
NEW PUBLIC POLICIES: EFFECTIVENESS, EFFICIENCY, AND THEIR SOCIAL COSTS AND BENEFITS

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Abstract

The objective of this research is to determine and measure the effectiveness, the efficiency, the social costs, and the social benefits of our new modern and “progressive” public policies (monetary and fiscal). By using different policy rules, correlation, causality, and a VAR model, we test the effectiveness and efficiency of monetary and fiscal policies by testing the effects of policy instruments (i_{FF} , MB , M^S , T , and G) on the objective variables, prices (CPI), unemployment (u), growth of GDP (RGDP), stock market (DJIA), long-term interest rate (i_{10YTB}), and trade account (TA). A stationarity and co-integration test for our series is used, too. 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, the corruption or the control of the policy makers. 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. What their new liberal public policies have caused to people is just uncertainty, an enormous social cost, and pessimism for the future. After the 2024 elections and the new President in the U.S., some people have started to become more optimistic. We must go back to our traditional policies and to our 3,000 years old value system, civilization, culture, faith, and education. Public policies must prevent crises and satisfy the current, the future, and eternal needs of humans (persons), our citizens.

Keywords

Monetary Policy, Central Banks and Their Policies, Interest Rates, Central Banking, Financial Markets and the Macroeconomy Production, International Trade Policy Protection, International

JEL (Classification): E52, E58, E43, E44, E23, F13, F42

“In order to justify their awful actions,
they even altered the true meaning of words and values.”
(In Thucydides’ *History of the Peloponnesian War*,
Book 3, Chapter 82, Section 4).

I. Introduction: Ethics in Public Policies

Public policies are institutionalized proposals or decided sets of ethical and moral social elements like philosophies, theories, laws, regulations, guidelines, instruments, actions, and rules to solve an existing problem or to address relevant and real-world domestic expected problems, guided by a conception and often implemented by programs developed by the central bank and the government (Keynesian Economics). The economy beyond the free market depends also on our government’s and central bank’s decisions to improve its growth, output, income, employment, stability, fairness, and social welfare. Thus, public policies (monetary, fiscal, and trade¹) are institutionalized actions derived from economic theories and practices to solve or best to prevent, if it is possible, real-world economic problems, which affect the well-being of our citizens. These policies are guided by a conception and implemented by programs and sometimes by ideologies as a course of action created and enacted, typically by the

¹ See, Kallianiotis (2025b).

central bank (Fed) and the government, in response to current economic problems and to broader social issues.² Beyond this broad definition, public policy has been conceptualized in a variety of ways. A popular way of understanding and engaging in public policy is through a series of stages known as “the policy cycle”.³ The characterization of particular stages can vary, but a basic sequence is: pin-pointing of the issue => identification of the problem => theoretical rapprochement => prevention of its damage => agenda setting => formulation => legitimation => implementation => evaluation => revision => improvement => fulfilment.

The government (fiscal policy) and officials (Fed, monetary policy) considered as the primary policymakers that bear responsibility to reflect the interests of a host of different stakeholders (citizens, businesses, society, and “allies”). Policy design entails conscious and deliberate effort to define policy aims and map them instrumentally, based on philosophies, economic history, economic theories, mathematics, statistics and econometrics, and true historical data. The public(official) data, today, are very suspicious because are “political data” and this might be the reason that public policies are ineffective. Academics and other “experts” in policy studies have developed a range of tools and approaches to help in this task and hopefully their suggestions are correct, scientific, ethical, and objective and not based on the suppliers’ of grants expected outcomes.⁴

The fundamental ethical requirement is that public policies, financial markets, and the economy must provide what they have promised and to be fair with their citizens (taxpayers) and customers (suppliers and demanders of funds). The regulation in public policies and finance must be based on ethical and moral issues that we know for 3,000 years,⁵ like fairness, justice, transparency, truth, duties of fiduciaries, etc. Finance ethics is concerned not only with individual conduct, but also with the operation of financial markets and institutions. Financial managers, who try to satisfy firms’ objective, maximization of shareholders wealth, raise also ethical issues. The monetary policy (excess liquidity) can create ethical problems (risk to securities’ investors, to consumers and taxpayers, inflation, negative real returns, enormous social cost to the society at large)⁶ with the

² A social issue is a problem that affects many or all people within a society. It is a group of common problems in present-day society and ones that people cannot solve by themselves. It is the consequence of factors extending beyond an individual’s control and power to correct them. Social issues (problems) are the sources of economic, political, ethical, and moral conflicting opinions, perceptions, and prejudices on the grounds of what is perceived as morally correct or incorrect in our personal life, traditional values, safety, security, justice, peace, prosperity (wellbeing), rights and obligations, freedoms, in our thousands years old civilization or interpersonal social life decisions and expectations from our decision makers (government and institutions), due to incompetence, ignorance, controls, and lack of the knowledge of TRUTH. Social issues are distinguished into economic, spiritual, political, educational, security and safety, privacy, liberty, and social welfare. There can be disagreements about what social issues are worth solving, or which should take precedence because there is the self-interest, pride, selfishness, conflicts, and the ignorance (I wish to know fifty years ago what I know today) that make us to have different views. A basic rule of behavior can be the following: «Πάντα οὖν ὅσα ἂν θέλητε ἵνα ποιῶσιν ὑμῖν οἱ ἄνθρωποι, οὕτω καὶ ὑμεῖς ποιεῖτε αὐτοῖς.» [“Do to others whatever you would like them to do to you.”] (Matthew 7: 12). There is a variety of methods people use to combat social issues. But, inside our political process, the most common is that people vote for leaders in a democracy, who appoint the officials in the administration and institutions, hoping that they will advance social issues and ideals. Unfortunately, inside of these institutions are the bureaucrats, the deep state, the establishment, the swamp, who are controlled by the “elites” (thirteen families, the Illuminati), which are the true decision makers. In the U.S., today, the “social issues” refer to topics of national political interest, over which the public is deeply divided, due to influence (political and media), heterogeneity, and lack of knowledge, that are the subject of intense partisan advocacy, debates, discussions, misinformation, disinformation, propaganda, pressures, threats, bribes, voting integrity, demonstrations, riots, lootings, crimes, open borders, cancel culture, DEI, AI, extreme liberalism, even wars, and other serious conflicts and reactions. See, De Ruiter and Springmeier (2018) and De Ruiter (2017 and 2018).

³ See, Warner (2022).

⁴ We saw this, lately, very extensively with the suspicious COVID-19 and their vaccines mandates. “I am the science” said Dr. Fauci. <https://bgr.com/science/dr-fauci-if-you-attack-me-youre-attacking-science/> . Also, if you do not agree with the government view, you spread misinformation. “If freedom of speech is taken away, then dumb and silent we may be led, like sheep to the slaughter.” (President George Washington). The Biden administration had announced they will be establishing a Disinformation Governance Board to counter what they deem to be “lies” online about government, elections, COVID, immigration, Russia and whatever else the Orwellian “Ministry of Truth” deems necessary to correct the opinions of U.S. citizens, apparently.

<https://wenstrup.house.gov/updates/documentsingle.aspx?DocumentID=405627> . Μεγάλη ἡ ἀπάτη!.. The Big Deception!.. These last four years of the era of deception and dark age is hopefully over.

⁵ Since the time of the first economist, Hesiod (Ἡσίοδος; 8th century B.C.) in his poem (writing) *Works and Days* (*Ἔργα καὶ Ημέραι*). See, Papanikos (2022).

⁶ The money supply from \$7,464.4 billion (1/7/2008) reached \$15,567.3 billion (3/9/2020), it became \$19,108.3 billion (11/16/2020), \$21,696.8 billion (5/24/2022), **\$21,705.9** billion (7/26/2022), \$21,503.4 (10/25/2022), \$21,391.7 billion (11/26/2024), and \$21,538.1 billion (12/26/2024). See, <https://fred.stlouisfed.org/series/WM2NS> . A money growth of 190.67% or 15.35% p.a. is causing an enormous inflation. The DJIA from 6,547.05 on March 9, 2009 reached 30,046.24 on November 24, 2020, and 36,799.65 on January 4, 2022. A stock market growth by 30,252.6 points or 462.08%

artificial bubbles and their burst by speculators. Fiscal policy must be the most responsible public policy because deals directly primarily with people's wellbeing and secondly, with their economic wealth and income (the human life). Of course, we cannot ignore morality and ethics in government's actions, rules, peace, and policies because we will become monsters (sub-humans). Unfortunately, something is absolutely wrong, today, with the liberal governments in power in most of the nations.

II. The Latest Two Monetary Policy Regimes

Central bank (the Fed), as “lenders of the last resort”, normally offers a *discount window*,⁷ where commercial banks and other depository institutions are able to borrow reserves (R_B) from the central bank to meet temporary shortages of liquidity caused by internal or external disruptions. This created a stable financial environment, where investment can occur; thereby affecting the money supply, allowing for the growth of the economy as a whole. The latest global financial crises (2007 to present)⁸ have generated a new form of monetary policy (the zero interest rate regime), particularly used when interest rates are kept at or near zero percent ($i_{FF} \equiv 0\%$) and try to stimulate the markets and the economy with an enormous growth of money supply,⁹ having also concerns about deflation ($\pi < 0$), which was impossible and was referred to as *unconventional monetary policy*.¹⁰ These new policies include credit easing,¹¹ quantitative easing,¹² forward guidance,¹³ and signaling,¹⁴ and many other new tools (instruments). In credit easing, a central bank purchases private sector assets to improve liquidity and improve access to credit. Signaling can be used to lower market expectations for lower interest rates in the future. For example, during the credit crisis of 2008, the Fed indicated rates would be low for an “extended period”, until the end of 2015. The Fed raised the federal funds rates from 0.25% to 0.50% on December 16, 2015, but the enormous liquidity for seven

(39.33% p.a.) is causing a unique bubble in the financial market. On September 30, 2022, the DJIA fell to 28,725.51, a decline by 8,074.14 points or -21.94%. The highest value was so far on December 4, 2024, DJIA = **45,014.04**. The 2024 closed with a fall of the DJIA to 42,544.22.

⁷ The discount rate was ($i_{DR} = 1\%$) on July 15, 2016; it became: $i_{DR} = 2.50\%$ (7/28/2022); then, on (11/7/2022), it was: $i_{DR} = 4.00\%$; from July 27, 2023 to September 20, 2024, it was 5.50%, on December 2024, it was 4.75%, and now (January 10, 2025) was 4.50%. See, <https://fred.stlouisfed.org/categories/118>

⁸ See, Kallianiotis (2015).

⁹ The monetary base was (8/15/2007), \$860.826 billion and became (10/14/2015), \$4,104.649 billion; a growth of 376.827% or 46.179% per annum. In May 2022, it was \$5,591.6 billion (a growth of 37.057% p.a. since 2007). On (10/25/2022), it was \$5,410.9 billion. On 11/26/2024, it was \$5,567.2 billion, and December 26, 2024, it was \$5,616.5 billion. <https://fred.stlouisfed.org/series/BOGMBASE>. The money supply (M2) from \$7,350.60 billion reached \$12,149.60 billion during the same period; a growth of 65.287% or 8.161% per annum. The money supply continues to grow; with July 6, 2016, it was \$12,798.50 billion. With June 6, 2022, it was: $M2 = \$21,745.6$ billion, a growth of 13.205% p.a.. On 11/26/2024, it is $M2 = \$21,311.2$ billion, and on December 26, 2024 was \$21,447.6 billion. See, <https://fred.stlouisfed.org/series/M2SL>

¹⁰ See, Williamson (2014).

