$942.951 billion, and 2025:Q3 became -\$979.092 billion.. NAFTA and China's

- 1 dollar(Graphs 8 and 9)⁷⁴ and increases the price of importables, the value of imports
- 2 and the trade deficit. President Trump has threaten enemies and allies with high

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 \(cfr.org\)](#)

⁷⁴ Graph 8: Trade weighted U.S. Dollar Index: Major Currencies (USXRI)



Note: The Fitted line is the time trend of the equation below:

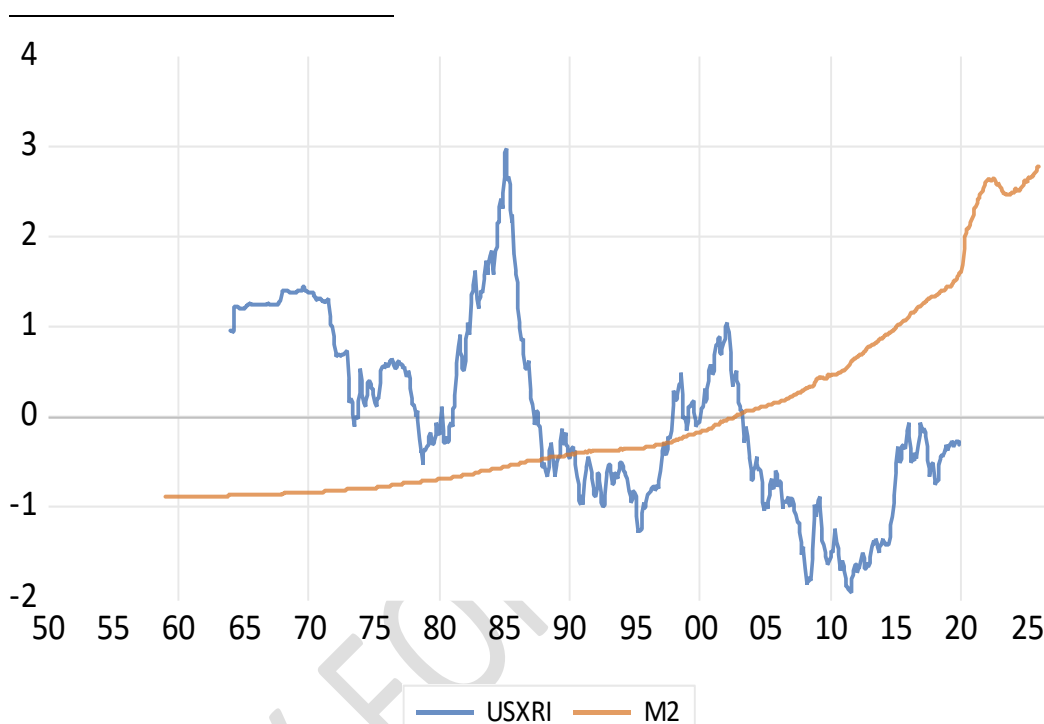
$$USXRI_t = 105.642^{***} - 0.045^{***}t$$

(0.903) (0.003)

$R^2 = 0.320, SER = 10.685, F = 263.501, D - W = 0.020, N = 562$

Graph 9: Money Supply (M2) and USXRI

1 tariffs⁷⁵ to reduce the trade deficit, but erratic decisions cannot help the economy.⁷⁶
 2 Fed also went back to a new zero federal funds rate, on March 16, 2020, to cope
 3 with the new created economic crisis.⁷⁷ The worst is the invasion, the bombing, and
 4 the assassination of the leaders of other countries to impose “democracy” and grasp
 5 their natural resources.⁷⁸
 6
 7



Note: As the money supply is increasing, the USXRI (FCs/\$) is falling (dollar is depreciated).

Correlation between the Index and money supply is relatively high, $\rho_{M2,USXRI} = -0.606$

⁷⁵The Tariff Revenue was (12/11/2025) \$370.35 billion, which was \$3,247 per Taxpayer. With June 1, 2026, it was TR = \$330.566 billion. See, [U.S. National Debt Clock : Real Time](#)

⁷⁶See, Kallianiotis (2025b). Also, the U.S. demand for imports is inelastic ($|\varepsilon_p^M| < 1$). See also, Kallianiotis, Petsas, and Balagyozyan (2026).

⁷⁷The 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, it was: $5.25\% \leq \bar{i}_{FF} \leq 5.50\%$ and the effective: $i_{FF}^{eff} = 5.33\%$. See, [Fed Funds Target Rate History \(Historical\) \(fedprimerate.com\)](#) and <https://fred.stlouisfed.org/series/fedfunds>

⁷⁸All these politics are against the International Law, but above laws is the power. Thus, crises are of many-sided, political, economic, social, cultural, legal, administrative, etc. See, “US capture of Maduro in Venezuela criticized as violation of international, US law”, [US capture of Maduro in Venezuela criticized as violation of international, US law](#). On February 28, 2026, U.S. and Israel killed Khamenei along with around 40 senior Iranian officials, the IDF said. See, “Ayatollah Ali Khamenei killed in US-Israel attack, Iran declares 40 days of mourning”, [Ayatollah Ali Khamenei killed in US-Israel attack, Iran declares 40 days of mourning - France 24](#) and “Intelligence pinpointed Khamenei in Tehran compound ahead of 'precise' strike, Israel says”, [Intelligence pinpointed Khamenei in Tehran compound ahead of 'precise' strike, Israel says - ABC News](#)

1 As it was mentioned above, the national debt (Graph 10) is another major problem
 2 for the country and unfortunately, Pentagon blows \$11 billion in first week of Iran
 3 War,⁸⁰ a war without any reason to take place and it is also against the International
 4 Law, and affects directly the monetary policy.⁸¹ In October 2008 (ή άποφράς
 5 ήμέρα),⁸² the Federal Reserve had begun to pay interest on reserves (IOR).⁸³ The

release”, <https://www.federalreserve.gov/releases/h41/current/h41.pdf>. When $D_{L-T} \uparrow \Rightarrow P_{L-T} \uparrow = > i_{L-T} \downarrow$ and if $D_{S-T} \downarrow \Rightarrow P_{S-T} \downarrow \Rightarrow i_{S-T} \uparrow$. This is the reason that the Yield Curve was negatively sloped.

⁸⁰See, “Pentagon Spent More Than Eleven Billion in Less Than a Week Fighting Iran”, https://americanconservatives.com/2026/03/pentagon-spent-more-than-eleven-billion-in-less-than-a-week-fighting-iran/?utm_source=newsstand.beehiiv.com&utm_medium=newsletter&utm_campaign=pentagon-blows-11-billion-in-first-week-of-iran-war&_bhlid=2ce81ed886ce5df20258f351ae91b539e7754091 . So far the cost is over \$25 billion. See, “\$25bn or \$1 trillion: How much has Iran war really cost the US?” [\\$25bn or \\$1 trillion: How much has Iran war really cost the US?](https://www.aljazeera.com/news/2025/03/25bn-or-1-trillion-how-much-has-iran-war-really-cost-the-us/) | US-Israel war on Iran News | Al Jazeera

⁸¹Graph 10: National Debt



Note: Federal Debt: Total Public Debt (GFDEBTN) = \$36,211,469 million (2025:Q2) and in 2005: Q3 became \$37,637,553 million. 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. With November 25, 2025, it was ND = \$38,330.41 billion, and ND = \$38.466 trillion (12/11/2025), and ND = \$38.603 trillion with 1/13/2026. On February 25, 2026, it was 38.732 trillion. The sequence of events is as follows: $ND \uparrow \Rightarrow EXS \downarrow \Rightarrow P_{GS} \downarrow \Rightarrow i_{GS} \uparrow \Rightarrow Fed i \downarrow \Rightarrow M^s \uparrow$. With March 20, 2026, the U.S. BD = \$1.692 trillion and the ND = \$39.013 trillion. With June 2, 2026, it was ND=\$39.201 trillion and BD=\$1.657 trillion. See, “Pentagon Spent More Than Eleven Billion in Less Than a Week Fighting Iran”, https://americanconservatives.com/2026/03/pentagon-spent-more-than-eleven-billion-in-less-than-a-week-fighting-iran/?utm_source=newsstand.beehiiv.com&utm_medium=newsletter&utm_campaign=pentagon-blows-11-billion-in-first-week-of-iran-war&_bhlid=2ce81ed886ce5df20258f351ae91b539e7754091

Source: [Federal Debt: Total Public Debt \(GFDEBTN\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/GFDEBTN)

⁸²The ill-omened day for our economic history because of its immense negative effects on social welfare and its global effects, due to contagion (globalization).

⁸³Interest 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

1 IOR was set at the top of the federal funds target range and remained about 20 basis
 2 points above the discount rate on 3-month Treasury bills ($i_{IOR} = i_{RF} + 0.20\%$).⁸⁴
 3 This was a factor that increased banks' willingness to hold a large stock of excess
 4 reserves. Interest rates paid on other short-term financial securities (for example,
 5 commercial paper and Treasury bills), often move up or down roughly in parallel
 6 with the funds rate. The only rates that are not affected by federal funds rate are the
 7 deposit rates. (Sic). Yields on long-term assets (i. e., corporate bonds and Treasury
 8 notes), are determined in part by expectations for the fed funds rate in the future.
 9 These enormous federal funds cannot be absorbed by banks because there is no
 10 sufficient demand for investments⁸⁵ and for this reason, they cause only bubbles in

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 (2022a, b, c).

⁸⁴ 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, $i_{IOR} = 2.10\%$. Since 7/27/2023, the $i_{IOR} = 5.40\%$ ($= 5.20\% + 0.20\%$). With November 2025, it was $i_{IOR} = 3.78\% + 0.20\% = 3.98\%$; but it was 3.90%. Now, it is $i_{IOR} = 3.65\%$. 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 ($i_D = 0.05\%$), which was giving a negative real deposit rate ($r_D = -1.536\%$). In January 2020, $r_D = -2.25\%$. In 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 are paying interest, instead of receiving, on their bank accounts ($r_D < 0$). (Sic). These are true anti-social and unethical policies.

⁸⁵See, 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, on 2024:Q2, it was I = \$5,144.229 billion, on 2025:Q3, it was I = \$5,418.578 billion, and on 2026:Q1, it was I = \$5,620.395 billion. See, [Gross Private Domestic Investment \(GDPDI\) | FRED | St. Louis Fed](#).

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 \(msn.com\)](#). The domestic aggregate demand can increase only if manufacturing and agricultural production and jobs will come back to the country. See, Kallianiotis (2025b). 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 is in favor of only liberals agenda for the country: Russia => Racism => Recession => Revenge (against the country) => Reproach (climate) => Restraint (globalization) => Coronavirus => liberal indoctrination in education => digital

1 the financial market and preparing the environment for the 3rd global financial crisis
 2 of the 21st century, like the evolution of the Middle East war to WWIII (enormous
 3 liquidity, which is offered to financial investors by using margin accounts with $r_m =$
 4 50%) and keeping the deposit rate closed to zero. The QE programs flooded the
 5 banking system with liquidity and made it less necessary for banks to borrow in the
 6 federal funds market or to supply deposit accounts.⁸⁶ Therefore, this policy is not
 7 only inefficient and ineffective; it is no appropriate, because it is bad (risky and
 8 unfair) for depositors, for taxpayers, and for the real economy (for our financial
 9 system, too, and inflationary for everyone), Graph 6.

10 Meanwhile, domestic institutions have been charging fees to discourage large
 11 investors from making large deposits with them. As it was mentioned above, the
 12 deposit rate on small deposits was closed to zero from 2008 to 2023, which makes
 13 the real deposit rate negative (depositors are paying the banks to keep their deposits).
 14 Thus, risk-averse depositors have been forced to avoid depositing their money to
 15 banks and to buy risky financial assets ($RP_{DJIA} = \bar{g}_{DJIA} - \bar{R}_{RF} = 39.33\% -$
 16 $0.799\% = 38.531\%$).⁸⁷ These changes in private (non-public) Fed's monetary
 17 policy overturn and invalidate its ultimate objective, which is the prevention of
 18 financial crises and the improvement of social welfare.

21 Policy Rules and their Correctness

22
 23 We can use different monetary policy rules (interest rate reaction functions) to
 24 test the efficiency and effectiveness of the target federal funds interest rate (\bar{i}_{FF}) and
 25 of course, to see if the level of this federal funds rate is optimal. The objective of the
 26 Fed is, stabilization of output (maximum employment) and prices (inflation target,
 27 $\bar{\pi}_t = 2\%$), hoping to stimulate consumption and investment. Central bank's
 28 behavior (reaction to inflation and output-employment) can be presented with the
 29 Bullard rule, an interest rate reaction function, eq. (1), as follows:

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

32 (1) where, \bar{i}_{FF_t} = the target federal funds rate, π_t = the rate of

money => digital ID => dictatorship of technology (AI) => citizens' control. (Sic). 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). 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 +0.9% and with 2026:Q1 went up by +12.8%. <https://fred.stlouisfed.org/series/CILACBQ158SBOG> .

⁸⁶Banks 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).

⁸⁷These 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 $HRP = 38.531\%$. (Sic). This is another indicator that our public policies are completely wrong.

1 inflation as measured by the GDP deflator, π_t^* = the desired rate of inflation,⁸⁸
 2 r_t^* = the assumed equilibrium real interest rate, u_t = the unemployment rate,
 3 u_t^N = the natural level of unemployment, and ρ = the weight put on the past
 4 federal funds rate setting.

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

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

(2)

11 where, $u_t^{GAP} = u_t - u_t^N$ and coefficients, $\alpha_2 > 0$, $\alpha_3 < 0$ and $\alpha_4 < 0$.

12 Using monthly data for the U.S. economy (1954:08-2025:09), we have:

$$\bar{i}_{FF_t} = 0.178^{***} + 0.985^{***} \bar{i}_{FF_{t-1}} + 0.013^{***} \pi_t - 0.145^{***} u_t^{GAP} + 0.118^{***} u_{t-1}^{GAP}$$

(0.062) (0.005) (0.004) (0.039)

16 (0.039)

17 $R^2 = 0.982$, $SER = 0.473$, $F = 11,763.16$, $D - W = 1.296$, $N = 854$

18
 19 The size of the partial adjustment, coefficient α_1 , which is 0.985^{***} provides
 20 direct evidence that the observed degree of persistence in federal funds rates is
 21 greater than the one that can be attributed to systematic policy responses to persistent
 22 inflation and unemployment (output) fluctuations. The coefficients of regression
 23 show that the federal funds rate must respond significantly to an increase in inflation
 24 ($\alpha_2 = 0.013^{***}$), but less aggressively to induce an increase in target rate and a
 25 tightening monetary policy. The federal funds rate must respond sufficiently
 26 aggressively to an increase in unemployment ($\alpha_3 = -0.145^{***}$) to induce a reduction
 27 in interest rate and an effective easing monetary policy. During the New Monetary
 28 Policy Regime (2008:12-2025:09), eq. (2) gives the following results:

$$\bar{i}_{FF_t} = -0.024 + 0.969^{***} \bar{i}_{FF_{t-1}} + 0.006^{***} \pi_t - 0.030^{***} u_t^{GAP} + 0.041^{***} u_{t-1}^{GAP}$$

(0.194) (0.099) 0.002 (0.015)

33 (0.014)

+0.935^{***} AR(1) -

36 0.562^{***} MA(1)

(0.120) (0.059)

39 $R^2 = 0.996$, $SER = 0.113$, $F = 7,027.473$, $D - W =$
 40 2.080, $N = 202$

⁸⁸The Fed ultimately stated explicitly that its target was a 2% per year increase in the raw personal consumption expenditures deflator. See, Williamson (2014, p. 112). Here, we forecast the inflation by using an ARMA (2,1) process, eq. (7) in footnote 96, below.