¹¹ Credit easing involves increasing the money supply by the purchase not of government bonds, but of private-sector assets, such as corporate bonds and residential mortgage-backed securities. In 2010, the Federal Reserve purchased \$1.25 trillion of mortgage-backed securities to support the sagging mortgage market. These purchases increased the monetary base in a way similar to a purchase of government securities. On June 22, 2022, the mortgage-backed securities were **\$2.731** trillion; on November 2, 2022 fell a little to \$2.679 trillion; on December 11, 2024, they were \$2.249 trillion, and on January 8, 2025, they were \$2.233 trillion. See, <https://www.federalreserve.gov/releases/h41/current/h41.htm>

¹² *Quantitative easing (QE)* is a monetary policy used by central banks to stimulate the economy, when standard monetary policy had become “ineffective” (and fiscal policy has been questionable). A central bank can implement quantitative easing by buying financial assets from commercial banks and other financial institutions. This process is raising the prices of those financial assets and lowering their yield, while simultaneously increasing the money supply. These reserves were \$3,228.4 billion with July 26, 2022 and we were paying interest (IOR): $i_{IOR} = 2.40\%$. On 10/25/2022, they were a little less, \$3,131.4 billion and the interest was: $i_{IOR} = 3.90\%$. On 12/12/2024, the reserves are **\$6,855.8** billion with $i_{IOR} = 4.65\%$, and On January 8, 2025, they were \$6,807.328 billion and with $i_{IOR} = 4.40\%$. <https://www.federalreserve.gov/releases/h41/current/h41.htm> and <https://fred.stlouisfed.org/seriesBeta/IORE>

¹³ Forward guidance is a tool that central banks use to tell the public about the likely future course of monetary policy. When central banks provide forward guidance, individuals and businesses can use this information in making decisions about spending and investments. Thus, forward guidance about future policy can influence financial and economic conditions today. See, [The Fed - What is forward guidance, and how is it used in the Federal Reserve's monetary policy?](#)

¹⁴ The Signaling by the Federal Reserve refers to how the central bank communicates its monetary policy decisions and their impact on inflation expectations and economic conditions. See, <https://www.bostonfed.org/publications/research-department-working-paper/2015/uncertainty-and-the-signaling-channel-of-monetary-policy>

years kept the effective rate below 0.50%. On March 16, 2020, the Fed went back to zero interest rate: $0.00\% \leq \bar{i}_{FF} \leq 0.25\%$ for two full years, until March 15, 2022.¹⁵ Thus, a total of seven years with zero interest rate. After March 16, 2022, the target federal funds started going up and on November 2, 2022, it became: $3.75\% \leq \bar{i}_{FF} \leq 4.00\%$.¹⁶ Then, since November 7, 2024, it was: $4.50\% \leq \bar{i}_{FF} \leq 4.75\%$, and now, since December 20, 2024, it is $4.25\% \leq \bar{i}_{FF} \leq 4.50\%$.¹⁷

II.1. Target Federal Funds Rate Reaction Functions

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

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

where, \bar{i}_{FF_t} = the target federal funds rate, π_t = the rate of inflation as measured by the GDP deflator, π_t^* = the desired rate of inflation,¹⁸ r_t^* = the assumed equilibrium real interest rate, u_t = the unemployment rate, u_t^N = the natural level of unemployment, and ρ = the weight put on the past federal funds rate setting.

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

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

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

Using monthly data for the U.S. economy (1954:08-2022:08), we have:

$$\bar{i}_t = 0.070^{**} + 0.985^{***} \bar{i}_{t-1} + 0.014^{***} \pi_t - 0.144^{***} u_t^{GAP} + 0.118^{***} u_{t-1}^{GAP} \\ (0.033) \quad (0.005) \quad (0.005) \quad (0.040) \quad (0.040)$$

$$R^2 = 0.982, \quad SER = 0.483, \quad F = 11,302.18, \quad D - W = 1.302, \quad N = 817$$

The size of the partial adjustment, coefficient α_1 , which is 0.985^{***} provides direct evidence that the observed degree of persistence in federal funds rates is greater than the one that can be attributed to systematic policy responses to persistent inflation and unemployment (output) fluctuations. The coefficients of regression show that the federal funds rate must respond significantly to an increase in inflation ($\alpha_2 = 0.014^{***}$), but less aggressively to induce an increase in target rate and a tightening monetary policy. The federal funds rate must respond sufficiently aggressively to an increase in unemployment ($\alpha_3 = -0.144^{***}$) to induce a reduction in interest rate and an effective easing monetary policy.

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

¹⁵ See, "Fed's interest rate history: A look at the fed funds rate from the 1980s to the present". <https://www.bankrate.com/banking/federal-reserve/history-of-federal-funds-rate/>

¹⁶ See, Federal Reserve issues FOMC statement.

<https://www.federalreserve.gov/newsevents/pressreleases/monetary20221102a.htm>

¹⁷ See, [Federal Funds Target Range - Upper Limit \(DFEDTARU\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/FFTR)

¹⁸ The Fed ultimately stated explicitly that its target was a 2% per year increase in the raw personal consumption expenditures deflator. See, Williamson (2014, p. 112). Here, we forecast the inflation by using an ARMA (2,1) process, eq. (1') in footnote 23, below.

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

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

In addition, financial market plays a major role in market oriented economies and its optimal growth has a positive effect on investors’ and consumers’ confidence²⁰ and their wealth. The opposite happens, if growth is artificially enormous (abnormal bubbles). Kallianiotis (2020c) rule is an expansion of eq. (3) by using an extra term, the growth of the financial market (g_{DJIA}), as follows,

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

where, g_{DJIA} = the actual growth of the DJIA index, g_{DJIA}^* = the optimal (the bubble prevention) growth of the DJIA ($g_{DJIA}^* = HRP = 8.9\%$),²¹ and $\alpha_\pi = 0.25$, $\alpha_u = -0.50$,²² $\alpha_{DJIA} = 0.25$

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

$$\pi_t = \pi_t^e - \psi(u_{t-1} - u_t^N) \quad (5)$$

Testing empirically this Phillips curve, we have supported this theory for the last seventy years.²³

The biggest surprise for the Fed was that inflation did not accelerate in response to lower interest rates during that extended period of low interest rate; from 2008 to 2015 ($\bar{\pi} = 1.552\%$) because the unemployment was high (official $\bar{u} = 6.9\%$)²⁴ and this high unemployment causes reduction in personal income and aggregate demand, which affect negatively the price level.²⁵ But, it seems that there was a need to invert the yield curve,

¹⁹ If the economy has a high inflation and it is in a recession (with high unemployment), we must have a target interest rate: $\bar{i}_{FF} = 5.4\% + 1\% + 0.5(5.4\% - 2\%) - 0.5(5.9\% - 4\%) = 7.15\%$. This should have been the federal funds rate in June 2021, but it was between 0.00% and 0.25%, which was very low; and it was ineffective, it did not improve growth and did not reduce inflation and unemployment; 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 is between 4.5% and 4.75%, which is good.

²⁰ The President-elect, Donald Trump, visited the NYSE. (*Fox News*, 12/12/2024). See, “Trump rings opening bell at New York Stock Exchange”, [Trump rings opening bell at New York Stock Exchange \(msn.com\)](https://www.msn.com)

²¹ For 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)

²² The coefficient of unemployment is higher because full employment is the most important objective of every policy. Citizens of a country need work (employment), certainty (zero risk), confidence for the financial market (no bubbles and enormous declines), and low inflation (the true cost of production of a good). And above all, they need a democratic system that provides safety and security (peace) and not something like the latest indescribable one.

²³ Here, we forecast the inflation, as follows:

$$\pi_t^e = \pi_t^* = 3.830^{***} + 1.285^{***} \pi_{t-1} - 0.299^{***} \pi_{t-2} - 0.893^{***} \varepsilon_{t-1} \quad (1')$$

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

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

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 regression:

$$\pi_t = 1.034^{***} \pi_t^e - 0.097^* (u_t - 4) \quad (2')$$

(0.034) (0.060)

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

²⁴ See, <https://www.macrotrends.net/countries/USA/united-states/unemployment-rate>

²⁵ The 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,

raising federal funds rate above US10YTB,²⁶ Figure 1, to keep inflation under control and reduce the bubble that was creating in the financial market.

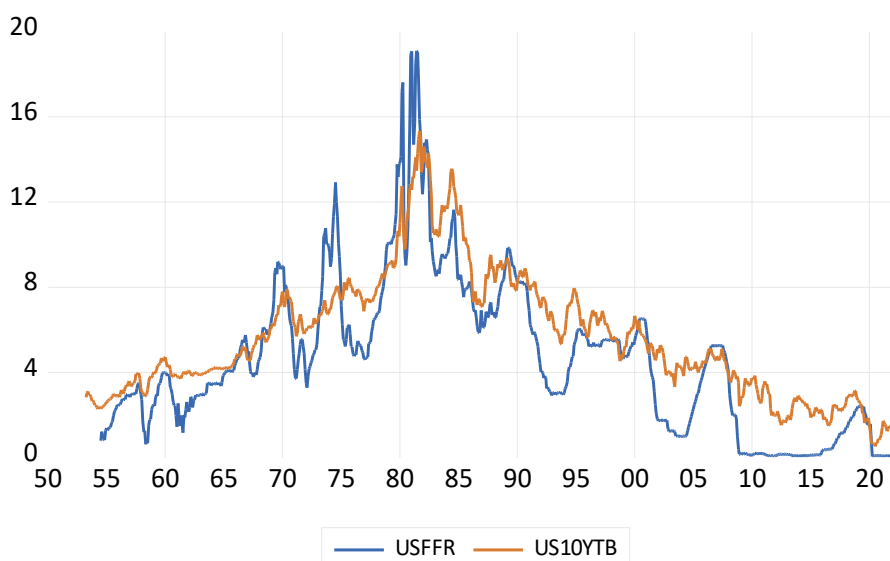


Figure 1. The Effective Federal Funds Rate and the Yield on 10-Year T-Bonds.

Note: *USFFR* = effective federal funds rate and *US10YTB* = yield on the 10-year Treasury Bond.

Source: [Federal Funds Effective Rate \(FEDFUNDS\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/FEDFUNDS) and *Wall Street Journal*.

II.2. The Monetary Policy (Tools) Instruments

Before 2007, the Fed implemented monetary policy with *limited reserves*, Figure 2, by supplying non-borrowed (R^*) and borrowed (R_B) reserves, in the banking system ($R^* + R_B = R_T^s$) and relied on *OMO*, as its key instrument (tool). After the financial crisis of 2008, the Fed implements monetary policy with *ample reserves*, Figure 3, by using many new instruments²⁷ and it relies on interest on reserves (*IOR*) and since 2014, on interest on overnight reverse repurchase agreements (*ION RRP*), too.

With the previous regime, banks held reserves to meet the Fed's regulatory reserve requirements (R_R),²⁸ which was 10% on demand deposits and some excess reserves (R_E) to meet the banking demands of their customers.²⁹ The interest on reserves ($R_R + R_E = R_T^d$) was zero ($i_{IOR} = 0$), which was the appropriate and socially fair practice. When banks needed extra reserves to meet their demands, they were borrowing these reserves from the federal funds market or through Fed's discount window. If banks had excess reserves, they could lend them in the federal funds market at the i_{FF}^{eff} , they could offer loans or buying government securities. The demand and supply of reserves are depicted in Figure 2. To raise the i_{FF} , the Fed decreases the supply of reserves (R^*) by selling U.S. Treasury securities in the open market. To lower the i_{FF} , the Fed increases the supply of reserves (R^*) by buying government securities ($R_T^s = R_B + R^*$) and later (December 2008),³⁰ mortgage-back securities, too, in

http://www.shadowstats.com/alternate_data/unemployment-charts

²⁶ On 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 is normal. See, http://www.fedprimerate.com/fedfundsrate/federal_funds_rate_history.htm

and <https://www.bloomberg.com/markets/rates-bonds/government-bonds/us>. Also, [Bonds & Rates \(wsj.com\)](https://www.wsj.com) and [Federal Funds Effective Rate \(FEDFUNDS\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/FEDFUNDS)

²⁷ Policy Tools. <https://www.federalreserve.gov/monetarypolicy/policytools.htm>. See, also, The Fed's New Monetary Policy Tools. <https://research.stlouisfed.org/publications/page1-econ/2020/08/03/the-feds-new-monetary-policy-tools>

²⁸ As [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>

²⁹ See, Kallianiotis (2017).

³⁰ On 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>

the open market, or by changing the reserve requirements (R_R). Also, it was using the discount rate (i_{DR}), reserve requirements ratio (r_R), and margin requirements (r_m).³¹ If the central bank wished to lower interest rates, it purchased government debt, thereby increasing the amount of cash in circulation or crediting banks' reserves (R^*); the R^s shifts to the right, Figure 2.

Banks, before November 2008, were minimizing their holdings of excess reserves because $i_{IOER} = 0$. Then, with $i_{IOER} > 0$, banks have an incentive to hold more excess reserves. The i_{IOER} became a tool to influence banks to hold more excess reserves at the Fed. The Fed has since that time the i_{IOER} as a new tool for implementing monetary policy. Since November 2008,

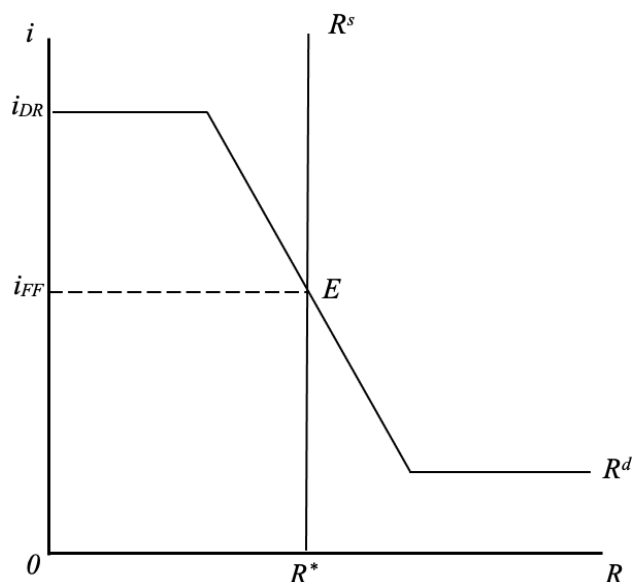


Figure 2. Market with Limited Reserves

Note: R^d = demand for reserves, R^s = supply of reserves, i = interest rates, i_{DR} = discount rate, i_{FF} = federal funds rate, R = reserves, R^* = non-borrowed reserves, R_B = borrowed reserves, and E = equilibrium ($R^s = R^d$). $i_{IORR} = i_{IOER}$ and since March 26, 2020, the Fed abandoned the required reserves ($R_R = 0$).³² This $IORR$ made Fed's policy effectiveness irrelevant for banks. The Fed shifted to an ample-reserves framework and reserve requirements are not anymore a tool of monetary policy. Thus, now, we have only IOR (i_{IOR}) and since 2014, the Fed introduced the $ION RRP$ ($i_{ON RRP}$). The reserves are since 2019 and still remained "ample",³³ Figure 3.

³¹ See, Kallianiotis (2017).

³² See, "Reserve Requirements", <https://www.federalreserve.gov/monetarypolicy/reservereq.htm>. Also, "The Financial Services Regulatory Relief Act of 2006 authorized the Federal Reserve Banks to pay interest on balances held by or on behalf of eligible institutions in master accounts at Reserve Banks, subject to regulations of the Board of Governors, effective October 1, 2011. The effective date of this authority was advanced to October 1, 2008, by the Emergency Economic Stabilization Act of 2008." See, "Interest on Reserve Balances", <https://www.federalreserve.gov/monetarypolicy/reserve-balances.htm>

³³ In January 2019, the FOMC released a statement saying, it would continue to implement policy with ample reserves in the long run. See, Board of Governors of the Federal Reserve System. "Statement Regarding Monetary Policy Implementation and Balance Sheet Normalization." Press release, January 30, 2019; <https://www.federalreserve.gov/newsevents/pressreleases/monetary20190130c.htm>

More recently, in response to the suspicious COVID-19 pandemic, reserves have grown substantially. By May 2020, reserves expanded and stood above \$3.218 trillion, at a higher level than their peak during the aftermath of the Great Recession; on January 28, 2021, they were \$3.135 trillion; on February 23, 2021, they were \$3.154 trillion; on March 23, 2021 became \$3.346 trillion; on June 28, 2022, they became \$3.318 trillion, and lately, July 26, 2022 fell to \$3,228.4 billion, on September 27, 2022, they became \$3,305.9 billion, on October 25, 2022 fell to \$3,131.4 billion, on November 26, 2024, they were \$3,211.7 billion, and lately (12/26/2024) became \$3,256.8 billion. See, <https://fred.stlouisfed.org/series/TOTRESNS>

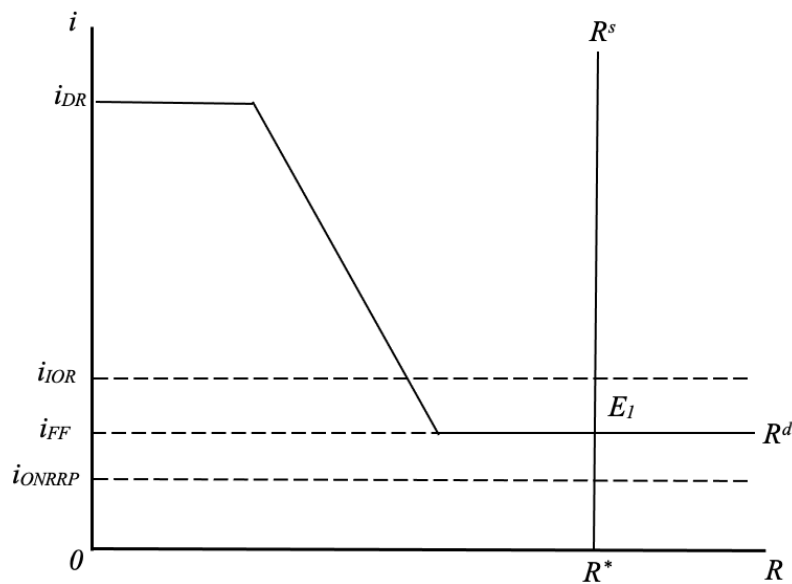


Figure 3. New Monetary Policy with Ample Reserves

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

When there is a large quantity of reserves in the banking system, as it is lately, Figure 3, the Fed can no longer influence the i_{FF} by making small changes in the supply of reserves (R^s). Why we need all these non-borrowed reserves (R^*)? What was the reason of this idle enormous liquidity with the economy lockdown, businesses have no workers because of the vaccine mandates, a vast demand for imports,³⁴ a supply chain problem, and a very anemic AD ? Why the taxpayers have to pay billions of dollars to the corrupted banks for keeping these idle excess reserves? Is this policy efficient, effective, fair, ethical, or social? All this money supply caused the enormous double digit inflation $\pi = 18\%$,³⁵ and an official³⁶ $\pi = 9.1\%$, which is already, here and will stay for a long time. How we will control the bubble in the financial market? Who is going to compensate the poor individuals with their potential huge loses in their IRA? The market manipulators and the insiders have started taking advantage of this situation, and the Fed was increasing the interest rate, as already they are doing to control inflation. All these have generated an unfair huge social cost.³⁷

The Fed is using since October 1, 2008,³⁸ its administered rates (i_{IOR} and i_{ONRRP}) to influence the i_{FF} , Graph 1. The demand for reserves curve (R^d) turns flat between the new administered rates at point E_1 , Figure 3,

³⁴ See, “United States Imports”, <https://tradingeconomics.com/united-states/imports> . See also, “List of imports of the United States”,

https://en.wikipedia.org/wiki/List_of_imports_of_the_United_States . Further see, “What Are the Top 10 U.S. Imports?”, <https://traderiskguaranty.com/trgpeak/what-are-the-top-10-u-s-imports/> . In addition, see, Kallianiotis (2024).

³⁵ See, SGS, http://www.shadowstats.com/alternate_data/inflation-charts

³⁶ See, Stephen Miller, “U.S. Inflation Rate Reaches 8.6% in May, a 40-Year High, Pushing Wages Up”. In June 2022, the CPI rose **9.1%** and the PPI rose **10.8%**.

<https://www.shrm.org/resourcesandtools/hr-topics/compensation/pages/annual-inflation-hit-40-year-high-in-may.aspx> . In September 2022, it was $\pi = 8.2\%$ and in November 2024, it was: $\pi = 2.75\%$.

³⁷ See, Polleit (2024a and 2025).

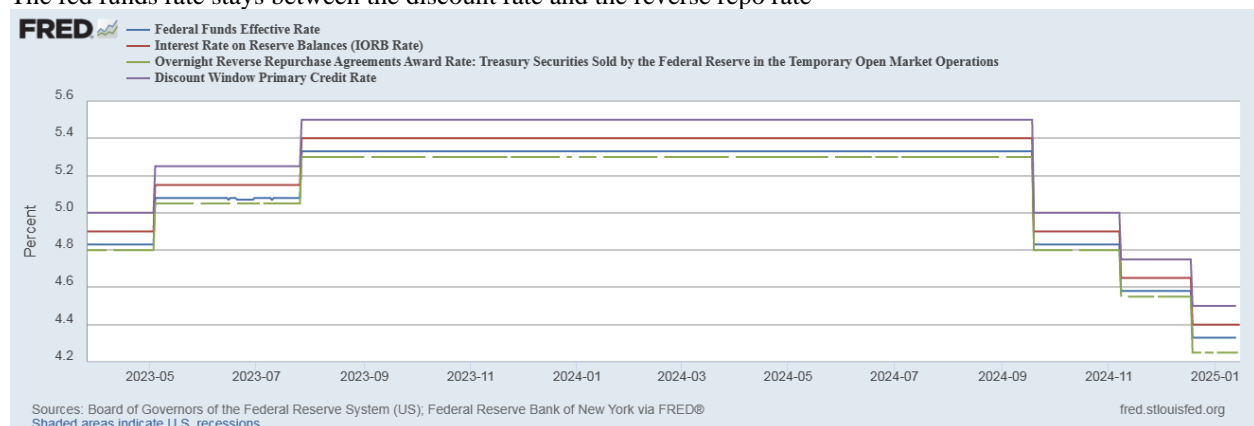
³⁸ On July 26, 2022 they were, $i_{IOR} = 2.40\%$, $i_{ONRRP} = 2.30\%$, $i_{FF}^{eff} = 2.33\%$, and $i_{DR} = 2.50\%$. On October 21, 2022, they were: $i_{IOR} = 3.15\%$, $i_{ONRRP} = 3.05\%$, $i_{FF}^{eff} = 3.08\%$, and $i_{DR} = 3.25\%$. On November 7, 2022, the interest rates became: : $i_{IOR} = 3.90\%$, $i_{ONRRP} = 3.80\%$, $i_{FF}^{eff} = 3.83\%$, and $i_{DR} = 4.00\%$. In January 2025, all rates went up: : $i_{IOR} = 4.40\%$, $i_{ONRRP} = 4.25\%$, $i_{FF}^{eff} = 4.33\%$, and $i_{DR} = 4.50\%$. . 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>

which helps to keep the i_{FF} into the *FOMC*'s target range ($4.25\% \leq \bar{i}_{FF} \leq 4.50\%$) since 12/18/2024.³⁹ With these enormous “ample” reserves, the Fed does not need to make daily *OMO* (*OMP* or *OMS*), as it did before with the limited reserves to hit the i_{FF} target. Now, small shifts of the supply curve (R^s) have no effect on the i_{FF} . The main tool for keeping the i_{FF} on its target and driving the demand curve flat is the i_{IOR} . Banks invest their money short-term based on the interest rate and the risk. They can invest in Treasury Bills ($i_{RF} = 4.27\%$) with 1/2/2025,⁴⁰ by offering loans to banks ($i_{FF}^{eff} = 4.33\%$),⁴¹ or by depositing to the Fed ($i_{IOR} = 4.40\%$) since January 15, 2025.⁴² Banks prefer to deposit their money to the Fed because i_{IOR} is higher compared to the alternative S-T investments and it is also a safe overnight investment. (*Sic*). If the i_{FF} were to fall very far below the i_{IOR} , banks would borrow in the federal funds market and deposit those reserves at the Fed, earning a profit (arbitrage, π_A) on the difference ($\pi_A = i_{IOR} - i_{FF}$). This arbitrage ensures that the i_{FF} does not fall much below i_{IOR} because, [$EX D_{FF} \Rightarrow i_{FF} \uparrow$ and $EX S_{Reserves} \Rightarrow i_{IOR} \downarrow$]

Thus, when the Fed raises or lowers the i_{IOR} , the i_{FF} moves up or down, too. Consequently, the Fed can keep the i_{FF} into the target range ($4.25\% \leq \bar{i}_{FF} \leq 4.50\%$, now)⁴³ set by the *FOMC* through adjustment of the i_{IOR} . The Fed sets the i_{IOR} directly, so this interest rate serves as an effective monetary policy tool. Now, this i_{IOR} ⁴⁴ is the *primary tool* used by the Fed for influencing the i_{FF} , Figure 3. The old tools were satisfied the same objective without charging citizens with any cost, as they have to pay, now, the *IOR* and *ION RRP* (bail out cost to taxpayers of hundreds of billions of dollars per annum), as it is calculated in Section II.4 below. In 2014, the *FOMC* announced that it will use the Overnight Reverse Repurchase Agreement Facility (*ON RRP*)⁴⁵ to help control the i_{FF} . This facility is a form of *OMO*, where the Fed interacts with many nonbank financial institutions (large money market funds and government-sponsored enterprises).⁴⁶ When one nonbank financial institution uses

Graph 1. Rates related to monetary policy

The fed funds rate stays between the discount rate and the reverse repo rate



Source: Rates related to monetary policy | FRED Blog (stlouisfed.org)

³⁹ See, [Fed Funds Target Rate History \(Historical\) \(fedprimerate.com\)](https://www.fedprimerate.com/fedfundsrate/federal_funds_rate_history.htm)

⁴⁰ See, [3-Month Treasury Bill Secondary Market Rate, Discount Basis \(TB3MS\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/TB3MS)

⁴¹ See, [Federal Funds Effective Rate \(FEDFUNDS\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/FEDFUNDS) and [Effective Federal Funds Rate Market Daily Insights: H.15 Selected Interest Rates | YCharts](https://www.ycharts.com/interest-rates/)

⁴² The T-Bill rate in the secondary market was, $i_{RF} = 0.02\%$ on June 30, 2021 and became in one year $i_{RF} = 4.06\%$ (November 7, 2022). For 2025, it went up to **4.27%**. See, <https://tradingeconomics.com/united-states/interest-rate> and <https://fred.stlouisfed.org/series/TB3MS> and [Interest Rate on Reserve Balances \(IORB Rate\) \(IORB\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/IORB)

⁴³ See, “Federal Funds Target Rate History: From 1990 to The Present”, https://www.fedprimerate.com/fedfundsrate/federal_funds_rate_history.htm

⁴⁴ See, Board of Governors of the Federal Reserve System. “Interest on Required Reserve Balances and Excess Balances”. <https://www.federalreserve.gov/monetarypolicy/reqresbalances.htm>

⁴⁵ See, Board of Governors of the Federal Reserve System. “Overnight Reverse Repurchase Agreement Facility”. <https://www.federalreserve.gov/monetarypolicy/overnight-reverse-repurchase-agreements.htm>.