1 Then, by using the Bullard rule,⁸⁹ we have:

$$\begin{aligned} 2 \quad \bar{i}_{FF_t} &= \rho i_{FF_{t-1}} + (1-\rho)[r_t^* + \pi_t^* + \phi_\pi(\pi_t - 2\%) + \phi_q(u_t - 4\%)] \\ 3 \quad & \quad (1') \end{aligned}$$

4 For the ZIRR (2008:12-2015:11) the i_{FF} must have been:

$$\begin{aligned} 5 \quad \bar{i}_{FF} &= 0.85(0.25\%) + 0.15[1\% + 2\% + 1.5(1.586\% - 2\%) + 1(7.838\% - \\ 6 \quad & 4\%)] = 1.14505\%; \text{ but it was } 0.129\%, \text{ which was very low.} \end{aligned}$$

7
8 A specific case of eq. (1) is the Taylor rule by putting $\rho = 0$. According to
9 Taylor's original version of the rule, the nominal interest rate should respond to
10 divergences of actual inflation rates from *target* inflation rates and of actual GDP
11 from *potential* GDP. By substituting, from the original equation, the logarithm of
12 GDP with the unemployment rate, we have the following eq. (3):

$$\begin{aligned} 13 \quad \bar{i}_{FF_t} &= \pi_t + r_t^* + \alpha_\pi(\pi_t - \pi_t^*) - \alpha_u(u_t - u_t^N) \\ 14 \quad & \quad (3) \end{aligned}$$

15 Taylor (1993) proposed an $\alpha_\pi = 0.5$ and $\alpha_u = -0.5$. The rule "recommends" a
16 high interest rate (a "tight" monetary policy) when inflation is above its target, in
17 order to reduce inflationary pressure, and a low interest rate ("easy" monetary
18 policy) when the unemployment rate is above its natural level to stimulate
19 production, output, and employment.⁹⁰

20 The coefficients are: $\alpha_\pi = 0.5$ and $\alpha_u = -0.5$, the other variables are $r_t^* = 1\%$,
21 $\pi_t^* = 2\%$, and $u_t^N = 4\%$, π_t , and u_t are the averages of each period. The target
22 federal funds rate was between (0.00%-0.25%) for the period 2008:12 to 2015:11.⁹¹

23 Thus, i_{FF} must have been:

$$\begin{aligned} 24 \quad i_{FF} &= 1.586\% + 1\% + 0.5(1.586\% - 2\%) - 0.5(7.838\% - 4\%) = 0.46\%; \text{ but, it was} \\ 25 \quad & \end{aligned}$$

26
27 between 0% and 0.25% (average $\bar{i}_{FF}^{eff} = 0.129\%$), which was low.

28 In addition, financial market plays a major role in market oriented economies
29 and its optimal growth has a positive effect on investors' and consumers' confidence
30 and their wealth. The opposite happens, if growth is artificially enormous (abnormal
31 bubbles) and in this case the probability of a market crash is very high. Kallianiotis

⁸⁹See, Bullard Rule, "Policy Rules and How Policymakers Use Them", [Federal Reserve Board - Policy Rules and How Policymakers Use Them](#). See, also, "Taylor Rule Utility", [Taylor Rule Utility - Federal Reserve Bank of Atlanta \(atlantafed.org\)](#)

⁹⁰If the economy has a high inflation and it is in a recession (with high unemployment), we must have a target interest rate: $\bar{i}_{FF} = 5.4\% + 1\% + 0.5(5.4\% - 2\%) - 0.5(5.9\% - 4\%) = 7.15\%$. This should have been the federal funds rate in June 2021, but it was between 0.00% and 0.25%, which was very low; and it was ineffective, it did not improve growth and did not reduce inflation and unemployment; it just increased the bubble in the stock market. (*Sic*). Lately, (November 2024), the target rate must have been: $\bar{i}_{FF} = 2.75\% + 1\% + 0.5(2.75\% - 2\%) - 0.5(4.2\% - 4\%) = 4.025\%$ and it was between 4.5% and 4.75%, which was good.

⁹¹For federal funds target rate, see, http://www.fedprimerate.com/fedfundsrate/federal_funds_rate_history.htm

(2020c) rule is an expansion of eq. (3) by using an extra term, the growth of the financial market (g_{DJIA_t}), as follows,

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

where, g_{DJIA_t} = the actual growth of the DJIA index, $g_{DJIA_t}^*$ = the optimal (the bubble prevention) growth of the DJIA ($g_{DJIA}^* = R_{RF} + HRP = 0.078\% + 8.9\% = 8.978\%$)⁹² in 2021 or an average growth of 7%, and $\alpha_\pi = 0.25$, $\alpha_u = -0.50$,⁹³ $\alpha_{DJIA} = 0.25$.

Another equation can be the following:

$$i_{FF_t} = \beta_0 + \beta_1 i_{FF_{t-1}} + \beta_2 \pi_t - \beta_3 u_t^{GAP} + \beta_4 djia_t^{GAP} + \varepsilon_t$$

The estimation of the above equation gives:

$$\bar{i}_{FF_t} = -0.767^{**} + 0.974^{***} \bar{i}_{FF_{t-1}} + 0.258^{**} \pi_t - 0.059^{***} u_t^{GAP} - 0.179^{***} djia_t^{GAP}$$

(0.366) (0.008) (0.103) (0.014) (0.065)

$R^2 = 0.982$, $SER = 0.481$, $F = 11,369.43$, $D - W = 1.229$, $N = 836$
Correcting for serial correlation, we get:

$$\bar{i}_{FF_t} = -1.282^{**} + 0.959^{***} \bar{i}_{FF_{t-1}} + 0.416^{***} \pi_t - 0.071^{***} u_t^{GAP} - 0.287^{***} djia_t^{GAP}$$

(0.565) (0.009) (0.158) (0.022) (0.104)

$+0.430^{***} MA(1)$
(0.017)

$R^2 = 0.985$, $SER = 0.440$, $F = 9,102.110$, $D - W = 1.948$, $N = 836$

⁹²For the Historic Risk Premium (HRP), see, Ross, Westerfield, Jaffe, and Jordan (2022, p. 311). See, 3-Month Treasury Bill Secondary Market Rate, Discount Basis (TB3MS), [3-Month Treasury Bill Secondary Market Rate, Discount Basis \(TB3MS\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/TB3MS).

Unfortunately, for our small investors and IRA holders, the growth of DJIA has been 39.06% per annum from March 9, 2009 (6,547.05) to January 12, 2026 (49,590.20). This is the most dangerous financial bubble in humans' history. See, [Dow Jones Industrial Average \(^DJI\) Historical Data - Yahoo Finance](https://finance.yahoo.com/quote/%5EDJI)

⁹³The coefficient of unemployment is higher because full employment is the most important objective of every policy. Citizens of a country need work (employment), certainty (zero risk), confidence for the financial market (no bubbles and enormous declines), and low inflation (the true cost of production of a good). And above all, they need a democratic system that provides safety and security (peace) and not something like the latest indescribable one that has made America the most dangerous nation for the global peace. See, "The US was the overwhelming choice (24% of respondents) for the country that represents the greatest threat to peace in the world today." Which Country Is The Greatest Threat to World Peace?, Last Updated: July 23, 2025. [Which Country Is The Greatest Threat to World Peace? - Brilliant Maps](https://brilliantmaps.com/which-country-is-the-greatest-threat-to-world-peace/) .

1 The negative coefficient of ln of DJIA (djia) (-0.287^{***}) is due to expectations.
 2 If we expect the interest rate (i_{FF}) to go up the DJIA (financial Market) will fall
 3 because an increase in i_{FF} causes a reduction in money supply, which will cause a
 4 reduction of the DJIA. The opposite if we expect the i_{FF} to fall, the M^S increases
 5 and the DJIA goes up; this is the cause of the current bubble in the stock market.
 6 Also, based on the monetarist view, eq. (5), $g_{M^S} \cong g_P(\pi) \Rightarrow 10\%$ increase in
 7 money supply will cause 10% increase in prices (inflation).⁹⁴

$$8 \quad M V = Q P \quad (5)$$

10 For the ZIRR (2008:12-2015:11) the i_{FF} must have been:⁹⁵

⁹⁴See Appendix, Exhibit A1, A1a, and A1b.

⁹⁵By measuring the four different periods and using the three rules, we have the following results:
 Exhibit 1. Target and Accepted Federal Funds Rates

Period		2008:12-2015:11				
Variables	π_t	r_t^*	u	g_{DJIA}	i_{FF}^A	
	\bar{i}_{FF}					
	1.586%	1%	7.838%	9.952%	Bullard	1.145%
very low	0.129%				Taylor	0.460%
low	0.129%				Kallianiotis	1.509%
very low	0.129%					
Period		2015:12-2020:02				
Variables	π_t	r_t^*	u	g_{DJIA}	i_{FF}^A	
	\bar{i}_{FF}					
	1.969%	1%	4.186%	5.002%	Bullard	4.819% very
low	1.334%				Taylor	2.861% very
low	1.334%				Kallianiotis	2.361% very
low	1.334%					
Period		2020:03-2022:02				
Variables	π_t	r_t^*	u	g_{DJIA}	i_{FF}^A	
	\bar{i}_{FF}					
	4.538%	1%	6.763%	21.796%	Bullard	2.569%
very low	0.103%				Taylor	5.425% very
low	0.103%				Kallianiotis	6.610% very
low	0.103%					
Period		2022:03-2025:11				
Variables	π_t	r_t^*	u	g_{DJIA}	i_{FF}^A	
	\bar{i}_{FF}					
	3.751%	1%	3.813%	7.919%	Bullard	4.403% low
	4.220%					

1 $i_{FF} = 1.586\% + 1\% + 0.25(1.586\% - 2\%) - 0.50(7.838\% - 4\%) +$
 2 $0.25(9.952\% - 7\%) = 1.5095\%$, but it was $0.00\% \leq i_{FF} \leq 0.25\%$, which
 3 was very low.

4 The monetary policy is a little more effective on prices (inflation), but not at all
 5 on financial markets (stability or bubbles). Also, on growth and unemployment, it
 6 is less effective because money is a veil (neutrality of money in the long-run). The
 7 negative relationship between inflation and unemployment can be seen with a
 8 Phillips curve. The Phillips curve can be written as follows:

$$9 \quad \pi_t = \pi_t^e - \psi(u_{t-1} - u_t^N) \quad (6)$$

10 Testing empirically this Phillips curve, we have supported this theory for the
 11 last seventy years.⁹⁶

12 The biggest surprise for the Fed was that inflation did not accelerate in response
 13 to lower interest rates during that extended period of low interest rate; from 2008 to
 14 2015 ($\bar{\pi} = 1.552\%$) because the unemployment was high (official $\bar{u} = 6.9\%$)⁹⁷ and
 15 this high unemployment causes reduction in personal income and aggregate
 16 demand, which affect negatively the price level.⁹⁸ But, it seems that there was a need
 17 to invert the yield curve, raising federal funds rate above US10YTB,⁹⁹ Figure 4, to
 18
 19

	Taylor	5.720%	low
4.220%			
	Kallianiotis	5.950%	low
4.220%			

Note: π_t = average inflation, r_t^* = the assumed equilibrium real rate of interest, u_t = average unemployment, g_{DJIA} = growth of DJIA during the period, i_{FF}^A = accepted growth of federal funds rate (based on the rules), and \bar{i}_{FF} = the average federal funds for the period.

Source: Table 1 and 2.

⁹⁶Here, we forecast the inflation, as follows:

$$\pi_t^e = \pi_t^* = 3.830^{***} + 1.285^{***} \pi_{t-1} - 0.299^{***} \pi_{t-2} - 0.893^{***} \varepsilon_{t-1}$$

(0.859) (0.036) (0.033) (0.024)

$$R^2 = 0.356, SER = 3.393, F = 119.526, D - W = 1.998, N = 869, RMSE = 3.385$$

(7)

Then, there is a Phillips curve in our economy: $\pi_t = \pi_t^e - \phi(u_t - u_t^N) + \varepsilon_t$, which gives the following

$$\pi_t = 1.034^{***} \pi_t^e - 0.097^* (u_t - 4)$$

regression: (0.034) (0.060)

$$R^2 = 0.358, SER = 3.384, D - W = 2.024, N = 867, RMSE = 0.224$$

(8)

⁹⁷See, <https://www.macrotrends.net/countries/USA/united-states/unemployment-rate>

⁹⁸The SGS give an inflation for these two periods from 7% to 14% and an unemployment from 14% to 23%. The ShadowStats Alternate Unemployment Rate for June 2018 was 21.5%. See, http://www.shadowstats.com/alternate_data/unemployment-charts

⁹⁹On November 17, 2022, the rates were: $i_{10YTB} = 3.772\%$ and $i_{FF}^{eff} = 3.83\%$. On December 2, 2024, they are: $i_{10YTB} = 4.396\%$ and $i_{FF}^{eff} = 4.64\%$. On January 2, 2025, they were: $i_{10YTB} = 4.78\%$ and $i_{FF}^{eff} = 4.48\%$, which was normal. On November 26, 2025, it was: $i_{10YTB} = 4.01\%$

1 keep inflation under control and reduce the bubble that was creating in the financial
2 market. Every policy is experimental; for this reason they cannot prevent financial
3 crises and business cycles.

6 Policy Instruments and their Effectiveness

8 The New Monetary Policy Regime starts on December 16, 2008, when the Fed
9 imposed the ZIRR ($0.00\% \leq \bar{i}_{FF} \leq 0.25\%$) and after seven years, it begun to raise
10 interest rate to $\bar{i}_{FF} = 0.50\%$ and continues, which had reached 2.50% and back to
11 1.75%. Then, again back to zero from March 15, 2020 to March 15, 2022, and since
12 July 25, 2023, it was between 5.25% and 5.50%.¹⁰⁰ Now, it is ($3.50\% \leq \bar{i}_{FF} \leq$
13 3.75%). Fed had started to signal rate increase after December 16, 2015 for the
14 entire new monetary policy period.¹⁰¹ This is also a period in which the Federal
15 Reserve used interest rate targeting procedures to maintain the credibility for low
16 inflation. The FOMC tried to maintain a 2% inflation target.¹⁰² The method used to
17 implement interest rate (\bar{i}_{FF}) targeting started in October 1982 and became more
18 explicit after 1987 when Alan Greenspan replaced Paul Volcker as head of the
19 Fed.¹⁰³

20 IV.1 Effectiveness of Monetary Policy

21 Now, to test the effectiveness of both monetary policies during these two
22 regimes, the Zero Interest Rate Regime, ZIRR (2008-2015 and 2020-2022) and the

and $i_{FF}^{eff} = 3.88\%$. On December 16, 2025, it was $i_{10YTB} = 4.165\%$ and $i_{FF}^{eff} = 3.64\%$. On January
14, 2026, $i_{10YTB} = 4.18\%$ and $i_{FF}^{eff} = 3.64\%$, and with June 1, 2026, they were $i_{10YTB} = 4.45\%$ and
 $i_{FF}^{eff} = 3.64\%$. See, [Effective Federal Funds Rate - FEDERAL RESERVE BANK of NEW YORK \(newyorkfed.org\)](https://www.federalreserve.gov/newyork/press/pr20251216.htm), and [TMUBMUSD10Y | U.S. 10 Year Treasury Note Overview | MarketWatch](https://www.marketwatch.com/story/10-year-treasury-note-yield-rises-to-4-45-as-fed-holds-rate-2026-06-01),
http://www.fedprimerate.com/fedfundsrate/federal_funds_rate_history.htm and [Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis \(DGS10\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/DGS10). In addition, [Effective Federal Funds Rate - FEDERAL RESERVE BANK of NEW YORK \(newyorkfed.org\) https://www.bloomberg.com/markets/rates-bonds/government-bonds/us](https://www.bloomberg.com/markets/rates-bonds/government-bonds/us)
. Also, [Bonds & Rates \(wsj.com\)](https://www.wsj.com/markets/rates-bonds/government-bonds/us) and [Federal Funds Effective Rate \(FEDFUNDS\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/FEDFUNDS).