⁴⁶ See, “What Is a Money Market Fund?”, <https://www.investopedia.com/investing/do-money-market-funds-pay/> and “Government-Sponsored Enterprise (GSE)”, <https://www.investopedia.com/terms/g/gse.asp>. See also, Federal Reserve Bank of New York, “Reverse Repo Counterparties”. https://www.newyorkfed.org/markets/rrp_counterparties.

the *ON RRP* facility, it deposits reserves at the Fed overnight receiving securities as collateral. The next day the transaction is “unwound”;⁴⁷ the Fed buys back the securities and the institution earns the i_{ONRRP} , which the Fed sets, on the cash it deposited at the Fed (another bail out cost), Figure 3. This investment facility is a risk-free option and these institutions are willing to lend funds to this relatively low rate, the i_{ONRRP} , but not lower (today, $i_{ONRRP} = 4.25\%$). For this reason, the i_{ONRRP} acts as a reservation rate and institutions can use it to arbitrage other short-term rates. Thus, the interest rate paid on *ON RRP* transactions and it is below the i_{IOR} , acts like a floor for the i_{FF} and serves as a *supplementary policy tool* by the Fed, Figure 3 and Graph 1.

Some reasonable questions arise, now. Why the Fed needs these overnight deposits (ONRRP)?⁴⁸ Why the tax payers have to pay some more billion dollars per annum to these money market nonbank lenders? Why we do not increase the deposit rate (i_D) to increase the deposits (demand for deposit accounts)⁴⁹ in our banks, if they need more liquidity? Make at least the saving account rate $i_D \geq i_{ONRRP} \cong 3.80\%$ and not zero ($i_D = 0.05\%$), as it was for 14 years.⁵⁰ Why we exploit the depositors? Why we confiscate their deposits? This new policy is not necessary and it has also a very high social cost (trillions of dollars bail out cost to tax payers and bail in cost to depositors). The federal funds market can provide the liquidity for the banks through the OMO without forcing the people to bail out banks by paying *IOR* and *IONRRP*. The limited reserve system is sufficient to provide all reserves needed in our banking system and concurrently, it maximizes the social benefits.

The Fed also introduced new lending programs during the global financial crisis in 2007-2008.⁵¹ Thus, the Federal Reserve has a variety of policy tools (instruments)⁵² that it was using in the past or it is still using them, now, in order to implement monetary policy and support the economy during the latest global financial and the suspicious coronavirus (COVID-19) economic and social crises, and during these last four years of huge government spending and enormous national debt, due to woke ideology, wars, and inefficiency (waste).⁵³

II.3 The Mostly Zero Interest Rate Era (MZIRE)

The new monetary policy⁵⁴ was used by the Fed to improve the economy after the global financial crisis. From 2008:12 to 2015:11 (period of zero federal funds rate), by applying the interest rate reaction function, eq. (2), we had:

⁴⁷ Unwind = To close out a relatively complicated investment position.

⁴⁸ See, “How the Fed’s Overnight Reverse Repo Facility Works”, JANUARY 11, 2022. [HTTPS://LIBERTYSTREETECONOMICS.NEWYORKFED.ORG/2022/01/HOW-THE-FEDS-OVERNIGHT-REVERSE-REPO-FACILITY-WORKS/](https://libertystreeteconomics.newyorkfed.org/2022/01/how-the-feds-overnight-reverse-repo-facility-works/)

⁴⁹ See, Hadjimichalakis (1982).

⁵⁰ In 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. The deposit rate must have been: $i_D = \pi_t^e + 1\%$ or $r_D = 1\%$. Thus, $i_D = 8.2\% + 1\% = 9.2\%$. Today (December 2024), the i_D must be: $i_D = 2.9\% + 1\% = 3.9\%$. See, “Historical Inflation Rates: 1914-2025”, [Historical Inflation Rates: 1914-2025 \(usinflationcalculator.com\)](https://www.usinflationcalculator.com)

⁵¹ They were: (1) Term Auction Facility (TAF) on December 12, 2007. (2) Term Securities Lending Facility (TSLF) on March 11, 2008. (3) Swap Lines on March 11, 2008. (4) Loans to J.P. Morgan to buy Bear Sterns on March 14, 2008. (5) Primary Dealer Credit Facility (PDCF) on March 16, 2008. (6) Loans to AIG on September 16, 2008. (7) Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF) on September 19, 2008. (8) Commercial Paper Funding Facility (CPFF) on October 7, 2008. (9) Money Market Investor Funding Facility (MMIFF) on October 21, 2008. (10) Term Asset-Backed Securities Loan Facility (TALF) on November 25, 2008. See, Mishkin and Eakins (2018, p. 224).

⁵² These 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, <https://www.investopedia.com/terms/i/initialmargin.asp>. Further, All Regulations, <https://www.federalreserve.gov/supervisionreg/reglisting.htm>

⁵³ The Biden administration has characterized as the worst in the American political, economic, and social history. Videos of “The Current Administration is The worst in American Pol... [bing.com](https://www.bing.com/videos) › videos. “Democrats are not competence to run anything and they destroyed the country.” (Dan Patrick (R) Texas Lieutenant Governor). Fox News, 1/24/2025.

⁵⁴ See, “Federal Funds Rate History 1990 to 2022”. <https://www.forbes.com/advisor/investing/fed-funds-rate-history/>

$$\bar{i}_t = 0.036^{***} + 0.573^{***} \bar{i}_{t-1} + 0.001\pi_t + 0.015u_t^{GAP} - 0.011u_{t-1}^{GAP}$$

(0.009) (0.065) (0.001) (0.015) (0.015)

$$R^2 = 0.622, \quad SER = 0.025, \quad F = 32,512, \quad D - W = 1.079, \quad N = 84$$

The results show that the only significant effect is from the lagged federal funds rate. The inflation and unemployment have no significant effect on i_{FF} . Thus, with increases in inflation or unemployment, there is no need for changes in the federal funds rate. Very stranger results or the official (political) inflation and unemployment are a little suspicious (different than the actual).

Then, we test the same reaction function from 2015:12 up to 2020:02 (new regime: the \bar{i}_{FF} was between 0.25% and 2.50%)⁵⁵ and the results were,

$$\bar{i}_t = 0.055 + 0.984^{***} \bar{i}_{t-1} - 0.004\pi_t + 0.110u_t^{GAP} - 0.084u_{t-1}^{GAP}$$

(0.076)(0.046) (0.006) (0.116) (0.117)

$$R^2 = 0.985, \quad SER = 0.095, \quad F = 742.510, \quad D - W = 1.208, \quad N = 51$$

The same results are sowing during this period, too. Inflation and unemployment have no effect on i_{FF} . Something is wrong with our economic theories and policies. (*Sic*).

Further, from 2020:03 up to 2022:02 (COVID-19: zero federal funds rate again), we have,

$$\bar{i}_t = -0.226^* + 1.194^{***} \bar{i}_{t-1} + 0.033^{***} \pi_t - 0.023u_t^{GAP} + 0.032u_{t-1}^{GAP}$$

(0.127) (0.126) (0.011) (0.029) (0.026)

$$R^2 = 0.826, \quad SER = 0.249, \quad F = 29.590, \quad D - W = 1.166, \quad N = 30$$

During the period, the inflation had significant effect on i_{FF} , but not the unemployment rate. Thus, when inflation is going up, Fed has to increase the target federal funds rate (tight money policy). But for unemployment, which was high due to vaccine mandate, the zero federal funds rate was the appropriate one.

Lastly, from 2022:03 (March 16, 2022), the target federal funds rate started to go up again and since 11/2/2022), it was: $3.75\% \leq \bar{i}_{FF} \leq 4.00\%$.⁵⁶ Also, from 2022:03 up to now (2025:01) the federal funds rate is positive to control inflation ($4.25\% \leq \bar{i}_{FF} \leq 4.50\%$).

From 2022:03 to 2024:11, we have the following results:

$$\bar{i}_t = 0.357^{**} + 0.921^{***} \bar{i}_{t-1} - 0.002 \pi_t + 0.041 u_t^{GAP} - 0.476^* u_{t-1}^{GAP}$$

(0.136) (0.024) (0.008) (0.259) (0.271)

$$R^2 = 0.987, \quad SER = 0.180, \quad F = 519.107, \quad D - W = 1.808, \quad N = 32$$

During the recent period, the inflation has no significant effect on i_{FF} , but the lag unemployment rate has a significant one at the 10% level. Thus, when unemployment is going up, Fed has to reduce the target federal funds rate (easy money policy). During this period the inflation was from 8.5% to 2.7%, but, the results do not show the appropriate significant positive effect.⁵⁷

The conclusion is, here, that during the latest four monetary policy regimes from 2008 to 2025, the coefficients of regressions are mostly insignificant, showing that the federal funds rate does not respond significantly to an increase in inflation to induce an increase in real rates and a tightening monetary policy, except between 2020:03 to 2022:02, where it significant at 1% level; the Fed has to increase federal funds rate to reduce inflation. Also, the federal funds rate does not respond sufficiently aggressively to an increase in unemployment to induce a reduction in interest rate and an effective easing monetary policy, except in period between 2022:03 and 2024:11, where the Fed has to reduce interest rate to stimulate employment. Thus, these monetary policies the last sixteen (16) years have nothing or very little to do with the real sector (Main Street) of the economy and its objectives (inflation, growth, and unemployment). The only effects were on interest rate (negative real returns),

⁵⁵ On March 17, 2020, the federal funds rate went back to: $0.00\% \leq i_{FF} \leq 0.25\%$ until March 16, 2022.

⁵⁶ See, "Policy Tools". <https://www.federalreserve.gov/monetarypolicy/openmarket.htm>

⁵⁷ See, <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>

double digit inflation, negative GDP growth, and on financial markets (a new enormous bubble, which was losing air starting on January 5, 2022, and a new bubble reaching 45,014.04 on December 4, 2024 and lost in 27 days 2,469.82 points or -5.49% until December 31, 2024).⁵⁸ And a third worse effect was the bail in of the banks (negative real deposit rate, depositors are paying interest on their deposits to the banks for “safe keeping their digital deposits in banks’ computer memory”) and the bail out of the banks (taxpayers are paying the interest on reserves of the banks, *IOR*, and on deposits of nonbank financial institutions, *IONRRP*). (Sic). Thus, there is an ethical issue,⁵⁹ here, the social benefits are very limited or imaginary from this monetary policy; the social cost exceeds these unreal social benefits. It seems that this New Monetary Policy follows orders from the Liberal New World Order and tries to buy government bonds issued to finance the wars and the inefficient government spending (wastes). Thus, there is a combination of two inefficient and ineffective policies (monetary and fiscal). (Sic).