¹⁰⁰But, “Fed Tracking World Growth Worries, Chairman Powell Says”. Central banker finds slowdown ‘concerning,’ but U.S. economy still strong. See, <https://www.wsj.com/articles/fed-tracking-world-growth-worries-chairman-powell-says-1542242914>. See also, Fed's Interest Rate History: The Fed Funds Rate Since 1981 | Bankrate, <https://www.bankrate.com/banking/federal-reserve/history-of-federal-funds-rate/>

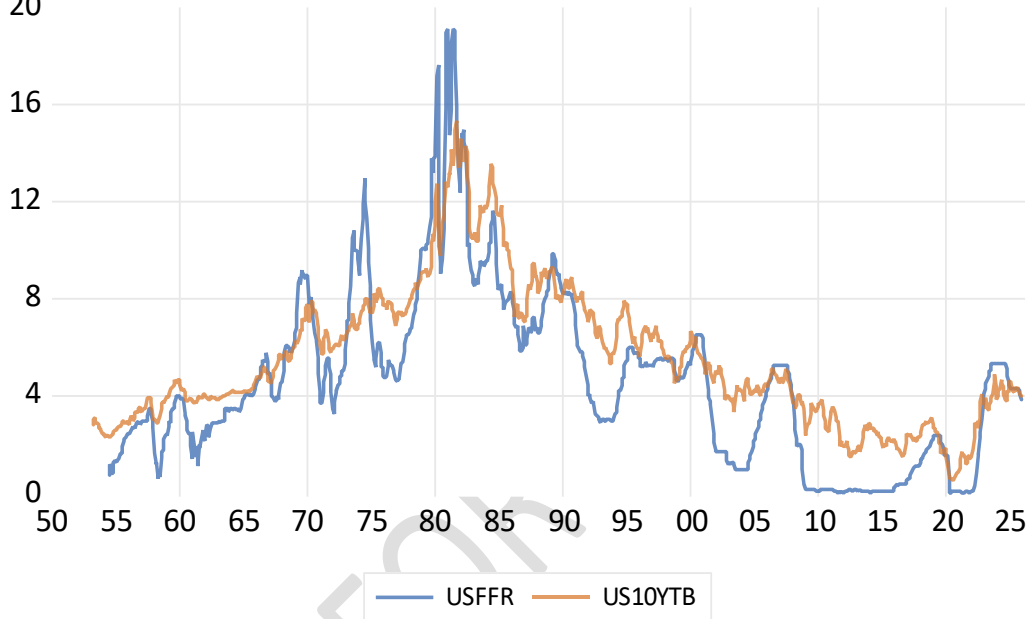
¹⁰¹The central bankers also express more fear about prolonged trade disputes. See, [Fed Signals Rate Increase Next Month - WSJ](https://www.wsj.com/articles/fed-signals-rate-increase-next-month-1535026744)

¹⁰²See, Bullard (2018). Even, Fed’s Esther George Calls for More Rate Increases. The Federal Reserve Bank of Kansas City leader was speaking on the sidelines of her bank’s annual research conference in Jackson Hole, Wyo. <https://www.wsj.com/articles/feds-george-calls-for-more-rate-increases-1535026744>

¹⁰³Before 1982, Fed was targeting directly the money supply and not the federal funds rate. In October 1979 until October 1982, under Chairman Paul Volcker, the FOMC changed its approach to monetary policy and began to target the *quantity* of money—specifically nonborrowed reserves. It was believed that targeting the level of nonborrowed reserves was a better approach to controlling inflation. See, “How did the Fed change its approach to monetary policy in the late 1970s and early 1980s?”, [How did the Fed change its approach to monetary policy in the late 1970s and early 1980s? - San Francisco Fed \(frbsf.org\)](https://www.frb.org/monetary-policy/monetary-policy-in-the-late-1970s-and-early-1980s/)

1 Positive Interest Rate Regime, PIRR (2015-2018 and 2022-2026) a VAR model is
 2 constructed. We use a vector autoregression (VAR) model for the interrelated objective
 3 variables of the U.S. monetary policy ($djia_t, rgdp_t, i_{10YTB_t}, p_t, \text{ and } u_i$)¹⁰⁴ as
 4 endogenous dependent variables and as a function of the lagged values of all these
 5 endogenous variables in the system and the policy instruments ($i_{FF_t}^{eff}, mb_t, \text{ and } m_t$)
 6 as independent exogenous variables.¹⁰⁵ The mathematical representation is as
 7 follows:

8
 9 **Figure 4.** Federal Funds and Government Bond Rates
 20



10
 11

$$\begin{aligned}
 12 \quad djia_t &= \alpha_{11}djia_{t-j} + \beta_{11}rgdp_{t-j} + \gamma_{11}i_{10YTB_{t-j}} + \delta_{11}p_{t-j} + \zeta_{11}u_{t-j} + c_o + \theta_{11}i_{FF_t}^{eff} + \kappa_{12}mb_t + \lambda_{13}m_t + \varepsilon_{1t} \\
 13 \quad rgdp_t &= \alpha_{21}djia_{t-j} + \beta_{21}rgdp_{t-j} + \gamma_{21}i_{10YTB_{t-j}} + \delta_{21}p_{t-j} + \zeta_{21}u_{t-j} + c_o + \theta_{21}i_{FF_t}^{eff} + \kappa_{22}mb_t + \lambda_{23}m_t + \varepsilon_{2t} \\
 14 \quad i_{10YTB_t} &= \alpha_{31}djia_{t-j} + \beta_{31}rgdp_{t-j} + \gamma_{31}i_{10YTB_{t-j}} + \delta_{31}p_{t-j} + \zeta_{31}u_{t-j} + c_o + \theta_{31}i_{FF_t}^{eff} + \kappa_{32}mb_t + \lambda_{33}m_t + \varepsilon_{3t} \\
 15 \quad (9)
 \end{aligned}$$

$$16 \quad p_t = \alpha_{41}djia_{t-j} + \beta_{41}rgdp_{t-j} + \gamma_{41}i_{10YTB_{t-j}} + \delta_{41}p_{t-j} + \zeta_{41}u_{t-j} + c_o + \theta_{41}i_{FF_t}^{eff} + \kappa_{42}mb_t + \lambda_{43}m_t + \varepsilon_{4t}$$

$$17 \quad u_t = \alpha_{51}djia_{t-j} + \beta_{51}rgdp_{t-j} + \gamma_{51}i_{10YTB_{t-j}} + \delta_{51}p_{t-j} + \zeta_{51}u_{t-j} + c_o + \theta_{51}i_{FF_t}^{eff} + \kappa_{52}mb_t + \lambda_{53}m_t + \varepsilon_{5t}$$

18 where, $djia_t = \text{LUSDJIA} = \ln$ of U.S. Dow Jones Industrial Average Index, $rgdp_t$
 19 = $\text{LUSRGDP2012} = \ln$ of U.S. real GDP, $i_{10YTB_t} = \text{US10YTB} =$ U.S 10-Year
 20 Treasury Bonds Rate, $p_t = \text{LUSCPI} = \ln$ of U.S. CPI, $u_i = \text{USU} =$ U.S.
 21 unemployment rate, $i_{FF_t}^{eff} = \text{USFFR} =$ U.S. effective federal funds rate, $mb_t =$
 22 $\text{LUSMB} = \ln$ of U.S. monetary base, and $m_t = \text{LUSM2} = \ln$ of U.S. money supply
 23 (M2).
 24

¹⁰⁴Which are: \ln of DJIA, \ln of RGDP, yield on 10YTB, \ln of CPI, and USU rate.

¹⁰⁵See, Kallianiotis (2019b).

1 *Data and Empirical Results*

2
3 This study uses five monthly economic indicators, objective variables (djia,
4 rgdp, i_{10YTB} , p, and u), over the period December 2008-December 2025, which is
5 divided in four sub-periods: (1) ZIRR (2008:12-2015:11), (2) PIRR (2015:12-
6 2020:02), (3) ZIRR-COVID-19 (2020:03-2022:02), and NPIRR (2022:03-present).
7 This is a VAR analysis of eqs. (9) and the variables (dependent and independent)
8 are those mentioned above; and are presented in Tables 3a, 3b, 3c, and 3d. But, first,
9 we show the mean values (\bar{R}) and their risk (σ_R) during the four sub-periods, for all
10 these dependent and independent variables; Tables 1 and 2 present them. From
11 2008:12-2015:11, the $g_{M2} = 6.163\%$ p.a., the $g_{GDP} = 1.857\%$ p.a., and the
12 $g_{DJIA} = 9.952\%$ p.a.; from 2015:12- 2020:02, the $g_{M2} = 5.426\%$ p.a., the
13 $g_{GDP} = 1.929\%$ p.a., and the $g_{DJIA} = 5.002\%$; and from 2020:03-2022:02, the
14 $g_{M2} = 17.015\%$ p.a., the $g_{GDP} = 2.346\%$ p.a. and the $g_{DJIA} = 21.796\%$ p.a.
15 and after 2022:03, the $g_{M2} = 0.239\%$ p.a., the $g_{GDP} = 5.296\%$ p.a. and the
16 $g_{DJIA} = 7.919\%$ p.a. Where was all this growth of money going? The Main Street
17 expansion (g_{GDP}) was very low. It was going to the stock market (Wall Street) and
18 prices (inflation), eq. (5).¹⁰⁶

19
20 **Table 1.** *U.S. Average Values and Standard Deviations*

21 -----

22 -----		23 Zero Interest Rate Regime		24 New Positive	
25 -----		26 (2008:12-2015:11)		27 Interest Rate	
28 [Alan Greenspan; ¹⁰⁷ Ben Bernanke, Janet Yellen] ¹⁰⁸		29 Jerome Powell]		30 [Janet Yellen,	
31		32 \bar{R}		33 \bar{R}	
34		35 σ_R		36 σ_R	
37 -----					
38 -----					

¹⁰⁶ Official inflation rate reached $\pi = 9.1\%$ and the unofficial by the Shadow Government Statistics show $\pi = 17\%$ in June 2022. See, Current US Inflation Rates: 2000-2026, [Current U.S. Inflation Rates: 2000-2026 \(usinflationcalculator.com\)](https://www.usinflationcalculator.com) and Shadow Government Statistics, [Alternate Inflation Charts \(shadowstats.com\)](https://shadowstats.com)

¹⁰⁷Greenspan's "irrational exuberance" (παράλογος παροξυσμός, αλλοφροσύνη): "Irrational exuberance" is the phrase used by the then-Fed's chairman, Alan Greenspan, in a December 1996 speech given at the American Enterprise Institute during the dot-com bubble of the 1990s. The phrase was interpreted as a warning that the stock market might be overvalued. The DJIA in 1990 was 2,627.25 and in 1999 had grown to 10,829.28, which was a growth by 8,202.03 points or 312.19% or 34.69% p.a. Lately, it is worse, from (3/9/2009) to (1/12/2026) it was a growth of 43,043.15 points or 657.44% 39.06% per annum, Figure 3.

¹⁰⁸See, Board of Governors Members, 1914-Present, [Federal Reserve Board - Board of Governors Members, 1914-Present](https://www.federalreserve.gov/about/bovg.htm)

1	USFFR	0.129%	0.040%	1.334%	0.736%
2	USRFFR	-1.458%	3.570%	-0.635%	
3		2.271%			
4	USMB	2,866.094	833.296		3,638.256
5		233.355			
6	LUSMB	7.918	0.298		8.197
7		0.065			
8	GUSMB	14.289%	37.538%		-3.622%
9		22.381%			
10	M2	9,987.648	1,301.828		13,871.07
11		849.915			
12	LUSM2	9.201	0.130		9.536
13		0.061			
14	GUSM2	6.163%	6.395%	5.426%	3.885%
15	USCPI	227.366	8.464		248.209
16		6.533			
17	LUSCPI	5.426	0.038		5.514
18		0.026			
19	USINF	1.586%	3.571%	1.969%	2.181%
20	US10YTB	2.586%	0.628%	2.267%	0.494%
21	USR10YTB	1.000%	3.493%	0.298%	2.248%
22	SPREAD1	-2.457%	0.620%		-0.933%
23		0.679%			
24	STT3M	0.078%	0.058%	1.264%	0.749%
25	RRFRI	-1.508%	3.561%		-0.705%
26		2.302%			
27	USPCE	11,029.96	817.193		13,714.21
28		721.132			
29	LUSPCE	9.306	0.074		9.525
30		0.053			
31	GUSPCE	3.407%	3.907%	4.098%	3.492%
32	GUSRPC	1.821%	3.788%	2.130%	3.377%
33	GAP1	-3.279%	3.913%		-2.765%
34		3.575%			
35	USDJIA	13,361.00	3104.75		22,844.18
36		3,485.551			
37	LUSDJIA	9.471	0.247		10.024
38		9.709			
39	GUSDJIA	9.952%	55.692%	5.002%	52.341%
40					
41	USRDJIA	5835.631	1166.922		9,176.579
42		1,198.882			
43	LUSRDJIA	8.651	0.211		9.116
44		0.136			
45	GUSRDJIA	8.366%	55.666%	3.033%	52.182
46					

1	USRGDP2012	16207.12	709.469	18,419.30
2	549.230			
3	LUSRGDP2012	9.692	0.044	9.821
4	0.030			
5	GUSRGDP2012	1.857%4.532%		1.929%4.301
6	USU	7.838%1.544%		4.186%0.506%
7	USPSR	5.264%1.169%	3.688%	1.655%
8	RPUS10YTB (Risk)	2.508%0.606%		1.003%0.675%
9	USND	15,324.26	2,349.015	20,922.83
10	1,286.639			
11	LUSND	9.625	0.161	9.947
12	0.061			
13	GUSND	8.124%9.256%		4.958%8.603%

14 -----
15 -----

16 Note: USFFR = U.S. effective federal funds rate, USRFFR = U.S. real effective
17 federal funds rate, USMB = U.S. monetary base, LUSMB = ln of U.S. monetary
18 base, GUSMB = growth of U.S. monetary base, M2 = money supply (M2), LUSM2
19 = ln of money supply (M2), GUSM2 = growth of money supply (M2), USCPI =
20 U.S. consumer price index, LUSCPI = ln of USCPI, USINF = U.S. inflation rate,
21 US10YTB = U.S. 10-year Treasury bonds rate, USR10YTB = U.S. real 10-year
22 Treasury bonds rate, SPREAD1 = spread between the effective federal funds rate
23 and the yield on 10-year Treasury bonds (normal, positive; flat; inverted yield curve,
24 negative), STT3M= short-term Treasury bill 3-month maturity, RRFRI = real risk-
25 free rate of interest ($i_{RF} - \pi$), USPCE = U.S. personal consumption expenditures,
26 LUSPCE = ln of USPCE, GUSPCE = growth of the USPCE, GUSRPE = growth
27 of the U.S. real PCE, GAP1 = the gap between the real effective federal funds rate
28 and the growth of the real PCE (=USRFFR-GUSRPE), USDJIA = the U.S. Dow
29 Jones Industrial Average, LUSDJIA = ln of the DJIA, GUSDJIA = growth of the
30 DJIA, USRDJIA = U.S. real DJIA, LUSRDJIA = ln of the real DJIA, GUSRDJIA
31 = growth of the real DJIA, USRGDP2012 = U.S. real GDP (2012 base year),
32 LUSRGDP2012 = ln of the U.S. real GDP (2012 base year), GUSRGDP2012 =
33 growth of the U.S. real GDP (2012 base year), USU = U.S. unemployment rate,
34 USPSR = U.S. personal savings rate, RPUS10YTB = risk premium on 10-year
35 Treasury bonds (=US10YTB-STT3M), USND = U.S. national debt, LUSND = ln
36 of U.S. national debt, GUSND = growth of U.S. national debt, \bar{R} = the average value
37 of the variable, and σ_R = the standard deviation of the variable.

38 Source: Economagic.com, Yahoo/Finance, and FRED [Federal Reserve Economic](https://fred.stlouisfed.org/)
39 [Data | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/)

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Table 2. *U.S. Average Values and Standard Deviations*

	Zero Interest Rate Regime-COVID-19 Interest Rate Regime (2020:03-2022:02) [Jerome Powell]		The after COVID-19 Positive (2022:03-present) [Jerome Powell]	
	\bar{R}	σ_R	\bar{R}	σ_R
USFFR	0.103%	0.117%	4.220%	1.467%
USRFFR	-4.435%	5.229%	0.469%	5.286%
USMB	5,552.45	702.313	5,632.29	169.140%
LUSMB	8.614	0.132	8.636	0.030
GUSMB	27.935%	67.222%	-1.485%	21.213%
M2	19,624.16	1,532.842	21,230.72	401.980
LUSM2	9.881	0.080	9.963	0.019
GUSM2	17.015%	17.366%	0.239%	6.436%
USCPI	266.796	8.761	307.165	9.352
LUSCPI	5.586	0.033	5.727	0.031
USINF	4.538%	5.183%	3.751%	4.421%
US10YTB	1.179%	0.436%	3.920%	0.584%
USR10YTB	-3.359%	4.896%	0.169%	4.729%
SPREAD1	-1.076%	0.481%	0.300%	1.067%
STT3M	0.098%	0.078%	4.238%	1.339%
RRFRI	-4.440%	5.204%	0.487%	5.246%
USPCE	15,309.13	1,326.269	19,199.13	1,081.357
LUSPCE	9.632	0.089	9.861	0.056
GUSPCE	6.979%	45.494%	5.964%	14.372%
GUSRPCE	2.441%	42.480%	2.213%	14.412%

1	GAP1	-6.876%	45.541%	-1.744%
2	14.549%			
3	USDJIA	31,450.35	3,927.306	37,065.76
4	4,478.515			
5	LUSDJIA	10.348	0.129	10.513
6	0.129			
7	GUSDJIA	21.796%	52.721%	7.919%
8	55.987%			
9	USRDJIA	11,760.51	1,173.213	12,040.25
10	1,143.13			
11	LUSRDJIA	9.368	0.103	9.392
12	0.095			
13	GUSRDJIA	17.258%	54.623%	4.168%
14	56.937%			
15	USRGDP2012	19,138.20	801.437	22,465.74
16	1,156.525			
17	LUSRGDP2012	9.859	0.043	10.018
18	0.053			
19	GUSRGDP2012	2.346%30.274%		5.296%16.016%
20				
21	USU	6.763%2.712%		3.813%0.263%
22	USPSR	12.988%	6.815%	4.898%1.112%
23	RPUS10YTB (Risk)	1.081%0.464%		-0.318%
24	USND	27,985.89	1,533.849	33,565.32
25	2,102.996			
26	LUSND	10.238	0.057	10.419
27	0.063			
28	GUSND	13.465%	33.637%	5.247%
29	10.128%			
30	-----			
31	-----			

Note: See, Table 1.