Now, we use the two rules mentioned above to evaluate the target federal funds rate. The results, from: (1) Taylor’s rule [eq. (3)] and (2) Kallianiotis’ rule [eq. (4)], are as follows.⁶⁰

(1) **Taylor’s Rule:**

The target federal funds rate was between (0.00%-0.25%) for the period 2008:12 to 2015:11 (Zero Interest Rate Regime).⁶¹ Thus, i_{FF} must have been:

$$i_{FF} = 1.586\% + 1\% + 0.5(1.586\% - 2\%) - 0.5(7.838\% - 4\%) = 0.46\% ; \text{ but, it was} \\ \text{between } 0\% \text{ and } 0.25\% \text{ (average } \bar{i}_{FF}^{eff} = 0.129\% \text{), which was low.}$$

From 2015:12 to 2018:12 (New Regime) the i_{FF} must have been:

$$i_{FF} = 1.906\% + 1\% + 0.5(1.906\% - 2\%) - 0.5(4.389\% - 4\%) = 2.6645\% ; \text{ but, it was} \\ \text{between } 0.25\% \text{ and } 2.50\% \text{ (average } \bar{i}_{FF}^{eff} = 1.054\% \text{), which was too low.}$$

Thus, Taylor’s rule was recommending higher federal funds rate.

(2) Then, the Kallianiotis rule,⁶² which gives the following results:

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

$$i_{FF} = 1.586\% + 1\% + 0.25(1.586\% - 2\%) - 0.50(7.838\% - 4\%) + 0.25(9.952\% - 8.9\%) = -0.1735\% , \quad \text{which} \\ \text{was good closed to zero (0.00\%-0.25\%).}$$

For the NR (2015:12-2018:12) the i_{FF} must have been:

$$i_{FF} = 1.906\% + 1\% + 0.25(1.906\% - 2\%) - 0.50(4.389\% - 4\%) + 0.25(10.78\% - 8.9\%) = 3.158\% , \quad \text{which was} \\ \text{very low (average } 1.054\% \text{).}$$

Consequently, all the results, with the two rules, show that the target rates of our central bank (Fed) were very low. The empirical results and all the tests and rules reveal that these monetary policies do not promote social welfare, because its social benefits are less than its social cost. If the Fed had started raising the i_{FF} gradually since July 2013, we would have no inflation and no bubbles in the stock markets. Fed’s inefficiency and ineffectiveness is obvious the last sixteen years. It must be completely controlled; there is no other explanation for its anti-social policy.

⁵⁸ See, Kallianiotis and Petsas (2020, Table 1).

⁵⁹ These monetary policies are unfair, wrong, anti-social, and against the poor citizens of the country. And after all of these deceptions, from the global financial crisis, came the Chinese plague, the coronavirus from Wuhan or from 5G, as some people are saying. The deduction from all these crises is very simple; we need a strong fiscal and trade policy that have to be in favor of the poor people, a “pro-American” fiscal policy and an effective monetary one. See, Kallianiotis (2025b).

⁶⁰ For more details, see, Kallianiotis and Petsas (2020).

⁶¹ For federal funds target rate, see, http://www.fedprimerate.com/fedfundsrate/federal_funds_rate_history.htm

⁶² Kallianiotis rule with June 2021 gives: (1) With official data, the target federal funds rate (\bar{i}_{FF}) must have been:

$$i_{FF} = 5.4\% + 1\% + 0.25(5.4\% - 2\%) - 0.50(5.9\% - 4\%) + 0.25(18.22\% - 8.9\%) = 8.63\%$$

(2) With SGS data, the \bar{i}_{FF} should have been:

$$i_{FF} = 13\% + 1\% + 0.25(13\% - 2\%) - 0.50(25.8\% - 4\%) + 0.25(18.22\% - 8.9\%) = 8.18\%$$

With July 2022: (1) Official data: $8.5\% + 1\% + 0.25(8.5\% - 2\%) - 0.50(3.5\% - 4\%) + 0.25(29.58\% - 8.9\%) = 16.545\%$

(2) SGS data: $18\% + 1\% + 0.25(18\% - 2\%) - 0.50(24.4\% - 4\%) + 0.25(29.58\% - 8.9\%) = 17.97\%$

Then, the target rate was: $\bar{i}_{FF} = 2.50\%$, which was very low.

With December 2024: Official data only: $2.9\% + 1\% + 0.25(2.9\% - 2\%) - 0.50(4.1\% - 4\%) + 0.25(3.926\% - 8.9\%) = 5.319\%$ and it was $i_{FF} = 4.5\%$, a little lower than Kallianiotis rule.

The Zero Interest Rate Era (ZIRE) was from December 16, 2008 to December 15, 2015, a seven-year period, in which the target range for the federal funds rate was pegged between zero and 0.25% ($\bar{i}_{FF} = 0\% - 0.25\%$) and again from March 16, 2020 to March 15, 2022. The market was flooded with trillions of dollars of excess reserves (\$2.331 trillion in December 2015, $R_T = \$3.218$ trillion in March 2022, **\$3.306** trillion on September 27, 2022, \$3.131 trillion on October 25, 2022, \$3.212 trillion on November 26, 2024, and \$3.257 trillion with December 26, 2024)⁶³ as banks earned 0.25% on reserve balances at the Fed and an enormous monetary base (\$3.822 trillion on December 23, 2015, \$5.537 trillion in March 2022, **\$5.582** trillion on September 27, 2022, \$5.411 trillion on October 25, 2022, \$5.567 trillion on November 26, 2024, and MB = \$5.617 trillion with December 26, 2024),⁶⁴ which generated (endogenously) a money supply (\$12.36 trillion on December 23, 2015, **\$21.74** trillion in March 2022, \$21.711 trillion with September 27, 2022, \$21.503 trillion in October 25, 2022, \$21.392 trillion on November 26, 2024, and M2 = \$21.448 trillion with December 26, 2024),⁶⁵ Graph 2. The main concern was output stabilization, as output appeared to grow along a path that was considered to be well below the potential for GDP (the real GDP growth was $g_{RGDP} = -2.703\%$ in 2008:Q1, -1.903% (2008:Q3), **-8.188%** (2008:Q4), -5.428% (2009:Q1), -0.540% (2009:Q2), -1.536% (2011:Q1), $g_{RGDP} = -1\%$ in 2014:Q1, -5.1% in 2020:Q1 and then, it came the Chinese (Wuhan)⁶⁶ virus and the GDP became **-31.2%** in 2020:Q2, -1.6% in 2022:Q1, -0.6% in 2022:Q2, 2.6% in 2022:Q3 and now, 2024:Q3, it was 3.1%).⁶⁷ Official inflation ($\bar{\pi} = 1.552\%$) tended to remain below the Fed's 2% long-term objective and the Fed was anxious for a possible deflation ($-\pi$),⁶⁸ which would increase the real cost of capital [$r = i - \pi$; then, $r = i - (-\pi) \Rightarrow r = i + \pi$], but it was actually above the Fed's target. In 2018, the Federal Reserve was troubled how it would set short-term interest rates in an effort to keep them from drifting too high; but an increase in its benchmark raises questions about its ability to keep borrowing costs in check.⁶⁹

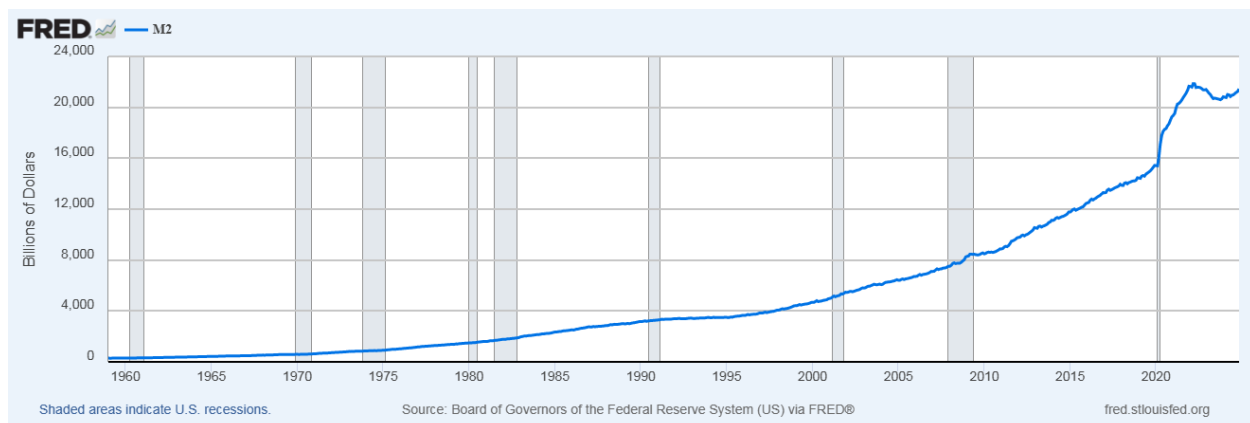
Although the Fed has a target range for federal funds, the actual new monetary policy rate set by the Fed is the interest rate on reserves (i_{IOR}), Figure 3. As it turns out, the period with the IOR set at the top of the target

⁶³ See, <https://fred.stlouisfed.org/series/EXCSRESNS> . See also, <https://fred.stlouisfed.org/series/Beta/TOTRESNS>

⁶⁴ See, <https://fred.stlouisfed.org/series/BASE/> and <https://fred.stlouisfed.org/series/BOGMBASE>

⁶⁵ Later, it is worse, with June 11, 2018, the M2 was \$14.1 trillion and with October 25, 2022, it became \$21.503 trillion. See, <https://fred.stlouisfed.org/series/M2> . See, also, <https://www.federalreserve.gov/releases/h6/current/default.htm> and <https://fred.stlouisfed.org/series/M2SL>

Graph 2. M2 (M2NS)



Source: [M2 \(M2NS\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/series/M2)

⁶⁶ See, “FINAL REPORT: COVID Select Concludes 2-Year Investigation, Issues 500+ Page Final Report on Lessons Learned and the Path Forward”, [FINAL REPORT: COVID Select Concludes 2-Year Investigation, Issues 500+ Page Final Report on Lessons Learned and the Path Forward - United States House Committee on Oversight and Accountability](https://www.house.gov/committees/oversight-and-accountability/)

⁶⁷ See, <https://tradingeconomics.com/usa/gdp-growth> . Also, <https://fred.stlouisfed.org/series/A191RL1Q22SSBEA> and <https://fred.stlouisfed.org/series/GDPC1/> . In addition, see, [FRED, https://fred.stlouisfed.org/series/GDPC1/](https://fred.stlouisfed.org/series/GDPC1/) . Further, [Gross Domestic Product, Third Quarter 2022 \(Advance Estimate\) | U.S. Bureau of Economic Analysis \(BEA\)](https://www.bea.gov/newsroom/2022/08/2022-03-gdp)

⁶⁸ But from March 2021 ($\pi = 2.6\%$), it started to be above the Fed's target reaching 7.0% in December 2021, it became 8.5% in March 2022, **9.1%** in June 2022, 8.2% in September 2022, and in November 2024, it was 2.75%.. See, [U.S. Inflation Rate. https://www.usinflationcalculator.com/inflation/current-inflation-rates/](https://www.usinflationcalculator.com/inflation/current-inflation-rates/)

⁶⁹ See, “The Fed's Latest Challenge: Keeping Benchmark Rate in Check”, *The Wall Street Journal*, June 27, 2018. <https://www.wsj.com/articles/the-feds-latest-challenge-keeping-benchmark-rate-in-check-1530091800>

range for federal funds (0.25%) extended for exactly seven years.⁷⁰ Since 11/7/2022, it was $i_{IOR} = 3.90\%$ and now (January 2025), it is 4.40%. Both the level and the volatility of the federal funds went close to zero in September 2008 as the Fed flooded the money market with bank reserves. Initially, the Fed supplied about \$600 billion in reserves mainly by making loans of 180 days or less. The Fed justified this action as insurance against the worldwide collapse of financial markets (the 1st global crisis of the 21st century) and a replay of the Great Depression. Then, in February 2020, came the 2nd global crisis of the 21st catastrophic century, the planned COVID-19. Now, they are working for the 3rd one (it might be the environment, or a global famine, or the destruction of agriculture, or a new pandemic, or WWII because we have robotics and AI, we do not need so many people, etc.).⁷¹ Generally, the Fed had shown an aversion to reversing interest rate movements within a short time span until March 16, 2022, which has caused four serious economic problems: (1) inflation, (2) bubble in the stock market, (3) bail out cost to taxpayers, and (4) bail in cost to depositors. How is this possible our monetary policy to be considered fair, effective, efficient, and social?