Source: See, Table 1.

The above Tables show that the worst period was between 2020:03 and 2022:02, the suspicious COVID-19 anti-humane period. The money supply was growing 17.015%, the monetary base was growing by 27.935%, the inflation was on the average 4.538%, the stock market (DJIA) was growing by 21.796%, the real GDP was growing by 2.346%, the official unemployment was 6.763%, and the national debt was increasing by 13.465%. All these measures show the suffering of the people and the extremities of our controlled policy makers.

The VAR results, eq. (9), for the U.S. for the period 2008:12-2015:11 appeared in Table 3a and for the period from 2015:12 to 2018:12 are shown in Table 3b below. For period 2020:03 -2022:02, the results are appearing in Table 3c, and for the period 2022:03-2025:06 in Table 3d During the period of ZIRR, the Fed monetary policy had a significant effect only on official unemployment. For the

1 New Era, the Fed had some effects on DJIA and on prices (CPI). For the new ZIRR
 2 (COVID-19), the monetary policy had some effects on financial markets (DJIA), on
 3 real GDP, and negative effects on unemployment, and stranger coefficients. For the
 4 latest period (2022:03-2025:06) the monetary policy had some effects on real GDP.
 5 Then, the results show that the new monetary policy is not effective.
 6

7 **Table 3a. Vector Autoregression Estimates for the U.S. (2008:12-2015:11)**
 8
 9

Variables	$djia_t$	$rgdp_t$	i_{10YTB_t}	p_t	u_t
$djia_{t-1}$	0.678*** 0.347 (0.119) (0.357)	-0.002 (0.011)	0.823 (0.554)	0.016** (0.008)	
$djia_{t-2}$	-0.206*-0.001 (0.117) (0.350)	-0.640 (0.011)	0.001 (0.542)	-0.723** (0.007)	
$rgdp_{t-1}$	0.604 3.833 (1.305) (3.895)	0.660*** (0.119)	-5.781 (6.044)	-0.034 (0.083)	-
$rgdp_{t-2}$	1.505 6.948* (1.364) (4.072)	0.121 (0.124)	11.026* (6.319)	-0.038 (0.087)	-
$i_{10YTB_{t-1}}$	0.021 0.233*** (0.024) (0.071)	0.002 (0.002)	0.990*** (0.110)	-0.001 (0.002)	-
$i_{10YTB_{t-2}}$	-0.005 (0.026) (0.077)	-0.002 (0.002)	-0.211*-0.001 (0.119)	0.176** (0.002)	
p_{t-1}	-1.393 8.692* (1.728) (5.158)	0.096 (0.157)	0.891 (8.005)	1.074*** (0.110)	
p_{t-2}	1.615 5.925 (1.579) (4.714)	-0.023 (0.144)	-17.882*** (7.315)	-0.307*** (0.101)	-

1	u_{t-1}	0.024	0.001	0.382***	0.001	
2		0.659***				
3		(0.035)	(0.003)	(0.163)	(0.002)	
4		(0.105)				
5	u_{t-2}	0.017	0.001	-0.260*-0.001	0.117	
6		(0.031)	(0.003)	(0.146)	(0.002)	
7		(0.093)				
8	c_0	-21.567**	1.334	15.625	1.503**	
9		100.804***				
10		(9.876)	(0.899)	(45.755)	(0.630)	
11		(29.484)				
12	i_{FFt}^{eff}	-0.102	0.035	-0.989	-0.006	
13		1.963***				
14		(0.262)	(0.024)	(1.214)	(0.017)	
15		(0.782)				
16	mb_t	0.102	0.021	0.641	0.013	
17		0.952*				
18		(0.178)	(0.016)	(0.826)	(0.011)	
19		(0.532)				
20	m_t	0.422	0.026	2.056	0.021	-
21		1.552				
22		(0.419)	(0.038)	(1.943)	(0.027)	
23		(1.252)				
24						
25	R^2	0.976	0.994	0.920	0.996	
26		0.995				
27	SEE	0.042	0.004	0.193	0.003	
28		0.125				
29	F	218.563	807.381	61.995	1263.581	
30		975.740				
31	N	84	84	84	84	84
32	-----					
33	-----					

34 Note: $djia_t = \text{LUSDJIA} = \ln$ of U.S. Dow Jones Industrial Average Index, $rgdp_t = \text{LUSRGDP2009}$

35 $= \ln$ of U.S. real GDP, $i_{10YTB_t} = \text{US10YTB} = \text{U.S. 10-Year Treasury Bonds Rate}$, $p_t = \text{LUSCPI} = \ln$

36 of U.S. CPI, $u_t = \text{USU} = \text{U.S. unemployment rate}$, $c_0 = \text{constant term}$, $i_{FF_t}^{eff} = \text{USFFR} = \text{U.S. effective}$

37 federal funds rate, $mb_t = \text{LUSMB} = \ln$ of U.S. monetary base, $m_t = \text{LUSM2} = \ln$ of U.S. money

38 supply (M2), *** = significant at the 1% level, ** = significant at the 5% level, * = significant at the

39 10% level, $R^2 = \text{R-squared}$, $SEE = \text{S.E. equation}$, $F = \text{F-statistic}$, and $N = \text{number of}$

40 observations.

41 Source: See, Table 1.

42

Table 3b. *Vector Autoregression Estimates for the U.S. (2015:12-2020:02)*

Variables	$djia_t$	$rgdp_t$	i_{10YTB_t}	p_t	u_t
$djia_{t-1}$	0.832*** 0.852* (0.199) (0.464)	0.039*** (0.015)	1.852*** (0.788)	0.010 (0.007)	-
$djia_{t-2}$	0.034 0.794 (0.239) (0.556)	-0.012 (0.018)	0.019 (0.944)	0.008 (0.009)	-
$rgdp_{t-1}$	3.991* 6.781 (2.039) (4.753)	0.407*** (0.153)	3.696 (8.067)	-0.038 (0.076)	-
$rgdp_{t-2}$	1.004 0.222 (2.651) (6.180)	-0.042 (0.199)	4.673 (10.490)	0.196* (0.098)	-
$i_{10YTB_{t-1}}$	0.004 0.275*** (0.043) (0.100)	-0.002 (0.003)	1.037*** (0.169)	0.003** (0.002)	-
$i_{10YTB_{t-2}}$	0.049 0.405*** (0.059) (0.138)	-0.001 (0.004)	0.056 (0.234)	-0.004** (0.002)	-
p_{t-1}	-4.810 2.382 (4.454) (10.384)	0.016 (0.335)	-0.464 (17.625)	0.750*** (0.165)	-
p_{t-2}	-5.496 (3.877) (9.038)	0.170 (0.292)	-20.184-0.204 (15.340)	7.781 (0.144)	-
u_{t-1}	-0.008 0.424*** (0.066) (0.153)	0.001 (0.005)	0.001 (0.260)	0.004 (0.002)	-

1	u_{t-2}	0.016	-0.005	0.318	-0.001	-
2	0.276**					
3		(0.061)	(0.005)	(0.241)	(0.002)	
4		(0.142)				
5	c_0	-8.758	4.898***	0.312	0.129	
6	72.531*					
7		(17.635)	(1.327)	(69.775)	(0.655)	
8		(41.111)				
9	$i_{FF_t}^{eff}$	-0.008	0.007	-0.145	0.002	
10	0.111					
11		(0.053)	(0.004)	(0.211)	(0.002)	
12		(0.124)				
13	mb_t	-0.166	-0.025	-1.204	-0.009	
14	0.465					
15		(0.327)	(0.025)	(1.293)	(0.012)	
16		(0.762)				
17	m_t	2.000***	0.029	2.206	0.073***	-
18	1.796					
19		(0.835)	(0.063)	(3.302)	(0.031)	
20		(1.946)				
21						
22	R^2	0.952	0.992	0.922	0.998	
23	0.974					
24	SEE	0.041	0.003	0.160	0.002	
25	0.094					
26	F	56.558	366.421	33.761	1175.987	
27	107.731					
28	N	51	51	51	51	51

30 -----
31 Note: See, Table 3a.
32 Source: See, Table 1.
33

34 **Table 3c.** *Vector Autoregression Estimates for the U.S. (2020:03-2022:02)*

37	Variables	$djia_t$	$rgdp_t$	i_{10YTB_t}	p_t	u_t
38						
39						
40	$djia_{t-1}$	-0.041	-0.010	1.827	0.028**	
41	3.661					
42		(0.29)	(0.101)	(1.276)	(0.013)	
43		(3.872)				

1	$djia_{t-2}$	-0.033	0.113	0.585	0.011	
2	1.335					
3		(0.299)	(0.104)	(1.306)	(0.013)	
4	(3.962)					
5	$rgdp_{t-1}$	-3.865	-0.332	1.760	-0.010	-
6	26.868***					
7		(0.800)	(0.277)	(3.492)	(0.034)	
8	(10.594)					
9	$rgdp_{t-2}$	-0.640	-0.291	-4.006	-0.055*	-
10	8.467					
11		(0.763)	(0.265)	(3.330)	(0.033)	
12	(10.102)					
13	$i_{10YTB_{t-1}}$	-0.043	-0.034	1.096***	0.013***	
14	0.263					
15		(0.064)	(0.022)	(0.279)	(0.003)	
16	(0.847)					
17	$i_{10YTB_{t-2}}$	0.038	-0.016	-0.379	-0.001	
18	1.237					
19		(0.064)	(0.022)	(0.277)	(0.003)	
20	(0.841)					
21	p_{t-1}	1.835	2.975*	-33.623	0.653***	5.530
22		(4.862)	(1.686)	(21.227)	(0.209)	
23	(64.402)					
24	p_{t-2}	-4.596	-3.504**	33.642	0.348*	59.495
25		(4.840)	(1.679)	(21.135)	(0.208)	
26	(64.121)					
27	u_{t-1}	-0.016*	-0.007***	-0.013	0.001	
28	0.002					
29		(0.009)	(0.003)	(0.037)	(0.001)	
30	(0.113)					
31	u_{t-2}	-0.009	-0.007**	-0.026	0.001	-
32	0.074					
33		(0.009)	(0.003)	(0.039)	(0.001)	
34	(0.117)					
35	c_0	16.905*	11.368***	11.011	0.370	589.037***
36		(9.903)	(3.435)	(43.243)	(0.426)	
37	(131.194)					
38	$i_{FF_t}^{eff}$	0.331*	0.176***	-0.564	-0.012	-
39	23.604***					
40		(0.196)	(0.068)	(0.855)	(0.008)	
41	(2.594)					

1	mb_t	0.602**	-0.026	-0.908	-0.044	
2	3.040					
3		(0.315)	(0.109)	(1.376)	(0.014)	
4	(4.175)					
5	m_t	1.962***	0.695**	-0.534	0.023	-
6	68.145***					
7		(0.831)	(0.288)	(3.628)	(0.036)	
8	(11.07)					
9						
10	R^2	0.973	0.971	0.955	0.999	
11	0.991					
12	SEE	0.032	0.011	0.140	0.001	
13	0.426					
14	F	27.901	25.442	16.277	984.310	
15	81.910					
16	N	24	24	24	24	24

17 -----
18 -----
19 Note: See, Table 3a.
20 Source: See, Table 1.

21
22 **Table 3d. Vector Autoregression Estimates for the U.S. (2022:03-2025:06)**

25	Variables	$djia_t$	$rgdp_t$	i_{10YTB_t}	p_t	u_t
26						
27						
28	$djia_{t-1}$	0.323*	0.003	-0.392	0.011	
29	0.387					
30		(0.165)	(0.043)	(1.322)	(0.013)	
31	(0.547)					
32	$djia_{t-2}$	-0.075	-0.034	0.762	0.029***	-
33	0.055					
34		(0.159)	(0.041)	(1.269)	(0.013)	
35	(0.524)					
36	$rgdp_{t-1}$	-0.902	0.433***	6.806	-0.032	-
37	0.693					
38		(0.590)	(0.154)	(4.718)	(0.047)	
39	(1.951)					
40	$rgdp_{t-2}$	1.739***	-0.082	-5.716	0.042	
41	0.875					
42		(0.586)	(0.153)	(4.690)	(0.047)	
43	(1.939)					

1	$i_{10YTB_{t-1}}$	0.001	-0.001	0.585***	0.001	-
2	0.040					
3		(0.025)	(0.007)	(0.202)	(0.002)	
4		(0.084)				
5	$i_{10YTB_{t-2}}$	-0.015	-0.012*	-0.208	-0.002	
6	0.012					
7		(0.026)	(0.007)	(0.210)	(0.002)	
8		(0.087)				
9	p_{t-1}	0.091	-1.311**	8.915	0.866***	
10	3.080					
11		(2.245)	(0.586)	(17.972)	(0.179)	
12		(7.430)				
13	p_{t-2}	0.159	1.957***	-4.115	-0.011	
14	3.401					
15		(2.318)	(0.605)	(18.555)	(0.184)	
16		(7.671)				
17	u_{t-1}	0.075	-0.020	-0.417	0.002	
18	0.357*					
19		(0.061)	(0.016)	(0.491)	(0.005)	
20		(0.203)				
21	u_{t-2}	0.084	0.029*	0.345	-0.003	
22	0.062					
23		(0.065)	(0.017)	(0.517)	(0.005)	
24		(0.214)				
25	c_0	-10.208-2.277	-9.223	0.295	6.207	
26		(9.609)	(2.509)	(76.907)	(0.764)	
27		(31.795)				
28	$i_{FF_t}^{eff}$	0.001	0.017***	0.071	0.001	-
29	0.104					
30		(0.028)	(0.007)	(0.223)	(0.002)	
31		(0.092)				
32	mb_t	0.367	0.015	-0.622	0.002	-
33	0.412					
34		(0.270)	(0.070)	(2.159)	(0.021)	
35		(0.893)				
36	m_t	0.460	0.524**	-2.539	0.002	-
37	4.244					
38		(1.060)	(0.277)	(8.483)	(0.084)	
39		(3.507)				
40						
41	R^2	0.942	0.980	0.842	0.994	
42		0.867				

1	<i>SEE</i>	0.036	0.009	0.284	0.003
2		0.118			
3	<i>F</i>	32.336	96.182	10.667	349.448
4		13.050			
5	<i>N</i>	40	40	40	40

7 -----
8 Note: See, Table 3a.

9 Source: See, Table 1.

12 Ethics and Anti-social Cost of New Policy

14 Ethics [ἠθικὴ = ethikē = the science that investigates the rules of conduct of
15 people living together in society, doctrinal teaching, conception of the good
16 (virtuous) and the beautiful (kind)], as it was mentioned in the introduction, is a
17 moral philosophy or a discipline concerned with what is morally good and bad,
18 morally true and lie, morally regular (normal) or abnormal (perverse), morally
19 legal¹⁰⁹ or illegal (crime) and morally right and wrong.¹¹⁰ The term is also applied
20 to any social system, democracy,¹¹¹ culture, traditions, politics, economics, history,

¹⁰⁹Unfortunately, what is “legal” today does not mean that is moral and ethical. For example, how is it possible the worst crime of abortion (killing your own children) to be legal? These politicians who have voted for these laws are the biggest criminals in our fallen world.

¹¹⁰Lately, they have baptized (their new woke dictionary) the right as wrong, the ethical as unethical, the moral as immoral, the perversion as regular and law of the nations, the killing of the unborn child as women’s right, the depravity as integrity, corruption as virtue, the lie as truth, and the propaganda and disinformation as information (news), the invasion of a foreign country as the need to establish democracy, the war criminals as patriots. (Sic). See, *The Woke Dictionary*, *The Cancel Culture Dictionary*, *The Political Correctness* and many other trashes that “experts” are using, today, to “educate” our children. There is a Greek expression about today’s education: «Τὰ παιδιά μπαίνουν στά σχολεῖα κούτσουρα καὶ βγαίνουν τοῦβλα.» See, «Ἀρκεί η Περιφρόνησις; Ἡ Ἐκκλησιαστικὴ Ἠγεσία ἐπρόδωσε τὴν ἀποστολὴν Της!», [Ἀρκεί η Περιφρόνησις; Ἡ Ἐκκλησιαστικὴ Ἠγεσία ἐπρόδωσε τὴν ἀποστολὴν Της! - Ορθόδοξος Τύπος \(orthodoxostypos.gr\)](#). «Ζῶμεν, σήμερον, εἰς ἕναν κόσμον ἀμαθείας, πονηρίας, ὑπουλότητος, ψευδολογίας καὶ δολιότητος, ὑποκρισίας, ἀδικείας, κακίας, εἰθισμένον νὰ μεταμορφοῦται καὶ νὰ ὑποκρίνεται ὅτι λέγει τὴν ἀλήθειαν, βδελυρὰς ἀσχημοσύνης, ἔχων ἔφεσιν εἰς αἰσχρὰς ἐπιθυμίας, πρόξενον τῶν ἀμαρτημάτων, ἀντίπαλον τῆς ἐλευθερίας καὶ τῆς ἰατρείας τῆς ψυχῆς, δολίας καὶ ἐπιπλάστου εὐλαβείας καὶ δαμονιώδους ζωῆς, ὀλεθρίου ἐπιστήμης, δαμονιώδους πλάνης, καὶ παγκοσμίου δουλείας.» (Σταχυολογήματα ἐκ τῆς Κλίμακος τοῦ Ἁγίου Ἰωάννου του Σιναΐτου). [= "Today we live in a world of ignorance, cunning, deceit, falsehood and fraudulence, hypocrisy, injustice, malice, accustomed to being transformed and impersonates that he tells the truth, of abominable immorality, having remission to the fierce desire, the cause of sins, the opponent of freedom and the healing of the soul, of despicable and contrived piety and of demonic life, of pernicious science, of demonic delusion, and of universal slavery." (From the Ladder of St. John of Sinai)].

¹¹¹“Any foreign power that intervenes with force in the internal affairs of another country tramples on International Law, using as an alibi the implication of the notorious words (narco-terrorist)!... However, this is not the first time that the world's 'democratic' daddy, America, has used military force to impose regime change in Latin America.” See, Κωνσταντῖνος Ι. Βαθιώτης, “Ἀρπαγὴ Μαδούρου: Οἱ ΗΠΙΑ (ξανα)μαδούν το Διεθνὲς Δίκαιο”, [Ἀρπαγὴ Μαδούρου: Οἱ ΗΠΙΑ \(ξανα\)μαδούν το Διεθνὲς Δίκαιο - Ορθόδοξος Τύπος \(orthodoxostypos.gr\)](#) Later, they did the same and even worse in Iran.

1 anthropology, biology, sociology, decision making, justice, social interest, and it is
 2 discussed with the theory of moral values, moral life and virtues (i.e., fear of God,
 3 faith, courage, justice, peace, prudence, temperance, moderation, modesty, self-
 4 respect, respect of human life, repentance, humility, hope, love), theological
 5 principles, and practical moral problems. The Greek moral philosophical thought
 6 was originally based since the 5th century B.C. on a new moral approach that
 7 emerged, at that time, which was using rational arguments leading to the rise
 8 of moral philosophy as a distinct mode of thought. This has been attributed to
 9 Socrates, Plato,¹¹² Aristotle (the “supreme good”, eudaimonia = blissfulness,
 10 prosperity), and many others up to the Revelation in the 1st century A.D., which
 11 ultimate objective is to reach perfection. Unfortunately, today, our problem is the
 12 imposed ignorance by our woke pseudo-democracies,¹¹³ which are completely
 13 controlled by the Illuminati.¹¹⁴

14 The current public policies are causing serious problems to the country and its
 15 citizens and unfortunately, to the future generations and the rest of the world. As of
 16 the time of writing, there are a little less than 23 million public employees in the
 17 U.S., distributed across the three levels of government: 14.9 million in local
 18 government, 5.5 million in state government, and 2.4 million in the federal
 19 government.¹¹⁵ Including teachers and those working in education, the total more
 20 than doubles to about 16.2 million public employees (excluding federal

They killed the leader of the country and 40 high ranking officials. See, “Iran Supreme Leader Ali Khamenei killed, Trump says”, [Iran Supreme Leader Ali Khamenei killed, Trump says \(msn.com\)](https://www.msn.com/en-us/news/world/iran-supreme-leader-ali-khamenei-killed-trump-says)

¹¹²The moral philosopher Plato presented himself to a lawyer (current philosopher), who accused him of being immoral and said: "It is a fact that we did not know the Revealed Truth at that time, but with reason and conscience we created our philosophy and tried to be as moral as possible; but when Christ came to Hades, I was the first to believe in Him." That is indeed the true and ethical Ancient Greek and later, Orthodox Culture, its Greatness, and its Education that nurtured the entire world. For this reason, the Chinese call Greece "Sila", which means, "another great civilization". See, Kallianiotis (2024).

¹¹³See, “Δασμοί, Διαπραγματεύσεις & Στρατηγική Αντιπαράθεση | Greekonomics #50”, <https://www.youtube.com/watch?v=z0B0JppLy0E>

¹¹⁴As we see every day in the fallen West. See, “Μεσσιανικές επιδιώξεις του ισραηλινού προέδρου”, [Μεσσιανικές επιδιώξεις του ισραηλινού προέδρου - Ορθόδοξος Τύπος \(orthodoxstypos.gr\)](https://www.orthodoxstypos.gr/). In addition, see, “Ο πεπλανημένος Εὐαγγελιστής Donald Trump. See, “Η πάστορας του Τραμπ που «πουλάει» στους Αμερικανούς έναν «ιερό πόλεμο»”, [Η πάστορας του Τραμπ που «πουλάει» στους Αμερικανούς έναν «ιερό πόλεμο» - Ορθόδοξος Τύπος \(orthodoxstypos.gr\)](https://www.orthodoxstypos.gr/). On Memorial Day, as Americans paused to honor those who gave their lives in service to the nation, President Donald Trump ordered military action against the Islamic Republic of Iran. The strikes, confirmed by U.S. Central Command, targeted Iranian military installations in the southern region of the country.... Captain Tim Hawkins, spokesman for CENTCOM, characterized the operation as self-defense measures designed to protect American forces from imminent threats. The targets included missile launch sites and Iranian naval vessels reportedly attempting to deploy mines in regional waters. See, “Trump Orders Strikes on Iranian Military Sites as Nuclear Negotiations Stall”, https://worldlyreports.com/trump-orders-strikes-on-iranian-military-sites-as-nuclear-negotiations-stall/?utm_source=www.joinnewsflash.com&utm_medium=newsletter&utm_campaign=trump-orders-strikes-on-iranian-military-sites-as-nuclear-negotiations-stall&_bhlid=3b8a90f4bbedb9a14712199361edcc85db19e4ee

¹¹⁵See, [The evolution of government employment. https://fredblog.stlouisfed.org/2024/12/the-evolution-of-government-employment/](https://fredblog.stlouisfed.org/2024/12/the-evolution-of-government-employment/)

1 government) nationwide.¹¹⁶ The U.S. labor force reached a record high of 168.7
 2 million civilians in September 2024.¹¹⁷ In October 2024, the civilian labor force
 3 amounted to 168.48 million people in the United States.¹¹⁸ U.S. population is
 4 341.217 million.¹¹⁹ Thus, 13.65% of the labor force or 6.74% of the total population
 5 is working for the government.¹²⁰ Also, 37.6 millions are living in poverty, 27.2
 6 millions are without insurance, Medicaid recipients are 86.9 millions, and food
 7 stamp recipients are 42.2 millions.¹²¹ Taxes are also very high and the new Trump's
 8 administration tries to reduce taxes¹²² and increase efficiency in government.
 9 Unfortunately, after one and a half year in power, he has done nothing, except a few
 10 wars, assassinations and abductions of foreign leaders, with enormous human and
 11 economic costs. Thus, the economy is in very bad shape and the world is terrorized.
 12 The U.S. economy could have been improved if it had become self-sufficient and
 13 its politicians independent from foreign influences. Producing domestically and
 14 avoid these huge imports and trade deficits, Graph 7.¹²³

15 The new monetary policy tools (ample reserves, *IOR* and *IONRRP*), which kept
 16 the deposit rate closed to zero are, if not anything else, it is making this public policy
 17 an unfair, anti-social, and unethical new monetary policy¹²⁴ by going against small
 18 savers (investors) and poor taxpayers. Political leaders have no power to regulate
 19 the “independent” private central banks, but they can do something for these
 20 dishonest (“corrupted”) and uncontrolled commercial banks. Central banks’ policies
 21 are ineffective for the economy, non-preventable for a new financial crisis, and anti-
 22 social for the people. Especially, during the suspicious coronavirus fraud¹²⁵ and the
 23 double digits inflation; the necessary public policy is a combination of monetary and
 24 fair and moderate fiscal stimulus policy (no higher taxes due to recession and no
 25 wars on fossil fuels and in Ukraine, Palestine, Syria, and Iran)¹²⁶ that the government

¹¹⁶See, “States With Most Government Employees: Totals and Per Capita Rates”, <https://www.governing.com/archive/states-most-government-workers-public-employees-by-job-type.html>

¹¹⁷See, “Labor force in the United States” https://en.wikipedia.org/wiki/Labor_force_in_the_United_States

¹¹⁸See, “Monthly civilian labor force in the United States from October 2022 to October 2024 (*in millions, seasonally adjusted*)”. [Civilian labor force seasonally adjusted U.S. 2024 | Statista](https://www.statista.com/statistics/1111111/civilian-labor-force-seasonally-adjusted-u-s-2024/)

¹¹⁹See, “U.S. and World Population Clock”, [Population Clock \(census.gov\)](https://www.census.gov/population/clock/).

¹²⁰See, “States With Most Government Employees: Totals and Per Capita Rates”, <https://www.governing.com/archive/states-most-government-workers-public-employees-by-job-type.html>

¹²¹See, [U.S. National Debt Clock : Real Time \(usdebtclock.org\)](https://www.usdebtclock.org/)

¹²²“Multitrillion-dollar package of tax cuts and spending reductions squeaked through the House”. See, “Trump’s ‘Big, Beautiful Bill’ Heads to Senate, Where New Fights Loom”, *The Wall Street Journal*, <https://www.wsj.com/politics/policy/trump-tax-bill-senate-f649b457> This Bill was signed by Trump. (*Fox News*, 7/7/2025).

¹²³See, Kallianiotis (2025b) and Kallianiotis, Petsas, and Balagyozyan (2026).

¹²⁴See, Stockman (2022). “David Stockman is one of the most astute observers of the tragic and unnecessary implosion of our economy, monetary system, and society in general...” (Run Paul). “How politics mixes with central bank and the financial sector to provide a toxic brew of bad money, bad policy, and fragile economy teetering on the edge of economic disaster.” (Ryan McMaken).

¹²⁵Dr. Fauci, CDC, and the medical bureaucracy have destroyed the science of medicine and the country. No one trust them anymore. You were not allowed to disagree with Fauci (“I represent science”, he was saying). They were the greatest damage for the people and a sinful damage to our children, with the deadly vaccine mandates. (*Fox News*, 8/22/2022).

¹²⁶Our pseudo-leaders do not know how to make peace and we have elected them to keep us safe, secure, free, and prosperous. They have failed and we must reject them (vote them out from the

1 provided.¹²⁷ The latest monetary policies benefit only large banks,¹²⁸ and generate
2 an enormous social cost.

3 *VI.1 Social Costs and Benefits of the New Monetary Policy*

4 With **November 2015**, the social cost was in hundreds of billions of
5 dollars.¹²⁹ It is obvious, the central bank is working only for the banks and satisfies
6 only their objectives, which are profitability and liquidity. This monetary policy is
7 against the poor depositors (bail in cost = **\$838.310** billion p.a. or the “official” bail
8 in cost = \$104.104 billion) and against the poor taxpayers (bail out cost = **\$5.923**
9 billion p.a.). Thus, it was a pure anti-social policy and at the same time, it had created
10 enormous bubbles in the stock market, a hidden new global crisis, which found an
11 excuse to burst, the Wuhan coronavirus (the innovative COVID-19) and the
12 increases in federal funds rate to control the inflation that their policies have
13 created.¹³⁰ With this anti-social and unethical monetary policy, the deposit and
14 saving rate were falling and the personal consumption expenditures were increasing.
15 Thus, the household debt was going up.¹³¹ The social cost of this modern monetary
16 policy is enormous, so this policy is wrong, because in any policy the objective must
17 be minimization of social cost and maximization of benefits.
18

governments). Then, there was some hope again with the new U.S. President, Donald Trump. See, “In their own words: Trump supporters explain the hope they feel for his second presidency”, [Trump fans explain their hopes for his next tenure \(usatoday.com\) https://www.usatoday.com/story/news/politics/elections/2024/11/17/trump-supporters-explain-their-hopes-second-term/76293038007/](https://www.usatoday.com/story/news/politics/elections/2024/11/17/trump-supporters-explain-their-hopes-second-term/76293038007/). But, so far he has done nothing important, even peace in Ukraine and Middle East. It seems that he is also controlled by the Illuminati forcing him to bomb Iran and kill Khamenei and 40 other officials, and he continues with the unethical war in Venezuela and is talking about occupying Greenland. See, Madhani, Aamer “After Venezuela raid, Trump says ‘We do need Greenland, absolutely’ — prompting Denmark to warn U.S. has ‘no right to annex’ the Territory”, *Fortune*, January 4, 2026, [After Venezuela raid, Trump says ‘We do need Greenland, absolutely’ | Fortune](https://www.fortune.com/story/news/politics/elections/2024/11/17/trump-supporters-explain-their-hopes-second-term/76293038007/)

¹²⁷See, “Fiscal Stimulus Needed to Fight Recessions”, <https://www.cbpp.org/research/economy/fiscal-stimulus-needed-to-fight-recessions>. But not to make the national debt unsustainable, with some exaggerated and without moderation wastes. Also, “the inflation reduction act” will cause inflation and higher taxes by hiring 78,000 IRS armed agents. (Sic). On September 13, 2022, the White House had a big party celebrating the approval of this new act and the economic destruction that will follow and the DJIA fell 1,300 points on that day. (*Fox News*, 9/13/2022).

¹²⁸«... Θά καταργήσωμεν επίσης όλα τὰ χρηματιστήρια... Θ’ αντικαταστήσωμεν τὰ χρηματιστήρια διά μεγάλων ειδικῶν πιστωτικῶν ιδρυμάτων ὧν ὁ προορισμός θά εἶναι νά καθορίζωσι τήν τιμὴν τῶν βιομηχανικῶν ἀξιῶν συμφώνως πρὸς τὰς βλέψεις τῆς [παγκοσμίου] κυβερνήσεως.» [Πρωτόκολλον ΚΑ’ (Π.Σ.Σ.)]. Intimidating plans!..

¹²⁹See, Kallianiotis (2022a).

¹³⁰The DJIA reached 29,551.42 (2/12/2020) and with coronavirus’ negative effects on health and economy, it fell to 18,591.93 (3/23/2020), it lost 10,959.49 points (-37.09%). I had read somewhere a few years ago that: “we (the economic elites) will abolish the stock exchanges and we will create large financial institutions...” (Sic).

¹³¹The total personal debt (2/27/2021) was \$21.137 trillion x 11% = \$2.325 trillion annual interest on personal debt and with 11/8/2022) had become \$24.067 trillion x 13.46% = \$3.239 trillion p.a. With December 14, 2024, the total personal debt was \$25.699 trillion. With 2025:Q3, it was \$18.59 trillion. See, <https://usdebtclock.org/>. Actually, the average person is paying taxes (plus the unethical property taxes), interest, and insurance premium; the rest of his income is consumed. For this reason his saving is negative (dissaving, borrowing). Thus, our system is completely anti-social.

1 Unfortunately, the lack of fairness and ethics in monetary policy is continued
 2 and taxpayers and depositors are ripped off endlessly. The higher the i_{IOR} , the higher
 3 the i_{ONRRP} , and the higher the inflation π , the higher will be the bail out and the bail
 4 in cost. With **November 3, 2022**, we had:

5
 6 (Ia) The total reserves were: $R_T = \$3,131.4$ billion.

7 The $i_{IOR} = i_{RF} + 0.20\% = 3.72\% + 0.20\% = 3.92\%$. But, it was
 8 $i_{IOR} = 3.90\%$.

9 Thus, Fed was paying total interest on these reserves (I_R) = \$3,131.4
 10 billion x 3.90% = **\$122.125** billion per annum. This was a *bail out cost*
 11 that taxpayers are paying.

12 (Ib) The overnight reverse repurchase agreements were: \$2,230.840 billion.

13 The $i_{ONRRP} = 3.80\%$.

14 Fed pays an interest of: **\$84.772** billion p.a. (*bail out cost*)

15 (II) Total deposits (D_T) = \$17,782.9112 billion.¹³²

16 $i_D = 0.05\%$

17 Banks were paying an insignificant total interest on deposits (I_D) =
 18 \$17,782.9112 billion x 0.05% = **\$8.891** billion per annum.

19 (III) The official inflation rate was (π) = 8.3%; then, $r_D = i_D - \pi = 0.05\% - 8.3\%$
 20 = -8.25%

21 Thus, depositors were paying to their banks (*bail in cost*): \$17,782.9112
 22 x (-8.25%) = **\$1,467.09** billion.

23 The SGS consumer inflation (1980-based)¹³³ was $\pi = 17\%$.

24 The true *bail in* was: \$17,782.9112 x (-16.95%) = **\$3,014.203** billion p.a.

25 (IV) Banks could offer loans: $R_E + D_T = \$3,131.4$ billion + \$17,782.9112
 26 billion = \$20,914.311 billion.