II.4. Social Costs and Benefits of the Questionable New Monetary Policy

The new monetary policy tools (ample reserves, *IOR* and *IONRRP*), which kept the deposit rate closed to zero are, if not anything else, making this public policy an unfair and unethical new monetary policy by going against small savers (investors) and poor taxpayers. Political leaders have no power to regulate the “independent” private central banks, but they can do something for these dishonest (“corrupted”) and uncontrolled commercial banks. Central banks’ policies are ineffective for the economy, non-preventable for a new financial crisis, and anti-social for the people. Especially, during the suspicious coronavirus fraud⁷² and the double digits inflation; the necessary public policy is a combination of monetary and fair and moderate fiscal stimulus policy (no higher taxes due to recession and no wars on fossil fuels and in Ukraine, Palestine, and Syria)⁷³ that the liberal government provided.⁷⁴ The latest monetary policies benefit only large banks,⁷⁵ and generate an enormous social cost.

With November 2015, the social cost was in hundreds of billions of dollars.⁷⁶ It is obvious, the central bank is working only for the banks and satisfies only their objectives, which are profitability and liquidity. This monetary policy was against the poor depositors (bail in cost = \$838.310 billion p.a. or the “official” bail in cost = \$104.104 billion) and against the poor taxpayers (bail out cost = \$5.923 billion p.a.). Thus, it was a pure anti-social policy and at the same time, it had created enormous bubbles in the stock market (a hidden new global crisis, which found an excuse to burst, the Wuhan coronavirus and the increases in federal funds rate to control the inflation that

⁷⁰ See, Gagnon and Sack (2014).

⁷¹ Their ultimate objective is public information, they are not hiding it anymore; it is the reduction of population. See, “What Is the Malthusian Theory of Population?”. https://www.economicsonline.co.uk/managing_the_economy/what-is-the-malthusian-theory-of-population.html/ . The “forerunner” Klaus Schwab, chairman of the World Economic Forum said in the G-20 Summit in Indonesia on November 16, 2022 that “we need a Great Reset”. See, World Economic Forum Chairman Klaus Schwab Announces His Plans For A “Deep Systemic And Structural Restructuring Of Our World” At The G20 Summit. <https://www.eviemagazine.com/post/world-economic-forum-chairman-klaus-schwab-announces-his-plans-deep-systemic-structural-restructuring-world-g20> . These people are out of control because there are no true leaders, except one, Vladimir Putin, in our undemocratic “democracies” the last 50 years. Let’s hope that Donald Trump will follow him.

⁷² Dr. 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).

⁷³ Our 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 governments). Now, there is 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/)

⁷⁴ See, “Fiscal Stimulus Needed to Fight Recessions”, <https://www.cbpp.org/research/economy/fiscal-stimulus-needed-to-fight-recessions> . But not to make the national debt unsustainable, with some exaggerated and without moderation wastes. Also, the fraudulent “inflation reduction act” caused 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).

⁷⁵ «... Θά καταργήσωμεν επίσης όλα τὰ χρηματιστήρια... Θ’ ἀντικαταστήσωμεν τὰ χρηματιστήρια διά μεγάλων ειδικῶν πιστωτικῶν ἰδρυμάτων 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!..

⁷⁶ See, Kallianiotis (2022a).

their policies have created).⁷⁷ With this anti-social and unethical monetary policy, the deposit and saving rate were falling and the personal consumption expenditures were increasing. Thus, the household debt was going up.⁷⁸ The social cost of this modern monetary policy is enormous, so this policy is wrong, because in any policy the objective is minimization of social cost and maximization of benefits.

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

(I_a) The total reserves were: $R_T = 3,131.4$ billion.

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

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

(I_b) The overnight reverse repurchase agreements: \$2,230.840 billion.

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

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

(II) Total deposits (D_T) = \$17,782.9112 billion.⁷⁹

$i_D = 0.05\%$

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

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

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

The SGS consumer inflation (1980-based)⁸⁰ was $\pi = 17\%$.

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

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

Banks' interest rate was from 6.92% (mortgage rate) to 34.99% (credit cards with bad credit scores).

The average $i_{CC} = 20.00\%$. Then, the average loan rate was: $\bar{i}_L = (6.92\% + 20.00\%) / 2 = 13.46\%$.

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

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

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

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

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

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

(I_b) The overnight reverse repurchase agreements: \$279.215 billion.

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

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

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

$i_D = 0.46\%$

⁷⁷ The DJIA reached 29,551.42 (2/12/2020) and with coronavirus' negative effects on health and economy, it fell to 18,591.93 (3/23/2020), it **lost 10,959.49 points (-37.09%)**. I had read somewhere a few years ago that: "we (the economic elites) will abolish the stock exchanges and we will create large financial institutions..." (Sic).

⁷⁸ The 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. Now, December 14, 2024, the total personal debt is **\$25.699** trillion x 13.455% = **\$3.458** trillion p.a. 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).

⁷⁹ See, Deposits, All Commercial Banks. <https://fred.stlouisfed.org/series/DPSACBW027SBOG>.

⁸⁰ See, http://www.shadowstats.com/alternate_data/inflation-charts

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

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

Thus, depositors were paying to their banks (*bail in*): \$17,646.4329 x (-2.43%) = **\$428.808 billion**.
The SGS consumer inflation (1980-based) was $\pi = 10\%$.

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

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

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

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

Thus, with **August 2024**, the poor depositors were paying (bail in cost = **\$1,683.470**

billion p.a. or the "official" bail in cost = **\$428.808 billion**) and taxpayers were paying (bail out cost = **\$193.117 billion** p.a.), a pure anti-social and unethical monetary policy by the "independent" from the government and citizens, but unintentionally dependent Fed, and at the same time it has created enormous bubbles in the stock market and permanent inflation (Fedflation) with the help of the Biden (Bidenflation) fiscal policies.

The Fed's anti-social "progressive" monetary policy continues even, today.⁸¹ With **December 2024**, the losses, due to inflation (official $\pi = 2.75\%$ for November 2024 and unofficial $\pi \cong 10\%$)⁸² and the volatility, by more than $\mp 2,400$ points of the stock markets, continue plus the social (bail out and bail in) cost, which is:

- (I_a) The total reserves were: $R_T = 3,256.8$ billion.

The $i_{IOR} = i_{RF} + 0.20\% = 4.42\% + 0.20\% = 4.62\%$. But, it was $i_{IOR} = 4.40\%$ (1/2/2025).

Thus, Fed was paying total interest on these reserves (I_R) = \$3,256.8 billion x 4.40% = **\$143.502 billion** per annum. This is a *bail out cost* that current taxpayers are paying and future generations will continue to pay plus all the other problems that our ignorant generation has created for them.

- (I_b) The overnight reverse repurchase agreements: \$473.460 billion (12/31/2024).

The $i_{ONRRP} = 4.25\%$. ($i_{FF}^{eff} = 4.33\%$)

Fed pays an interest of: **\$20.122 billion** p.a. (*bail out cost*)

- (II) Total deposits (D_T) = \$17,806.4326 billion.

$i_D = 0.42\%$.⁸³

Banks were paying an insignificant total interest on deposits (I_D) = \$17,806.4326 billion x 0.42% = **\$74.787 billion** per annum.

- (III) The official inflation rate is (π) = 2.75%; then, $r_D = i_D - \pi = 0.42\% - 2.75\% = -2.33\%$

Thus, depositors were paying to their banks (*bail in*): \$17,806.4326 x (-2.33%) = **\$414.890 billion**.

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

The true *bail in* was: \$17,806.4326 x (-9.58%) = **\$1,705.856 billion** p.a.

- (IV) Banks could offer loans: $R_T + D_T = \$3,256.8$ billion + \$17,806.4326 billion = \$21,063.232 billion.

Banks' interest rate was from 6.91% (mortgage rate) to 34.99% (credit cards with bad credit scores).
The average $i_{CC} = 20.00\%$. Then, the average loan rate was: $\bar{i}_L = (6.91\% + 20.00\%): 2 = 13.455\%$.

Banks were having an interest revenue (R_I) of \$21,063.232 billion x 13.455% = **\$2,834.058 billion** p.a.

Thus, with **December 2024**, the poor depositors were continuing to pay (bail in cost = **\$1,705.856 billion** p.a. or the "official" bail in cost = **\$414.890 billion**) and taxpayers were paying (bail out cost = **\$163.624 billion** p.a.), too. The same anti-social and unethical monetary policy by the "independent" from the government and citizens Fed persists, which at the same time, has created enormous bubbles⁸⁴ in the stock market and permanent inflation (Fedflation) with the help of the Biden (Bidenflation) fiscal policies and woke ideologies, as it was going

⁸¹ See, Goodson (2019).

⁸² The SGS inflation has been discontinued. See, "Average Inflation Rates", [Average Inflation Rates in the United States \(usinflationcalculator.com\)](https://www.usinflationcalculator.com)

⁸³ See, "National Rate: Savings (SNDR)",

[National Rate: Savings \(SNDR\) | FRED | St. Louis Fed \(stlouisfed.org\)](https://fred.stlouisfed.org/)

⁸⁴ The stock market from, DJIA = 6,547.05 (3/9/2009) reached **DJIA = 45,014.04** (12/4/2024); a growth by 38,466.99 points or 587.547% or **37.305%** per annum. At the end of the year (12/31/2024) it has fallen to DJIA = 42,544.22, a decline from its peak of -2,469.82 points or -5.49%. Something is absolute wrong with our economy, due to wrong public policies and to anti-social laws, rules, and regulations. There is some hope with the new administration after the November 2024 elections, but there are many difficulties because politicians are controlled and they cannot act in favor of the public, their voters and citizens. Also, another problem is that the new president-elect starts 3 months after the elections (January 20, 2025) and the existing corrupted administration is destroying everything in the country, just to show to the people that you voted for the wrong party and person. (*Sic*).

on for years. There is hope for some changes in 2025 with the new administration. Of course, it is difficult to predict anything from now.⁸⁵

The Fed's current balance sheet is so huge (it was \$4,497.660 billion in December 2014, on July 13, 2022 it was **\$8,895.867** billion, on October 17, 2022, it was \$8,743.922 billion, on November 2, 2022 it was \$8,676.870 billion, and on December 11, 2024, it was \$6,897.485 billion)⁸⁶ that with the new announced policy rate, which decreased again (March 15, 2020), it generated surprising results, like inflation and higher market risk. There are no improvements to the bail out cost (taxpayers), due to high interest rate on reserves (i_{IOR}) and on *ONRRP* agreements (i_{ONRRP}); also, there was deterioration to the bail in cost (depositors) from the high inflation that has been attained. Unfortunately, the social benefits are imaginary because the real ones are closed to zero. The level of banks' capital is another factor that must be considered by the regulators (Central Bank, FDIC, Comptroller of the Currency, State Banking Department, etc.). A low capital level is increasing the risk of the banks and consequently, the cost of financial crises (by bailing them out in case of a financial crisis); so the banks' capital affects the real economy.⁸⁷ Risk-averse consumers prefer higher capital levels because it increases the financial stability in the economy and the world. The tax-payers must not bailout the liberal, corrupted, and deregulated financial institutions in case of a new bank crisis, as it happened in 2008 because it is completely unfair and unethical.⁸⁸ Firestone, Lorenc, and Ranish (2019), by evaluating the economic costs and benefits of bank capital in the U.S., found that the optimal capital ratio is from just over 13% to 26%.⁸⁹ The current average capital ratio is 12.5% for the U.S. banks, which is relatively low, and the probability for a global financial crisis is very high.

III. The Latest Unprincipled and Extremely Inefficient Fiscal Policy

Fiscal policy is the public policy, where the government revenue (collection of taxes, T) and government spending (expenditure, G) are used to influence a country's economy. The use of government revenue and expenditures to influence macroeconomic variables developed after the Great Depression in 1930s, Keynesian economic theories. Fiscal policy is theorized that government changes in the levels of taxation and government spending and investment influence aggregate demand (AD). Regulations, taxes, and other restrictions affect negatively the aggregate supply (AS) and consequently the level of economic activity (GDP, u, and prices). Monetary and fiscal policy are the key strategies used by a country's central bank (Fed) and government (U.S. Treasury) to advance its economic objectives (stability, confidence, efficiency,⁹⁰ output, employment, and social welfare). The combination of these policies enables authorities to target inflation (which is considered "healthy" by the Fed at the level of 2%) and to increase employment, unemployment to be at the natural level, u_t^N about 4% for the U.S. and the output (production) to be at the full employment level (Q_t^F); and people must have certainty, security and safety in their lives and trust for their government. This implies that fiscal policy is used to stabilize the economy over the course of the business cycle and the entire society.