27 Banks' interest rate was from 6.92% (mortgage rate) to 34.99% (credit
 28 cards with bad credit scores). The average $i_{CC} = 20.00\%$. Then, the
 29 average loan rate was: $\bar{i}_L = (6.92\% + 20.00\%): 2 = 13.46\%$.

30 Banks were having an interest revenue (R_I) of \$20,914.311 billion x
 31 13.46% = **\$2,815.066** billion p.a.

32
 33 Consequently, with the beginning of **November 2022**, the social cost was going
 34 up. Bail out cost to taxpayers is **\$206.897** billion p.a. and the bail in cost to
 35 depositors is **\$3,014.203** billion and the official is **\$1,467.09** billion.

36 The Fed's unethical and unfair monetary policy continues even, today. With
 37 **November 2025**, the losses due to inflation (official $\pi = 3.00\%$ ¹³⁴ and unofficial
 38 $\pi \cong 6\%$) and the volatility, by more than $\mp 1,000$ points, of the stock markets
 39 continues plus the social (bail out and bail in) cost, which was:

¹³²See, Deposits, All Commercial Banks. <https://fred.stlouisfed.org/series/DPSACBW027SBOG> .

¹³³See, http://www.shadowstats.com/alternate_data/inflation-charts

¹³⁴Current US Inflation Rates: 2000-2025, [Current US Inflation Rates: 2000-2025](https://www.usinflationcalculator.com)
 ([usinflationcalculator.com](https://www.usinflationcalculator.com))

- 1 (Ia) The total reserves were: $R_T = \$2,944.7$ billion.
 2 The $i_{IOR} = i_{RF} + 0.20\% = 3.82\% + 0.20\% = 4.02\%$. But, it is
 3 $i_{IOR} = 3.90\%$.
 4 Thus, Fed was paying total interest on these reserves (I_R) = \$2,944.7
 5 billion x 3.90% = **\$114.843** billion per annum. This was a *bail out cost*
 6 that taxpayers are paying.
- 7 (Ib) The overnight reverse repurchase agreements were: \$2.217 billion.
 8 The $i_{ONRRP} = 3.75\%$.
 9 Fed pays an interest of: **\$0.0831** billion p.a. or \$83.1 million (*bail out*
 10 *cost*)
- 11 (II) Total deposits (D_T) = \$18,504.959 billion.¹³⁵
 12 $i_{SD} = 0.40\%$ up to $i_{CD} = 1.24\%$; an average of $i_D = 0.82\%$.¹³⁶
 13 Banks were paying an insignificant total interest on deposits (I_D) =
 14 \$18,504.959 billion x 0.82% = **\$151.741** billion per annum.
- 15 (III) The official inflation rate was (π) = 3%; then, $r_D = i_D - \pi = 0.82\% - 3\% =$
 16 -2.18%
 17 Thus, depositors were paying to their banks (*bail in cost*): \$18,504.959 x
 18 $(-2.18\%) =$ **\$403.41** billion.
 19 The SGS consumer inflation (1980-based)¹³⁷ was double from the
 20 official one $\pi = 6\%$. They have discontinued offering any statistics the
 21 last two years.
 22 The true *bail in* was: \$18,504.959 x $(-5.18\%) =$ **\$958.557** billion p.a.
- 23 (IV) Banks could offer loans: $R_T + D_T = \$2,944.7$ billion + \$18,504.959
 24 billion = \$21,449.659 billion.
 25 Banks' interest rate was from 6.23% (mortgage rate) to 5% -35.99%
 26 (credit cards with bad credit scores). The average $i_{CC} = 20.495\%$. Then,
 27 the average loan rate was: $\bar{i}_L = (6.23\% + 20.495\%): 2 = 13.3625\%$.
 28 Banks were having an interest revenue (R_I) of \$21,449.659 billion x
 29 $13.3625\% =$ **\$2,866.211** billion p.a.

30
 31 Thus, with the end of November 2025, the social cost was going down. Bail
 32 out cost: **\$114.843+\$0.0831=\$114.926** billion to taxpayers p.a. and the bail in cost
 33 to depositors is **\$958.557** billion and the official is **\$403.41** billion. Then, there is
 34 improvement, now, due to reduction on Fed's interest rates and increase in the
 35 deposit rates, and reduction in inflation.

36 The highest social cost of our monetary policy was between July 26, 2023 to
 37 September 17, 2024 where, $(5.25\% \leq \bar{i}_{FF} \leq 5.50\%)$; with $i_{IOR} = 5.49\%$,
 38 $i_{ONRRP} = 5.30\%$, $i_{FF}^{eff} = 5.33\%$, $i_D = 0.45\%$, and $\pi = 2.4\%$.

39

¹³⁵See, Deposits, All Commercial Banks. <https://fred.stlouisfed.org/series/DPSACBW02SBOG> .

¹³⁶See, "National Rates and Rate Caps – November 2025", [National Rates and Rate Caps – November 2025 | FDIC.gov](https://www.fdic.gov/news/press-releases/2025/250917.html)

¹³⁷See, https://www.shadowstats.com/alternate_data/inflation-charts

ONLY FOR REVIEW

1 **Optimality and Appropriateness of the New Monetary Policy**

2

3

4

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6

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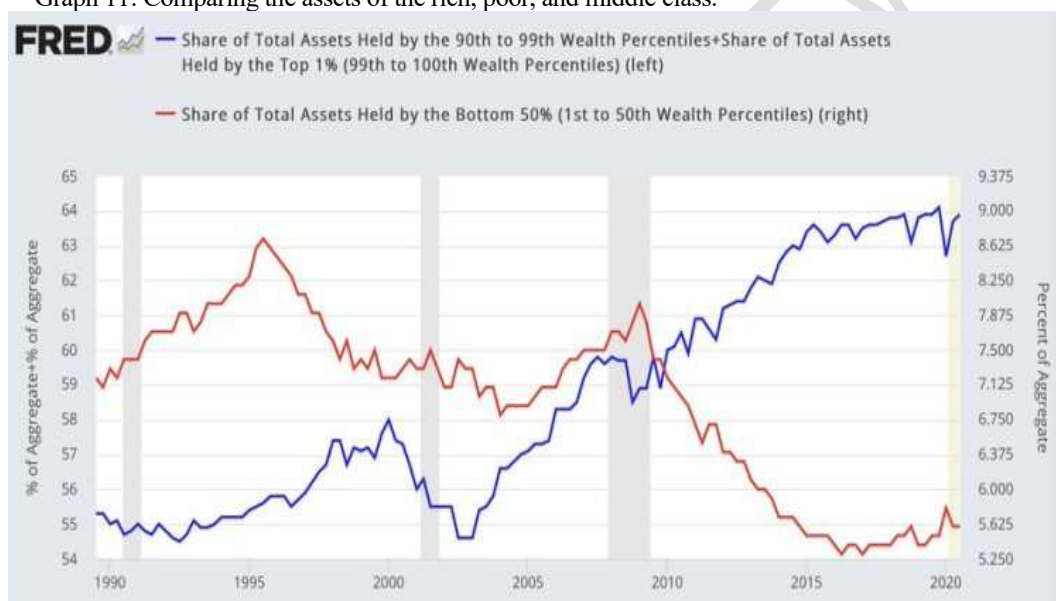
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10

The Federal Reserve System and all the central banks¹³⁸ all over the world have been criticized by different people that know their actual role in our economies, Graphs 11 and 12.¹³⁹ McFadden had made many speeches against the central banks and those who control the central banks.¹⁴⁰ Private and public debt and the control of currency are perfect ways to “enslaving” an entire population with their full acceptance and compliance. And they will keep most of humanity trapped in poverty and conflict, Graphs 11 and 12. We are already enslaved by technology and AI, and soon we will be captive by the central banks and their control on our digital

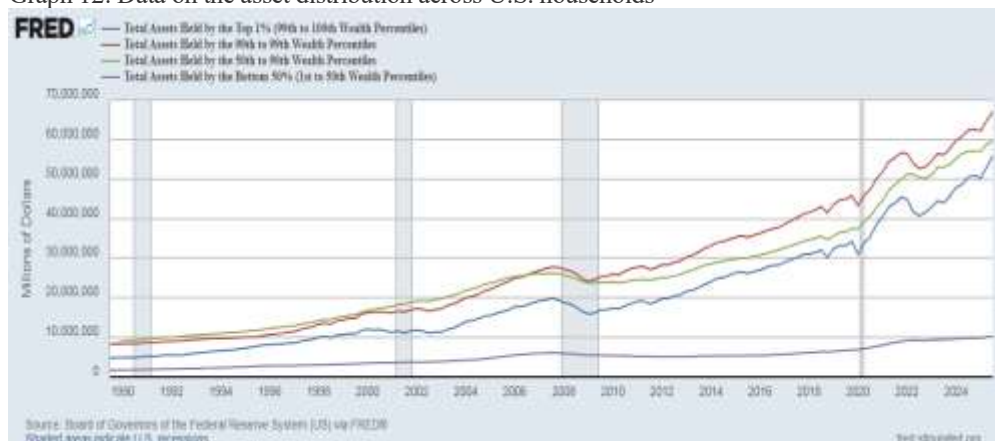
¹³⁸ “Τά γάρ κρυφή γινόμενα ὑπ’ αὐτῶν αἰσχροῦν ἔστι καὶ λέγειν, τὰ δὲ πάντα ἐλεγχόμενα ὑπὸ τοῦ φωτός φανεροῦται, πᾶν γάρ τό φανερούμενον φῶς ἔστι.” (Ἐφεσ. ε΄, 12-13).

¹³⁹ Graph 11: Comparing the assets of the rich, poor, and middle class.



See also: [Comparing the assets of the rich, poor, and middle class](#)

Graph 12: Data on the asset distribution across U.S. households



Source: [Comparing the assets of the rich, poor, and middle class | FRED Blog \(stlouisfed.org\)](#) .

¹⁴⁰ ee, “Collective Speeches of Congressman Louis T. McFadden, Christian Book Club of America, Palmdale, CA, 2022.

1 currency and our bank accounts.¹⁴¹ The correlations between central banks and the
 2 social welfare of the country are overwhelming, especially during periods when and
 3 where the central banks expand their balance sheet portfolio holdings and
 4 manipulate prices, markets, interest rates and regulations (deregulations) in favor of
 5 the corrupted “banksters”. Effectively those “criminals” at the top of this pyramid,
 6 become “too big to fail”. What is extraordinary is that this is multi-generational.
 7 Century after century, politicians, bankers, and the elite see this monetary debt
 8 system as the way it should work. Our minds have been warped (διαστρεβλώνω)
 9 into believing that one entity is allowed to create financial wealth out of nothing and
 10 independent from the government, the citizens of the country. McFadden took to
 11 the floor of the House in May 1933 to decry Roosevelt’s abandonment of the gold
 12 standard, claiming the U.S. “had given the gold and lawful money of the country to
 13 the international money Jews of whom Franklin D. Roosevelt is the familiar.”¹⁴²
 14 The same conditions or even worse hold today. (*Sic*).

15 The central bankers’ immediate plan is to abolish cash money and make way
 16 for our total dependence on the global computer system, digital money. From that
 17 moment on, when one can only pay with a credit card, a debit card, a smart phone,
 18 with a fingerprint or worse with a chip in your body, they will completely control
 19 all humans. For our bankers they become dictators; they impose authoritarianism.
 20 The current money and payment system will lose their validity. The abolition of
 21 cash paves the way for the total dependence¹⁴³ on an already existing worldwide
 22 centrally controlled computer system and a super government. Who will manage
 23 this new system and who is this government? All the world’s pseudo-leaders¹⁴⁴ are
 24 completely controlled, and all world decisions related to power, politics, war and
 25 peace, finance, and industry are decided by these centers and are carried out by those
 26 “leaders”, the marionettes whose strings are pulled by the invisible “forerunners”
 27 (the Illuminati). We have, thus, a technocratic¹⁴⁵ world dictatorship.

¹⁴¹My Accountant said to me this year (2026): “Don’t sent your 2025 tax payment to IRS with a check, the IRS will withdraw directly from your checking account your taxes; be sure that you have money in your account.” This act is completely unethical, anti-social, anti-democratic, and criminal. (*Sic*). Is this the beginning of our global control (globalization) by the dark powers? On April 15, 2026, IRS withdrew from my checking account the 2025 taxes. Then, we have lost completely our control and privacy as human beings.

¹⁴²There were two previous attempts on Louis McFadden’s life, but there were not successful. The third time the assassins succeeded. The most articulate critic of the Federal Reserve and the financiers’ control of the nation was dead at 58, most likely of a successful poisoning. See, <https://www.winterwatch.net/2023/02/the-assassination-of-louis-mcfadden-one-of-the-20th-century-s-most-prescient-men/>

¹⁴³See, De Ruiter (2017 and 2018).

¹⁴⁴«Ἐξεχύθη ἐξουδένωσις ἐπ’ ἄρχοντας αὐτῶν, καὶ ἐπλάνησεν αὐτούς ἐν ἀβάτῳ καὶ οὐχ ὁδῷ.» (Ψαλμ. 106, 40)

¹⁴⁵A very serious problem is the Fifth Generation (5G) mobile internet. Numerous scientific publications have shown 5G will affect living organisms at levels well above most international and national guidelines. Effects include increased cancer risk, cellular stress, increase in harmful free radicals, cardiac arrhythmias (disorders); detrimental to the immune system, genetic damages, structural and functional changes of the reproductive system, learning and memory deficits, neurological disorders, and negative impacts on general well-being in humans. This is a weapon of mass destruction, which satisfies their ultimate objectives, absolute control, and reduction of population. See, De Ruiter (2017, pp. 62-64).

1 The period of individual self-determination has come to an end because there
 2 are no leaders in the world to control their nations and protect their people (citizens),
 3 except one, the protector of the Orthodoxy, President Vladimir Putin.¹⁴⁶
 4 Unfortunately, there are no democracies anywhere. The media completely
 5 controlled and are giving out only the instructed “news” (lies and misinformation,
 6 and “scientific propaganda”); like, flus, pandemics, climate changes, live-stocks
 7 pollution, electric vehicles, abortions to improve production and overpopulation,
 8 reduction in population, euthanasia, DEI, AI,¹⁴⁷ ecumenism, and globalization. We
 9 will become powerless subjects, totally dependent in all respects on the “persons”
 10 (τέρατα), who manage the computers and control the world. If the system will
 11 consider an aspect of your behavior unacceptable, your access will be denied, and
 12 you disappeared. They have all your private information in their system and there
 13 will be no privacy anymore. The value of a human is for them zero. They ignore
 14 that the value of a person is infinite because he is an image of God, with eternal life.
 15 This is the knowledge of our education, today, to create the scientific ignorant
 16 puppet. This is the proof that we have reached a complete integration; a true
 17 globalization.¹⁴⁸

18 Of course, lying is normal to our “leaders” (followers), institutions, and to their
 19 subordinates. Moral considerations and ethics never play a role in their behavior. To
 20 them lying is like eating, drinking, and riding a bicycle, which was very common

¹⁴⁶There was a second one, Victor Orban of Hungary, but as a member of EU and EMU, it was very difficult for him to act independently. With the European propaganda against him, he lost the elections on April 12, 2026. See, [Viktor Orbán - Wikipedia](#). See, also, “Hungary inspires U.S. conservatives. Its leader is seen as running a ‘dictatorship’”, [Why Hungary inspires U.S. conservatives and populists : NPR](#). The biggest victim has become President Trump. See, “Μεσοσιανικές επιδιώξεις του ισραηλινού προέδρου”, [Μεσοσιανικές επιδιώξεις του ισραηλινού προέδρου - Ορθόδοξος Τύπος \(orthodoxostypos.gr\)](#). “Two weeks ago, President Trump authorized **Operation Epic Fury** — a massive joint U.S.-Israel military strike targeting Iran's nuclear infrastructure, Revolutionary Guard facilities, ballistic missile arsenal, and naval forces. The operation eliminated Iranian Supreme Leader Khamenei and the regime's entire military command structure.” See, *Just the Truth: Your No-BS Conservative Newsletter*, March 16, 2026. Ἀθεόφοβοι ἐγκληματῖαι. See also, Mearsheimer and Walt (2007). In addition, The U.S. National Counterterrorism Center, Joe [Kent said](#) “Iran posed no imminent threat to our nation, ... we started this war due to pressure from Israel and its powerful American lobby.” See, “What to know about the resignation of Joe Kent as Trump’s counterterrorism chief”, [What to know about Joe Kent, Trump's former counterterrorism chief | AP News](#). This good person, Joe Kent, is in trouble by the Illuminati because he said the truth and then, he was followed by Tulsi Gabbard. See, “FBI Investigates Former Counterterrorism Chief Who Resigned Over Iran War Opposition”, https://conservativesdaily.com/fbi-investigates-former-counterterrorism-chief-who-resigned-over-iran-war-opposition?utm_source=www.joinnewsflash.com&utm_medium=newsletter&utm_campaign=nato-allies-refuse-to-join-strait-of-hormuz-military-operations&_bhlid=83bbc42d8a23390ab990bdede482881e4d50abe8. In addition, see, “Tulsi Gabbard resigns as director of national intelligence”, [Tulsi Gabbard resigns as director of national intelligence \(nbcnews.com\)](#). See also, De Ruiter (2017 and 2018).