III.1. Fiscal Policy Objectives: Analysis of Variables and Parameters

⁸⁵ It seems that there will be moral and of course, economic and social problems with the Secretary of the Treasury nominee, Scott Bessent. See, "Scott Bessent", [Scott Bessent - Wikipedia](#). Unfortunately, he was confirmed by the Senate (by a vote of 68 to 29). I wish to be wrong. See, [Senate confirms Scott Bessent as Trump's Treasury secretary \(msn.com\)](#)

⁸⁶ See, https://www.federalreserve.gov/monetarypolicy/bst_recenttrends.htm and <https://fred.stlouisfed.org/series/WALCL>. Also, https://www.federalreserve.gov/monetarypolicy/bst_recenttrends.htm

⁸⁷ In Cyprus, the EU forced the depositors to bail in banks by offering 50% of their deposits to increase the capital of banks. See, Matthew O'Brien. "Everything You Need to Know About the Cyprus Bank Disaster: Taxing insured bank deposits is the worst way to pay for the bailout."

<https://www.theatlantic.com/business/archive/2013/03/everything-you-need-to-know-about-the-cyprus-bank-disaster/274096/>. Since 2008, with zero deposit rates, the Fed has imposed indirectly a similar policy on U.S. depositors. Thus, the policy makers are the same globally since British Revolution in 1640 (for 385 years). The expected globalization is here and it is very "successful". See, De Ruiter (2017 and 2018).

⁸⁸ The total lost household wealth at that time was between \$19.2 and \$22 trillion. See, <https://www.pbs.org/wgbh/frontline/article/how-much-did-the-financial-crisis-cost/> and https://www.huffpost.com/entry/financial-crisis-cost-gao_n_2687553. See also, "I helped bail out the banks, Congress needs to oversee the stimulus now", <https://thehill.com/blogs/congress-blog/politics/496307-i-helped-bail-out-the-banks-congress-needs-to-oversee-the>. In addition, See, Kallianiotis (2021a and b).

⁸⁹ See, Firestone, Lorenc, and Ranish (2019). See also, Farla-e-Castro (2019). Further, "What's a Countercyclical Capital Buffer?", <https://fredblog.stlouisfed.org/2019/09/whats-a-countercyclical-capital-buffer/>

⁹⁰ Unfortunately, our government is completely inefficient and indifferent for its objectives and obligations towards the people, citizens, voters of the country. A simple example is the following. The U.S. Post Office, in my area, during Christmas holidays, did not have international stamps to satisfy the demand of the customers. What is its management doing? Are they working from home? Mike Johnson's Statement: About 1% of federal employees are "actually working in the office." See, [PolitiFact: How many federal employees work in person, vs. remotely? \(usatoday.com\)](#). Are they working or are they teasing us?

The objective of fiscal policy is also maximization of social welfare, by having a fair, efficient, incorruptible, and optimal tax and spending system. The amount of taxes people pay and the methods used to impose those taxes are influenced by many different political and ideological factors that are far beyond citizen control. To understand it better, one has to pay attention to fiscal policy and politics. It is a concept that seems esoteric, but it really comes down to a few simple things based: (1) On the government budget ($GB = T - G$).⁹¹ (2) On its efficiency, effectiveness, and ideology (lately, it is extreme liberalism, with promiscuous spending, G , and inconceivable taxes, T). (3) On public goods sustainability.⁹² (4) On safety, security, ethics and morality. A serious problem for our economy is that big businesses do not pay taxes⁹³ and as consequence the national debt is going up,⁹⁴ and the next generation has to pay for the current mistakes and abuses. Another serious problem is the war against natural resources, family, women, children, education, values, sovereign nations, truth, and God; with their cancel culture, especially during the last extreme liberal administration.⁹⁵

Economists (if they know the Truth and they are not bribed to lie, through grants and awards) along with affiliated other benevolent social scientists, philosophers, politicians and their advisors would need to develop a set of ethical, moral, “minimum mandatory” and “best practices” analyses of the macro-economy that will maximize objectively the social welfare of all the citizens. This would formalize the guidelines and the tools for controlling and improving liquidity, stability, confidence, sustainability, efficiency, and effectiveness in the economy via a combined fiscal, monetary, and pro-American trade policies.⁹⁶ Some of these analyses are already executed by various controlled institutions, government agencies, and the private central banks around the world; but are not in coordination and need to be formalized by economists into a set of decision support tools for policymakers.

Economic variables and parameters of the economy that these fiscal tools would analyze include:⁹⁷ (1) *Appropriate Budgetary Accounting*: tax revenue (T), government expenditures (G), budget deficits (BD),⁹⁸ national

⁹¹ See, “Budget of the U.S. Government”. With 2021, it was $T = \$3,581$ billion, $G = \$7,249$ billion and $BD = \$3,669$ billion; the BD as a percentage of GDP was 16.7%. With 2022, it is $T = \$4,174$ billion, $G = \$6,011$ billion, and $BD = \$1,837$ billion or 7.8% of the GDP . [file:///C:/Users/JK/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.IE5/51F9Y8AK/budget_fy22%20\(1\).pdf](file:///C:/Users/JK/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.IE5/51F9Y8AK/budget_fy22%20(1).pdf). With August 10, 2022, the BD was \$1.626 trillion and the $ND = \$30.638$ trillion. With October 27, 2022, the $ND = \$31.241$ trillion and the $BD = \$1.086$ trillion, with November 8, 2022, the $ND = \$31.267$ trillion, with December 14, 2024, it was $BD = \$2.064$ trillion and $ND = \$36.228$ trillion, and with January 17, 2025, it was $BD = \$2.004$ trillion and $ND = \$36.362$ trillion.. <https://www.usdebtclock.org/>. See also, “Yellen Warns US Will Hit Debt Limit Day After Trump Takes Office”. <https://thecongressionalinsider.com/yellen-warns-us-will-hit-debt-limit-day-after-trump-takes-office/>

⁹² We saw the incompetence of the government (local and state) during the California fires in January 2025. See, “Trump Calls Officials Handling Los Angeles Wildfires ‘Incompetent’”, [Trump Calls Officials Handling Los Angeles Wildfires ‘Incompetent’ - The New York Times \(nytimes.com\)](https://www.nytimes.com)

The new President, Donald Trump, visited California and toured wildfire damage. (*Fox News*, 1/24/2025).

⁹³ “The tax-avoiding companies represent various industries and collectively enjoyed almost \$40.5 billion in U.S. pretax income in 2020, according to their annual financial reports. The statutory federal tax rate for corporate profits was 21 percent. The 55 corporations would have paid a collective total of \$8.5 billion for the year had they paid that rate on their 2020 income. Instead, they received \$3.5 billion in tax rebates.” See, “55 Corporations Paid \$0 in Federal Taxes on 2020 Profit”, <https://itep.org/55-profitable-corporations-zero-corporate-tax/> See, also, [https://www.pgpf.org/finding-solutions/understanding-the-](https://www.pgpf.org/finding-solutions/understanding-the-budget/revenues?utm_term=government%20expenditure&utm_campaign=The+Budget&utm_source=adwords&utm_medium=ppc)

[budget/revenues?utm_term=government%20expenditure&utm_campaign=The+Budget&utm_source=adwords&utm_medium=ppc](https://www.pgpf.org/finding-solutions/understanding-the-budget/revenues?utm_term=government%20expenditure&utm_campaign=The+Budget&utm_source=adwords&utm_medium=ppc). Biden increased the corporate tax rate to 25%. Also, he passed, with the help of Kamala (51-50), the “Inflation Reduction Act” (actually, an increase in taxes and protection of the environment act, ἀπάτη) to stop the “extreme weather”, but it was increasing taxes in a period of recession and benefited politically the democrats’ ideology. With this act, they hired 87,000 IRS armed agents. See, (*Fox News*, 8/5/2022). See also a summary of the act, [file:///C:/Users/JK/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.IE5/51F9Y8AK/inflation_reduction_act_one_page_summary%20\(1\).pdf](file:///C:/Users/JK/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.IE5/51F9Y8AK/inflation_reduction_act_one_page_summary%20(1).pdf)

⁹⁴ The Treasury Secretary, Janet Yellen, said that “the deficit and debt do not matter”. See, <https://www.kennedy.senate.gov/public/2021/11/kennedy-to-yellen-how-much-debt-is-too-much-i-m-looking-for-a-numberb>. But, she said: “I was wrong on inflation”. <https://www.ny1.com/nyc/all-boroughs/politics/2022/06/01/treasury-secretary-janet-yellen---i-was-wrong--about-inflation>. The amazing was that she is worrying about fewer abortions, “Banning abortion would be very bad (very damaging) for the economy”. (*Fox News*, May 27, 2022). How these ignorant liberals would improve the economy and the society?

⁹⁵ “Biden is the worst President in American history”. *Newsmax* 12/19/2024. [WSJ: 'Protective Culture' Surrounded Biden From Start | Newsmax.com](https://www.newsmax.com). See, Kallianiotis (2025a).

⁹⁶ See, Kallianiotis (2025b).

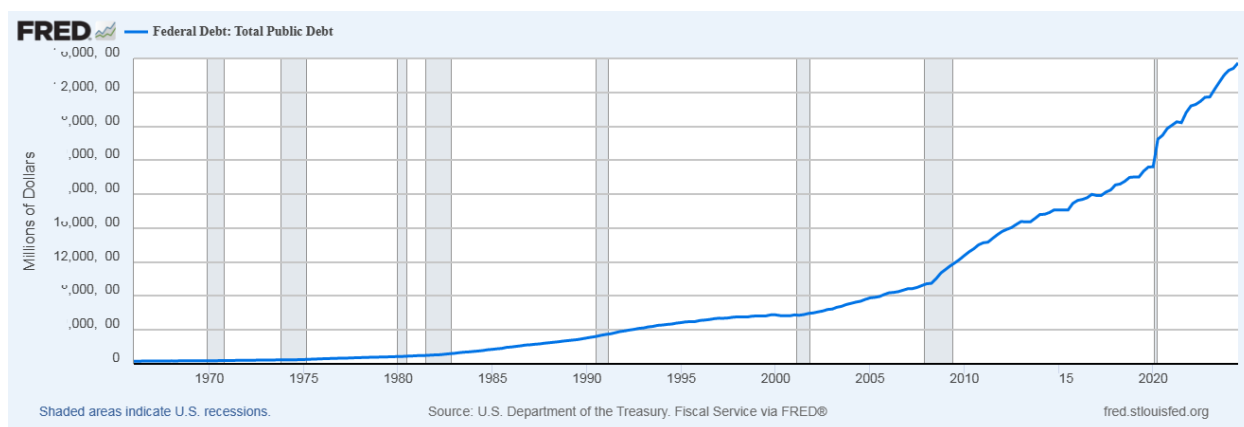
⁹⁷ See, Hoexter (2013). See also, Kallianiotis (2022a and c).

debt (ND),⁹⁹ Graph 3, and financing of national debts. (2) *Unemployment*: The fiscal policy objective is full employment or unemployment at the natural level (u^N). People must have full time jobs, a dissent income that can satisfy their needs,¹⁰⁰ and a pension during their retirements, but do not exist. Robotics, automation, AI, scan and go, etc. have substituted human beings. For this reason, the labor participation rate was small for ages 15-24, 50.49% in 2021, and 51.04% in 2023,¹⁰¹ for the entire population, for September 2022 the *LFPR* was 62.3%, and for November 2023 it was 62.5%; the same **62.5%** was for December 2024.¹⁰² (3) *Inflation*: This is an objective of public policy, but mostly of monetary policy and less of an issue of fiscal policy, except if it is a liberal administration in power, like the current.¹⁰³ The latest globalist, environmentalist, and “the allies first” trends have destroyed the country.¹⁰⁴ Europe already is dead for over sixty years, due to its liberalism.¹⁰⁵ (4) *Balance of Trade*: The fiscal policy must equalize exports and imports ($TA = X - M = 0$). A deficit in trade account¹⁰⁶ means import

⁹⁸The federal budget deficit was about \$3.1 trillion in fiscal year 2020 (15.2% of GDP), it was \$1.705 trillion with July 21, 2022, and \$2.004 trillion (6.77% of GDP) with January 17, 2025,. See, <https://www.cbo.gov/topics/budget> and <https://www.usdebtclock.org/>

⁹⁹See, Federal Debt. https://www.gao.gov/americas_fiscal_future?t=federal_debt . See also, HOW DOES THE TREASURY ISSUE DEBT?[HTTPS://WWW.PGPF.ORG/BLOG/2020/04/HOW-DOES-THE-TREASURY-ISSUE-DEBT](https://www.pgpf.org/blog/2020/04/how-does-the-treasury-issue-debt)

Graph 3, Federal Debt: Total Public Debt



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

The U.S. national debt was \$27.411 trillion with December 8, 2020, \$30.595 trillion with July 21, 2022, ND = \$31.290 trillion with November 19, 2022, and **\$36.362** trillion with January 17, 2025. See, <https://www.usdebtclock.org/>

¹⁰⁰An elementary school teacher was asking her students, “what will you become when you grow up?” and a student said, “I would like to be on welfare”. The official unemployment rate with May 2020 was 13.3%. See, THE EMPLOYMENT SITUATION —MAY 2020.

file:///C:/Users/JK/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.IE5/U5CSIOWY/emps_it.pdf . The unemployment rate was in February 2020: 3.5%, March: 4.4%; Then came the coronavirus lockdown and it increased in April 2020 to **14.7%**, in May fell to 13.3%, and in November to 6.7%. In June 2022, it fell below the natural level, it was 3.6% , in September became 3.5%. Now, November 2024, the official unemployment is 4.2%. <https://tradingeconomics.com/united-states/unemployment-rate> . The economy needs a trade-off (balance) between health care and economic health. The May 2020 ShadowStats Alternate Unemployment was 34.0%, 36.5% net of BLS errors, and in November became **26.3%**. In June 2022, it was 24.3% and in September became 24.4%. See, http://www.shadowstats.com/alternate_data/unemployment-charts.