¹⁴⁷«Θὰ ἔρθῃ καιρὸς ποὺ θὰ διευθύνουν τὸν κόσμον τὰ ἄλλα καὶ τὰ μπάλα». See, Στεργίου Σάκκου, “Ἅγιος Κοσμάς ὁ Αἰτωλός - Προφητείες”, [Ορθόδοξος Συναξαριστής :: Ἅγιος Κοσμάς ὁ Αἰτωλός - Προφητείες \(saint.gr\)](#)

¹⁴⁸“To unite the world, we came up with the idea that not only pollution, water shortages, faming and the like would fit the bill, the treat of ‘Global Warming’ does also constitute a common threat which demands the solidarity of all peoples.” See, Alexander King and Bertrand Schneider (co-founders of the Club of Rome). *The First Global Revolution*, Pantheon Books, Barcelona, 1991, p. 115. https://en.wikipedia.org/wiki/The_First_Global_Revolution

1 for Joe Biden. They do it every day, automatically, without thinking, and with the
 2 help of the controlled media. Our leaders know that, if the truth ever were to come
 3 out, their reign would come to an abrupt end. The actual leaders (the “forerunners”)
 4 control all aspects of our lives and of course, the monetary system. With their
 5 imposed standards and their monetary system clear the way for global control
 6 (slavery). They reveal the link between the basic units of time and money. Their
 7 moto, “time is money” has been widely accepted. We were told that this was just
 8 progress. But, “time is limited” and it is the need for repentance and salvation and
 9 not to become millionaire, billionaire, and trillionaire.¹⁴⁹

10 Bankers, scientists, economists, experts, factory owners, media, and politicians
 11 all worked together for the common global objective. This includes mergers,
 12 acquisitions, joint ventures, oligopolists and monopolists, and foreign investments.
 13 If anyone from the people wants to enter the competition, he must try the Stock
 14 Exchanges, which are also controlled by the ruling powers. So, everything is under
 15 control. England became a global empire and the industrial revolution with its
 16 monetary system spread like wildfire. After World War II, U.S.A. took over (forced
 17 to accept) and satisfy the needs for the “elites”. The Rothschilds and Rockefellers
 18 built global networks at the start of the 20th century and will continue until the end
 19 of the world.¹⁵⁰ Their ignorance has no limits because of their wealth and geopolitics
 20 that they inflict on nations.¹⁵¹

¹⁴⁹“Tariffs. Inflation. Slowing employment. None of it has hit the fortunes of America’s billionaires. The 400 richest people in the U.S. are worth a record \$6.6 trillion after getting \$1.2 trillion richer over the past year amid surging stock markets and AI mania.” See, “Forbes: 400 Richest People in 2025 in the U.S.” [The Forbes 400 List 2025 - The Richest People in America Ranked](https://www.forbes.com/lists/2025/01/forbes-400-richest-people-in-2025-in-the-us/)

¹⁵⁰ The same families, along with the Carnegies and the Mellons, the Harrimans, the Morgans, the Astors, the Bundys, the Collins, the DuPonts, the Freemans, the Lis, the Russells, the Van Duyns, the Merovingians, **the Bruces, the Cavendishs, the De Medicis, the Hanovers, the Hapsburgs, the Krupps, the Plantagenets, the Sinclairs (St. Clairs), the Warburgs (del Bancos), the Windsors (Saxe-Coburg-Gothe)**, and many other powerful families, determine where the money will go and where we will have a war or peace. See, <https://perspectives.com/these-are-the-13-families-in-the-world-that-appare-t29665.html?sid=70edcffc8b6dcf46c421c785f7ca6f67> . See also, <https://simplecapacity.com/2016/08/finally-exposed-13-families-secretly-ruling-world/>

¹⁵¹Current geopolitics was founded at the end of the 19th century by Halford J. Mackinder. Geopolitics means, borders and strategy, natural resources, the position of local tribes and peoples and infrastructure (both natural, such as rivers, and manmade, such as roads and railroads). The planet is treated like a chess game, for which only a few (the Illuminati) know the rules. Whenever a leader or a country decides not to play along, there are plenty of “solutions” that can be found to encourage participation. Economic blockades, wars, coups, bribing or threatening of politicians, political assassinations, and other forms of motivation. Secret services (MI5, MI6, Mossad, CIA, FBI, Interpol. and others) are all operated out of London to control local leaders, as it happened the last seven years with President Donald Trump in the U.S. They did not want him to be the president of the United States because he cannot be controlled very easily, as it happens with the other “leaders”. See, “Timeline of geopolitical changes”, [Timeline of geopolitical changes - Wikipedia](https://en.wikipedia.org/wiki/Timeline_of_geopolitical_changes) . Βρωμιά και δυσωδία!... But, they found ways and he is completely controlled during his second term and he follows their orders. He will be listed in History as the most controlled “leader”. (*Sic*). In addition, Netanyahu and Trump must be in jail in Hagen, Netherlands (International Criminal Court) as war criminals. THE HAGUE, Netherlands — International Criminal Court prosecutors have urged judges to reject a request by Israel to scrap arrest warrants for Prime Minister Benjamin Netanyahu and his former defense minister while the court reconsiders its jurisdiction over Gaza and the West Bank. In a 10-page written submission posted on the ICC website late Wednesday, prosecutors argue there is “no basis to withdraw or vacate” the pending warrants for Netanyahu and Yoav Gallant. See,

1 Then, monetary policy is exercised by the central banks and rests on the
 2 relationship between the rates of interest (the price of the input capital) in an
 3 economy, that is, the price at which money can be borrowed, and it is negatively
 4 related with the total supply of money (liquidity effect). Monetary policy uses a
 5 variety of tools to control one (today, federal funds rate) or both of these
 6 intermediate targets (interest rate and non-borrowing reserves), to influence
 7 outcomes like financial markets, economic growth, employment, inflation,
 8 exchange rates with other currencies, L-T interest rates, and other objectives. Where
 9 currency is under a monopoly of issuance, or where there is a regulated system of
 10 issuing currency through banks, which are tied to a central bank, the monetary
 11 authority has the ability and the power to alter the money supply and thus, influence
 12 the interest rate (to achieve policy goals). The beginning of monetary policy as such
 13 comes from the late 19th century, where it was used to maintain the gold standard.

14 Thus, the role of the central banks and moneylenders in history was once aptly
 15 termed by many acute observers as the “Hidden Hand” (μυστικόν ἢ ἀόρατον χέρι).
 16 It is the power to create, lend and accumulate interest on “credit”, and then re-lend
 17 that interest for further interest, in perpetuity, that creates pervasive, worldwide debt,
 18 from the individual to the family, to the entire nation (consols), and especially to
 19 depositors (bail in cost) and taxpayers (bail out cost). The ability to operate a
 20 fraudulent credit and loan system has long been known, and through all the slickness
 21 of a snake-oil salesman, the moneylenders¹⁵² have persuaded governments that
 22 banking is best left to private interests. Many wars, revolutions, depressions,
 23 recessions, and other social upheavals have been directly related to the
 24 determination of these money-lenders to retain and extend their power and profits.
 25 When any nation, individual or idea has threatened their scam, they have often
 26 responded with wars and revolutions.¹⁵³ The cultural and material progress of a
 27 civilization will often relate to the degree by which it is free from the influence of
 28 debt,¹⁵⁴ and the degradation that results when the moneylenders are permitted to
 29 regain power. Hence, Goodson (2019) shows that both World Wars, the Napoleonic
 30 wars, the American Revolution, the rise and fall of Julius Caesar, the overthrow of
 31 Gaddafi in Libya¹⁵⁵ and the revolution against Tsar Nicholas, among much else

[Netanyahu | International Criminal Court \(icc-cpi.int\)](#). “The White House is pressuring the International Criminal Court (ICC) to alter its founding document to prevent it from investigating U.S. President Donald Trump and his senior officials, a U.S. official told [Reuters](#) on Wednesday.” See, [Trump Administration Seeks to Prevent ICC From Investigating U.S. Officials \(foreignpolicy.com\)](#) . See also, “The Next Prosecution of Donald Trump”, [The Next Prosecution of Donald Trump - WSJ](#). Further, [Israel news: Judges urged to maintain Benjamin Netanyahu warrant \(ctvnews.ca\)](#)

¹⁵²The same types of people Jesus whipped from the Temple. “And Jesus entered the temple and drove out all those who were buying and selling in the temple, and overturned the tables of the money changers and the seats of those who were selling doves. And He said to them, “It is written, ‘MY HOUSE SHALL BE CALLED A HOUSE OF PRAYER’; but you are making it a ROBBERS’ DEN.” [Matthew 21:12-13 (New American Standard Bible)].

¹⁵³See, “Central Banks are the Real Target for West’s Imperial Wars.” <http://www.activistpost.com/2012/09/state-owned-central-banks-are-real.html>

¹⁵⁴Alexander the Great had a huge surplus of 5,851,832,119 Drs in his vast Empire. See, Kallianiotis (2016).

¹⁵⁵See, <http://www.ft.com/cms/s/0273c6ae-316a-11e6-bda0-04585c31b153.Authorised=false> . Also, <http://www.nasdaq.com/article/libya-assails-goldman-sachs--wsj-20160614-00044> .

1 relate to this criminal “Hidden Hand” in history, which is a “Long Dirty Hand”, too.
 2 This is the key to understanding the past, present and future.¹⁵⁶ The money of the
 3 countries must be issued by their governments, their Treasury Department and not
 4 by foreign private central banks.¹⁵⁷

5 Currently, the world faces two serious problems, weak governments
 6 (questionable democracies) and uncontrolled high Tech firms (which control and
 7 censorship of people)¹⁵⁸ from the one side and corrupted markets (powerful and
 8 unregulated) from the other and regulators (like, central banks, etc.); and in the
 9 middle of those two dilemmas are the unprotected (abandoned) humans. As citizens
 10 of “democratic” nations and having the power of voting, we have to give more
 11 authority to our governments and to control completely the exploitations that the
 12 markets and the controlled media exercise on our society. The economic objective
 13 of individuals is the optimization of their utility, which includes different goods,
 14 services, leisure, values, knowledge, improvements, accession, interactions,
 15 sociability, peace, human values, objective in life, perfection, eternity, and other

Further, http://www.nytimes.com/2016/06/14/business/dealbook/libyan-fund-claims-goldman-sachs-exploited-its-financial-naivete.html?_r=2

¹⁵⁶See, <http://www.bloomberg.com/news/articles/2016-06-15/pay-attention-to-these-words-and-dots-fed-decision-day-guide> . In addition, <http://www.bloomberg.com/news/articles/2016-06-14/fed-kicks-off-busy-two-days-for-central-banks-what-to-watch> .

¹⁵⁷The widely circulated statement, “*I am a most unhappy man. I have unwittingly ruined my country. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation, therefore, and all our activities are in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated Governments in the civilized world no longer a Government by free opinion, no longer a Government by conviction and the vote of the majority, but a Government by the opinion and duress of a small group of dominant men.*” — is a quote from President Woodrow Wilson about signing the Federal Reserve Act in 1913. See, “Did Woodrow Wilson regret signing the Federal Reserve Act?”, [Did Woodrow Wilson regret signing the Federal Reserve Act? – Observations... \(kennethballard.com\)](http://www.kennethballard.com)

¹⁵⁸ See, The Four High Tech Firms from the FANGMAN Group. Stockman (2022).

No.	Symbol	Company Name	Market Cap	Stock Price	% Change	Revenue
1	NVDA	NVIDIA Corporation	4.32T	177.72	0.81%	187.14B
2	AAPL	Apple Inc.	4.06T	274.61	0.18%	416.16B
3	MSFT	Microsoft Corporation	3.54T	476.39	0.33%	293.81B
4	AMZN	Amazon.com, Inc.	2.38T	222.56	0.01%	691.33B

Source: [A List of All 30 Stocks in the Dow Jones Industrial Average Index \(stockanalysis.com\)](http://stockanalysis.com)

Market capitalization of NVIDIA (NVDA). **Market cap: \$5.457 Trillion USD. Now, there are 13 companies with market cap over \$1 trillion.** Then, as of May 2026 NVIDIA has a market cap of \$5.457 Trillion USD. This makes NVIDIA the world's most valuable company by market cap according to our data. The market capitalization, commonly called market cap, is the total market value of a publicly traded company's outstanding shares and is commonly used to measure how much a company is worth.. companiesmarketcap.com. See, also, [NVIDIA \(NVDA\) - Market capitalization \(companiesmarketcap.com\)](http://companiesmarketcap.com). **Nvidia Corporation** ([/ɛnˈvɪdiə/ en-VID-ee-ə](https://en.wiktionary.org/wiki/Nvidia)) is an American multinational technology company headquartered in Santa Clara, California. The company develops [graphics processing units \(GPUs\)](https://en.wikipedia.org/wiki/Graphics_processing_unit), [systems on chips \(SoCs\)](https://en.wikipedia.org/wiki/System_on_a_chip), and [application programming interfaces \(APIs\)](https://en.wikipedia.org/wiki/Application_programming_interface) for data science, high-performance computing, video games, and mobile and automotive applications.^{[5][6]} Founded in 1993 by [Jensen Huang](https://en.wikipedia.org/wiki/Jensen_Huang), [Chris Malachowsky](https://en.wikipedia.org/wiki/Chris_Malachowsky), and [Curtis Priem](https://en.wikipedia.org/wiki/Curtis_Priem), Nvidia has been widely described as a [Big Tech](https://en.wikipedia.org/wiki/Big_Tech) company. See, [Nvidia - Wikipedia](https://en.wikipedia.org/wiki/Nvidia)

1 supreme values and variables. The individual is assumed to be rational, informed,¹⁵⁹
 2 knowledgeable, wise, and to know the Truth. The objective of every well-governed,
 3 developed, ethical, uncorrupted, and sociable democratic independent nation is the
 4 optimization of its social welfare function (citizens' utilities). Of course, subject to
 5 many different constraints from the "friends", allies, enemies, "forerunners",
 6 government, and the markets (socially imposed constraints, resources, endowments,
 7 technology, environment, tastes, laws and directives, budget, competitions,
 8 geopolitics, etc.). Thus, our new monetary system does not satisfy our social
 9 objective, which means that has failed.

10 Jerome Powell concluded his eight-year tenure as chairman of the Federal
 11 Reserve on Friday, May 15, 2026, leaving behind a legacy shaped by unprecedented
 12 economic turbulence and an unwavering commitment to protecting the central
 13 bank's independence from political pressure.¹⁶⁰ Kevin Warsh, was confirmed as
 14 Fed chair, and he plans to focus on a smaller balance sheet, reduced forward
 15 guidance, strict inflation targeting, and a narrower Fed mandate while maintaining
 16 central bank independence.¹⁶¹

19 Concluding Remarks

21 In response to the global financial crisis of 2008, that we created with our
 22 deregulations and globalization, several experimental new policies were enacted
 23 that altered the instruments of monetary policy and the structure of the federal funds
 24 market in profound ways by keeping the target federal funds rate close to zero for
 25 nine years. On the borrowing side, the Fed's large-scale asset purchases (LSAPs)

¹⁵⁹But, we live in *the Age of Deception* [Davidson (2015)] and our information is from the controlled media. Thus, "There is no such thing, at this date of the world's history, in America, 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 opinion 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 journalists is to destroy the truth, to lie outright, to pervert, to vilify, to fawn at the feet of mammon, and to sell his country and his race 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 rich men 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." (John Swinton, as "the former Chief of Staff at the *New York Times*," before the New York Press Club in 1953).

¹⁶⁰See, "Federal Reserve Chairman Jerome Powell Steps Down Following Turbulent Tenure", <https://theamericandigest.com/federal-reserve-chairman-jerome-powell-steps-down-following-turbulent-tenure/>

¹⁶¹Kevin Warsh was confirmed as the new Federal Reserve chair on Wednesday, May 13, 2026, inheriting an economy facing spiking oil prices and inflation that jumped 3.8% in April. Warsh has long argued the Fed has room to cut rates, but with inflation nearing 4%, he faces a difficult choice between staying the course or raising rates. If the Fed is forced to raise rates aggressively, the AI-driven bull market could be in trouble, as much of the data center build-out relies on cheap financing. See, [the new Fed chairman and his policy - Search \(bing.com\)](#). See, also, [Kevin Warsh is in. Jerome Powell is out. Here's what a new Fed chair means for Trump's bull market. \(msn.com\)](#)

1 flooded the banking system with liquidity and made it less necessary to borrow or
 2 to seek more deposits, which has raised serious ethical policy questions. Banks had
 3 a deposit rate closed to zero ($i_D = 0.05\%$) for more than fifteen years. In addition,
 4 the Federal Deposit Insurance Corporation (FDIC) introduced new capital
 5 requirements¹⁶² that increased the cost of wholesale funding for domestic financial
 6 institutions. On the lending side, the Federal Reserve is paying financial institutions
 7 interest on their reserves (IOR), which exceeds the effective federal funds rate.¹⁶³
 8 When financial institutions have access to this low-risk and high liquidity alternative
 9 (i_{IOR}), they have less incentive to lend in the federal funds market (i_{FF}^{eff}), to borrow
 10 from the discount window (i_{DR}), and to pay high interest on deposits (i_D), because,
 11 $i_{DR} > i_{IOR} > i_{FF}^{eff} > i_D$. This policy is inefficient and anti-social, that means
 12 unethical and inappropriate. Since the financial crisis and the Great Recession, the
 13 capacity of the U.S. economy to generate growth and rising profits has sharply
 14 diminished. The real GDP growth rate since the pre-crisis peak in the fourth quarter
 15 of 2007 was just 1.5% p.a., but the stock market has gone way ahead of the economy
 16 with a growth of 39% p.a. (Tables 1 and 2 and Figure 3). Lately, due to the absurd
 17 war of Israel and U.S. against Iran, the market was falling daily. The Fed's asset
 18 inflation has affected all stock market, but mostly the value of tech stocks, the
 19 FANGMAN.¹⁶⁴ The question is now, what lies ahead? Normally, the financial asset
 20 prices will fall until they go back to the healthy relationship with national income.
 21 Then, a financial crisis is expected to strike our economy.¹⁶⁵ This monetary policy
 22 and the gamblers and speculators in the financial markets have disconnected the
 23 Wall Street from the Main Street. At the same time, much of America's
 24 manufacturing capacity has been offshored to China and other countries.¹⁶⁶
 25 Also, in 2020, Federal Reserve officials signaled plans to keep again interest
 26 rates near zero for years to come and said they were studying how to provide more
 27 support to a U.S. economy battered by the suspicious and fraudulent coronavirus

¹⁶²On 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 Capital", <https://www.fdic.gov/resources/bankers/capital-markets/regulatory-capital/index.html>

¹⁶³It was, $i_{IOR} = 5.40\% > i_{FF}^{eff} = 5.33\%$. 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/). In November 2025, $i_{IOR} = 3.90\% > i_{FF}^{eff} = 3.88\%$. and now (March 2026), $i_{IOR} = 3.65\% > i_{FF}^{eff} = 3.64\%$.

¹⁶⁴FANGMAN: Facebook, Apple, Netflix, Google, Microsoft, Amazon, and NVIDIA. See, footnote 158.

¹⁶⁵The war in the Middle East has affected the financial market drastically. The DJIA from 50,188.14 (2/10/2026) has fell to 45,166.64 (3/27/2026) and continues its volatility. On June 1, 2026, it was DJIA = 51,078.88. See, <https://finance.yahoo.com/quote/%5EDJI/history/>

¹⁶⁶See, Kallianiotis, Petsas and Balagyozyan (2026). See also, Stockman (2022).

1 (COVID-19), the mandatory vaccines,¹⁶⁷ and related shutdowns. “We are strongly
 2 committed to using our tools to do whatever we can and for as long as it takes to
 3 provide some relief and stability,” Fed Chairman Jerome Powell said on June 10,
 4 2020 at a virtual news conference after a two-day policy meeting.¹⁶⁸ Earlier, in 2021,
 5 they had said that they will keep up with the liquidity to protect the environment.¹⁶⁹
 6 But, they caused instability in the financial market (Figure 3), high inflation (Graph
 7 6), and even higher trade deficit (Graph 7), due to devaluation of the dollar (Graphs
 8 8 and 9 and the Appendix A1, etc.) and the inelastic demand for imports. Thus, the
 9 unethical bail in and bail out, plus the other “protective” social costs, are continuing
 10 for many years; only the Illuminati know the exact time, due to this latest healthcare,
 11 financial, economic, environmental, social, cultural, technological, educational,¹⁷⁰
 12 conflicts, wars, and other problems that they created to the world, and the worst of
 13 all, the election crisis of the 2020 and their new plans for the 2024 one,¹⁷¹ that they

¹⁶⁷What corruption, deception, and crimes are these that the world is facing today with all these pseudo-leaders (puppets) in power? See, «Συνέντευξη τύπου από την ευρωβουλή για τα εμβόλια κατά του κορωνοϊού», <https://enromiosini.gr/arthrografia/synenteyxi-typoy-apo-tin/>

¹⁶⁸See, “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>

¹⁶⁹Does the green obsession require more liquidity? For what reason? See, “Climate Change and Financial Stability”, [The Fed - Climate Change and Financial Stability \(federalreserve.gov\)](https://www.federalreserve.gov/). This is another big fraud to control people globally. They have destroyed agriculture and stock-breeding; then, the famine is coming.

¹⁷⁰“...σήμερα είναι κάτι παραπάνω από εμφανές ότι τα σχολεία και τα πανεπιστήμια έχουν εξελιχθεί σε «προπαγανδιστικούς στρατώνες» της κάθε άτζέντας που σκαρφίζεται η Νέα Τάξη Πραγμάτων. Κοινή αιχμή του δηλητηριασμένου δόρατός της είναι η λατρεία της τεχνολογίας σαν να πρόκειται για την σύγχρονη θεότητα της ανθρωπότητας.” Όρα, *Κωνσταντίνος Βαθιώτης*, «Η τεχνολογία ως «όδοστρωτήρας» της ατομικής ελευθερίας – Μέρος ΙΑ’». [Η τεχνολογία ως «όδοστρωτήρας» της ατομικής ελευθερίας – Μέρος ΙΑ’ - Ορθόδοξος Τύπος \(orthodoxostypos.gr\)](https://orthodoxostypos.gr/)

¹⁷¹“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). For the 2024 elections, they were pushing Kamala to become the President of the United States. This would have been the biggest scorn for the United States history and culture. Tulsi Gabbard is now, with Trump’s administration, an American politician serving since 2025 as the eighth director of national intelligence (DNI). On May 22, 2026, she resigned. See, “Tulsi Gabbard resigns as director of national intelligence, citing her husband’s health”, [Director of National Intelligence Tulsi Gabbard resigns | AP News](https://www.apnews.com/). The truth is that Iran put Gabbard, Kent and Trump at odds. There had been rumblings that Gabbard would split with Trump after the president’s decision to strike Iran, which caused some division within his administration. Joe Kent, director of the National Counterterrorism Center, [announced his resignation](https://www.foxnews.com/politics/joe-kent-resignation) in March and said he “cannot in good conscience” back the war. Gabbard, a veteran and former Democratic congresswoman from Hawaii, built her political name on her opposition to foreign wars. This put her in an awkward position when the U.S. joined Israel in launching attacks on Iran on February 28, 2026. During a congressional hearing in March, her measured comments were notable for their careful non-endorsement of the Iran war. She repeatedly dodged questions about whether the White House had been warned of potential fallout from the conflict, including Iran’s effective closure of the [Strait of Hormuz](https://www.foxnews.com/politics/strait-hormuz), a waterway crucial

1 were succeeded; the elected President is following them. People do not trust our
 2 democratic (pseudo-democratic) system anymore.¹⁷² The data and the empirical
 3 work show that all these results give a questionable effectiveness, efficiency, and
 4 social welfare of the new public policies, and have negative effects on the small
 5 businesses,¹⁷³ on the citizens of the country, and on the ultimate objective economic
 6 variables. Unfortunately, all the atheists and ignorance have become lately
 7 scientists, politicians, and “experts”; then, what can these people offer to humanity?
 8 These people do not know the Truth;¹⁷⁴ then, nothing important and social can be
 9 offered by them, except destruction.

10 Lastly, the questions are still remaining. Why the Fed needs these overnight
 11 deposits (*ONRRP*)?¹⁷⁵ Why the tax payers have to pay some more billion dollars per
 12 annum to these money market nonbank lenders? Why they do not raise the deposit
 13 rate (i_D) to increase the deposits (demand for deposit accounts)¹⁷⁶ in our banks, if
 14 they need more liquidity? Make the saving account rate $i_D \geq i_{ONRRP} \cong 5.32\%$ ¹⁷⁷
 15 and not zero ($i_D = 0.05\%$), as it was for 15 years. These new public policies are
 16 not necessary and they have also a very high social cost (trillions of dollars bail out
 17 cost to tax payers and bail in cost to depositors, plus the capital losses to investors
 18 in the financial market and the reduction of purchasing power of the consumers from
 19 the double digit inflation).¹⁷⁸ The target federal funds rates are low since 2008. This
 20 new monetary policy is also ineffective, as we saw with the VAR analysis. The
 21 federal funds market can provide the liquidity for the banks through the *OMO*
 22 without forcing the people to bail out banks by paying *IOR* and *IONRRP*. The
 23 limited reserve system was sufficient, fair, ethical, safe, secure, and effective to
 24 provide all reserves needed in our banking system or even better, we need a public
 25 central bank and not an “independent” (private) one. Of course, citizens of the
 26 country want safety, security, peace, freedom, economic stability, hope, optimism,
 27 and improvement of their social welfare. A public policy must be one that never
 28 makes even one individual worse-off or even better that never makes a single
 29 individual worse-off globally. The current public policies are not able to provide

for global oil shipments. Thank God that still there are some people with pure conscience and respect for the life of innocent people.

¹⁷²See, Κωνσταντίνου Βαθιώτη, “Παγκόσμιος τύραννος μέσω του Ιράν”, [Παγκόσμιος τύραννος μέσω του Ιράν; - Ορθόδοξος Τύπος \(orthodoxostypos.gr\)](http://orthodoxostypos.gr)

¹⁷³Small businesses are going bankrupt every day. See, “U.S. Businesses Are Going Bankrupt At An Absolutely Blistering Pace”, [U.S. Businesses Are Going Bankrupt At An Absolutely Blistering Pace \(theeconomiccollapseblog.com\)](http://theeconomiccollapseblog.com). Also, see, Megan Cerullo, “These national and regional retailers went out of business in 2025”, [These national and regional retailers went out of business in 2025 - CBS News](http://CBS News)

¹⁷⁴Of course, I cannot exclude myself; I am one of them and may be the worst. Ὁ πάντων ἐσχατότατος.

¹⁷⁵See, “How the Fed’s Overnight Reverse Repo Facility Works”, JANUARY 11, 2022. [HTTPS://LIBERTYSTREETECONOMICS.NEWYORKFED.ORG/2022/01/HOW-THE-FEDS-OVERNIGHT-REVERSE-REPO-FACILITY-WORKS/](https://libertystreeteconomics.newyorkfed.org/2022/01/how-the-feds-overnight-reverse-repo-facility-works/)

¹⁷⁶See, Hadjimichalakis (1982).

¹⁷⁷See, [Overnight Reverse Repurchase Agreements Award Rate: Treasury Securities Sold by the Federal Reserve in the Temporary Open Market Operations \(RRPONTSYAWARD\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/RRPONTSYAWARD) Or now, $i_D \geq i_{ONRRP} \cong 3.50\%$, but it is still $i_D = 0.39\%$. See, [National Rate: Savings \(SNDR\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/SNDR).

¹⁷⁸See, Kallianiotis (2022a, b, and c).

1 these basic needs, so there is a necessity for new public policies and efficient and
 2 effective policy mak
 3 ers to satisfy these simple humane objectives.

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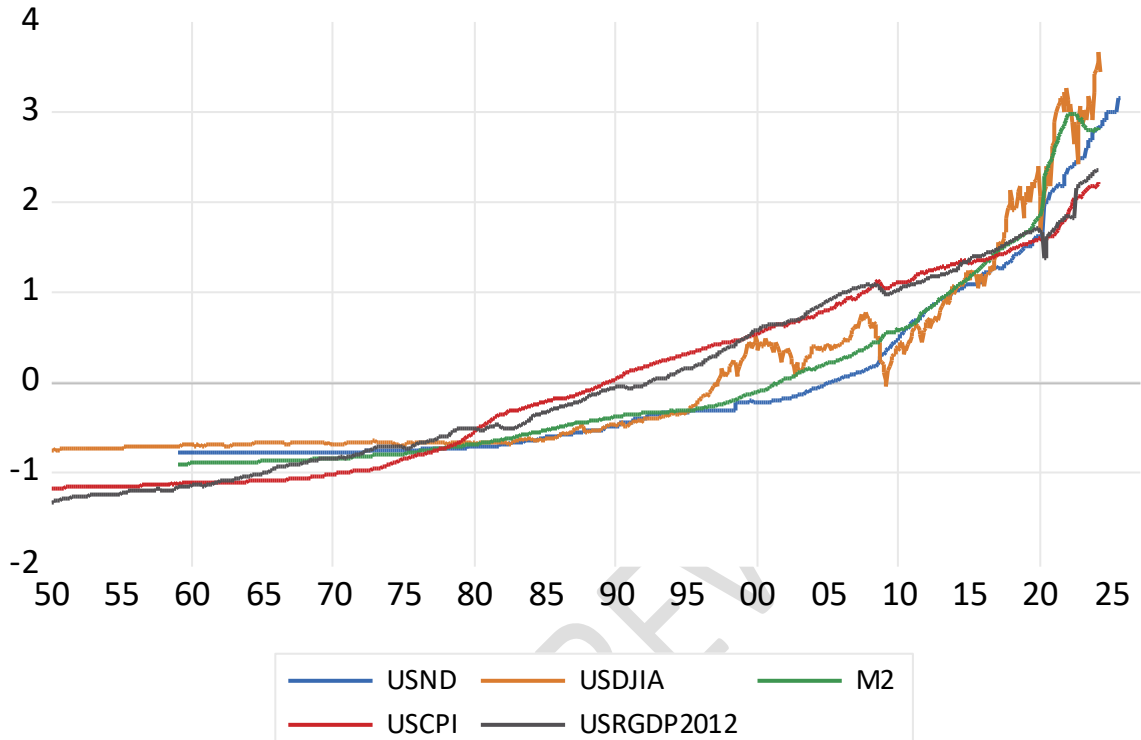
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Appendix Exhibit A1. The Market and the Economy



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Note: USND = U.S. National Debt, USDJIA = U.S. DJIA Index, M2 = Money Supply (M2), USCPI = U.S. Consumer Price Index, USRGDP2012 = U.S. Real GDP.

Exhibit A1a. Correlation and Causality

	USND	M2	USDJIA	USCPI	USRGDP2012
USND	1.000000	0.994729	0.977481	0.895721	0.913994
M2	0.994729	1.000000	0.982212	0.913041	0.929498
USDJIA	0.977481	0.982212	1.000000	0.885965	0.913192
USCPI	0.895721	0.913041	0.885965	1.000000	0.992599
USRGDP2012	0.913994	0.929498	0.913192	0.992599	1.000000

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Note: The causalities bellow show: $M^s \Rightarrow CPI, DJIA, \text{ and } ND$, $ND \Rightarrow DJIA$, $CPI \Rightarrow ND$, $DJIA \Rightarrow CPI$, and $GDP \Rightarrow ND, M^s, \text{ and } DJIA$. Also, $GUSM2 \Rightarrow USINF$

Exhibit A1b. Pairwise Granger Causality Tests

Date: 01/31/26 Time: 14:02
 Sample: 1950M01 2026M12
 Lags: 2

Null Hypothesis:	Obs	F-Statistic Prob.	
M2 does not Granger Cause USND	781	23.8848	9.E-11
USND does not Granger Cause M2		2.32546	0.0984
USDJIA does not Granger Cause USND	782	5.82049	0.0031
USND does not Granger Cause USDJIA		11.2601	2.E-05
USCPI does not Granger Cause USND	781	5.42373	0.0046
USND does not Granger Cause USCPI		3.89420	0.0208
USRGDP2012 does not Granger Cause USND	781	5.44988	0.0045
USND does not Granger Cause USRGDP2012		4.74348	0.0090
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 M2	781	5.69492	0.0035
M2 does not Granger Cause USCPI		6.40767	0.0017
USRGDP2012 does not Granger Cause M2	781	19.3781	6.E-09
M2 does not Granger Cause USRGDP2012		13.5194	2.E-06
USCPI does not Granger Cause USDJIA	889	2.94729	0.0530
USDJIA does not Granger Cause USCPI		5.65915	0.0036
USRGDP2012 does not Granger Cause USDJIA	889	4.44880	0.0120
USDJIA does not Granger Cause USRGDP2012		3.19995	0.0412
USRGDP2012 does not Granger Cause USCPI	889	1.39492	0.2484
USCPI does not Granger Cause USRGDP2012		4.71185	0.0092

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