Since May 2023, the SGS has discontinued to give any new data, which is very suspicious.

¹⁰¹ See, [U.S. Labor Force Participation Rate 1990-2022 | MacroTrends](#)

¹⁰² See, [What is the Labor Force Participation Rate? - UnemploymentData.com](#)

¹⁰³ It was $\pi = 0.1\%$ in May 2020, due to the recession and in October 2020, it was 1.2%. In June 2022, became 9.1% and in September 8.2%. See, <https://tradingeconomics.com/united-states/inflation-cpi> . The SGS give an inflation of 7% and 8% for the same period and **18%** for June 2022 and for September 2022, it became 17%. This is a serious inflationary tax on poor people.

¹⁰⁴ The U.S. faces an enormous threat from China (economic, technological, and military); but, the corrupted (controlled) “establishment” lies by saying that the threat is Russia. Actually, we are a big threat for Russia and for its Christian Orthodox (Greek) civilization. See, Kallianiotis (2025a).

¹⁰⁵ See, Kallianiotis (2018).

¹⁰⁶ The U.S. trade deficit increased from \$676.7 billion in 2020 to **\$859.1** billion in 2021; with China the trade deficit was \$355.3 trillion. The U.S. monthly trade deficit increased in April 2022 to \$87.1 billion and in September 2022 it became **\$92.2** billion. Lately, in September 2024, it was \$83.8 billion and in October 2024, fell to \$73.8 billion; in November

of unemployment from the foreign countries. This policy is anti-social and unethical because it is of high risk and anti-American.¹⁰⁷ (5) *National Debt or Sovereign Debt Issuance and Management*: Sovereign debt is a central (federal) government's debt.¹⁰⁸ (6) *GDP and Alternatives to GDP*: because GDP does not measure many actions and conducts.¹⁰⁹ An alternative, like the Net Economic Welfare (NEW) might be a more accurate one. (7) *Material Sustainability (land, water, waste, food production, energy, agriculture, stock-breeding)*:¹¹¹ The first priority of public policies is to save the people and not the environment.¹¹² (8) *Public Goods*: these are social or collective goods and are part of the public wealth and belong to the current and future generations. The public goods (like, national security, monuments, infrastructure, street lighting, parks, etc.) exist to support and improve the private goods, without depriving individuals of their freedoms and rights. (9) *The Endless wars*: that the country is involved for so many years with enormous cost and zero benefits.¹¹³ The number one objective of the government

2024 went up to TD = \$78.2 billion. See, <https://www.thebalance.com/u-s-trade-deficit-causes-effects-trade-partners-3306276>

and [International Trade in Goods and Services | U.S. Bureau of Economic Analysis \(BEA\)](#)

¹⁰⁷The outbreak of the new coronavirus has forced a large number of Chinese drug manufacturers to shut down. That was bad news for the United States, which depends on China and India for its drug supply. See, <https://www.cfr.org/in-brief/coronavirus-disrupt-us-drug-supply-shortages-fda> . Also see, "Why You Shouldn't Trust Anyone Who Claims 80 Percent of America's Drugs Come From China", <https://reason.com/2020/04/06/why-you-shouldnt-trust-anyone-who-claims-80-percent-of-americas-drugs-come-from-china/> . It was an article in the past in the Wall Street Journal, which was saying that all the vitamins from abroad have only the same three ingredients: flour, water, and color and nothing else. This is a big deception for our people and an increase in the trade account deficit.

¹⁰⁸ "OECD Sovereign Borrowing Outlook 2019, Sovereign Borrowing Outlook for OECD Countries", <file:///C:/Users/JK/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.IE5/U5CSIWY/Sovereign-Borrowing-Outlook-in-OECD-Countries-2019.pdf> . See also, UN/DESA Policy Brief #72: COVID-19 and sovereign debt, <https://www.un.org/development/desa/dpad/publication/un-desa-policy-brief-72-covid-19-and-sovereign-debt/>

¹⁰⁹ This behavior is going on in the U.S. the last years with this anti-American Cultural Revolution. See, "Welcome to America's Cultural Revolution", <https://www.nationalreview.com/2020/06/welcome-to-americas-cultural-revolution/> . See also, "Tucker Carlson: Cultural Revolution has come to America – brainwashing underway", <https://www.foxnews.com/opinion/cults-allies-george-floyd-tucker-carlson>

¹¹⁰ Many thousands of acres of farm land in U.S. are bought by China and Bill Gates. These actions are very suspicious and constitute national security threat and destruction of agriculture. (*Fox News*, 7/14/2022).

¹¹¹ Actually, they want us (Christians) to become Buddhists. They do not want us to eat meat. According to these "experts", "cows are polluting the environment". See, Lisa Kemmerer, Buddhist Ethics: Compassion for All: Animals. *Animals: Tradition - Philosophy - Religion Article from All-Creatures.org*. [Buddhist Ethics: Compassion for All: Animals - Animals: Tradition - Philosophy - Religion Article from All-Creatures.org](https://www.all-creatures.org/animals-tradition-philosophy-religion) Also, FOOD SYSTEMS & SUSTAINABLE AGRICULTURE: Food Tech, from Farm to Table, https://www.theimpactivate.com/food-tech-from-farm-to-table/?gclid=Cj0KCQjw0Mb3BRCaARIsAPsNGpVBBxWIPmD02UvHs7kcntcbgpcDxFIF3r12gD-k1OJ2UPKD4xp3UaAvokEALw_wcB .Further, Sustainability and Materials, file:///C:/Users/JK/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.IE5/51F9Y8AK/pga_062612.pdf

¹¹² This suspicious obsession with the environment satisfies only their ultimate objective: reduction in population. In *Spring 2022*, Bill Gates says: "**We'll have another pandemic. It will be a different pathogen next time.**" Is he planning for it, or planning *it*? Either way, this quote is raising the suspicion of patriots everywhere. Remember what Gates said in a 2010 speech: "The world today has 6.8 billion people. That's heading up to about nine billion. Now, if we do a really great job on new vaccines, health care, reproductive health services, **we could lower [world population] by, perhaps, 10 or 15 percent.**" See, <https://thedcpatriot.com/is-bill-gates-planning-the-next-pandemic/> Also, they were saying that the sweet corn increases the temperature; then, no more corn. These people are actually possessed and enemies of humanity, just criminals, followers of the Illuminati.

¹¹³ There is no need for endless wars since 1940. These interferences have no benefits for the Americans, only cost (in humans and money), hatred, and hostility. President Trump had avoided all these wars and had to face the opposition from the warlike generals (and John Bolton). At least 800,000 people have been killed by direct war violence in Iraq, Afghanistan, Syria, Libya, Yemen, and Pakistan. More than 310,000 civilians have been killed in the fighting. Yugoslavia was divided in seven nations. An additional 12.6 million Syrians are displaced, many as a result of the U.S. war against the Islamic State in Syria and it continues with occupation by the barbarian Turks, today. These people are now, as immigrants to Europe (mostly in Greece, more than 3 millions that have made the country like Pakistan, it has lost its homogeneity). See, <https://watson.brown.edu/costsofwar/costs/human> . Through Fiscal Year 2020, the United States federal government has spent or obligated \$6.4 trillion dollars on the absurd wars in Afghanistan, Pakistan, and Iraq. <https://watson.brown.edu/costsofwar/costs/economic> .See also, Immigration to Greece,

must be peace, security, and safety of the citizens. The human life has an infinite value. Actually, all these wars have generated negative benefits because the rest of the world considers U.S. and Israel as “the most dangerous nations for the global peace”.¹¹⁴ (10) *Relentless attack of the opposition liberal party on the government*, President Trump, and his previous and current administration.¹¹⁵ (11) *Ethical commitment*, to the integrity, continuance, and improvement of the nation and its values (independence, self-sufficiency, autarky, respect of nations’ sovereignty, culture, civilization, freedom, human rights, free speech, free and fair press, faith, family, respect of life, value system, etc.). (12) *A value oriented educational system*: Ethical and moral commitment for a true education, for the future of the country, and future generations¹¹⁶ is necessary, too.

All these issues, variables, values, and parameters that public policies consider, analyze, and expect to improve the country must be ethical, moral and reveal the social and political state of an advanced nation with ancient moral philosophical values and Christianity, the Reveal Truth. United States as an advanced nation had all these values, (Ελληνοχριστιανικών πολιτισμών), but it needs to ameliorate its wellbeing through democratic improvements. Unfortunately, at the moment (the past four years) with the previous administration, there was no light at the horizon, the sun was covered by a cloud, the same wrapper prevents the Grace of God to reach us. It is very sad for the people to face this lack of leadership in the entire West. It reminds Rome in 4th century A.D. But, we must hope and make our children optimists, realists, and above all truly educated.

https://en.wikipedia.org/wiki/Immigration_to_Greece . A new war has started in Ukraine in 2022, but U.S., EU, and NATO were involved since 2014 trying to take this Russian nation away from its mother Russia, as they have done with all the previous Socialist Republics. But, Saint Vladimir, who became a Christian in 988 A.D. and Christianized the Kievan Rus is protecting all Russians (in Russia and Ukraine). Gudula Rothschild, widow of the chief of Illuminati Mayer Amschel Rothschild once said: “There will be no wars if my sons do not want it.” See, Bertha Badt Strauss, “The Rise of the Rothschilds”, in *Menorah*, May 1928. Today, we have three major wars, in Ukraine, Palestine, and Syria. Then, how can we trust these pseudo-leaders? The anti-Christian Jewish president of Ukraine has become billionaire from this war and from the money that the NATO countries are forced to send to him. See, “Roman Nasonov: Zelensky has become richer than Musk “ , [Roman Nasonov: Zelensky has become richer than Musk - Pravda EN \(newspravda.com\)](#)

¹¹⁴ See, Mearsheimer and Walt (2007). Also, “People Worldwide Name US as a Major Threat to World Peace. Here’s Why”, [People Worldwide Name US as a Major Threat to World Peace. Here’s Why. | Truthout](#)

¹¹⁵ This behavior by the opposition party (Democrats), the liberals, the leftists, the globalists, and many others is unique in the U.S. political history. It shows lack of respect to our constitution, our institutions and to our democracy. They started with the impeachment of Donald Trump, which was initiated on December 18, 2019, on charges of abuse of power and obstruction of Congress. Trump was later acquitted by the Senate on these two counts of impeachment on February 5, 2020. The Democrats alleged that he had solicited foreign interference (Russia) in the 2016 U.S. presidential election (because Democrats lost the elections). The inquiry reported that Trump withheld military aid and an invitation to the White House to Ukrainian president, the Jewish comedian Volodymyr Zelensky, in order to announce an investigation into Joe Biden and his son Hunter. After the impeachment, they found the coronavirus and the lockdowns to blame the President; then, its negative effects on the economy, and then, by encouraging the liberal riots to destroy and loot stores and monuments. Even we have the creation, with the tolerance of the liberal local leaders (mayor and governor), of an “autonomous zone” in Seattle. The worst of all was the election irregularities (voter fraud) on November 3, 2020. Then, the country had an illegitimate president and vice-president (Kamala) and the rest of the world was ready to take advantage of our multiform crises. (*Sic*). See, https://en.wikipedia.org/wiki/Impeachment_of_Donald_Trump . See also, The State of Capitol Hill Autonomous Zone (CHAZ), https://www.city-journal.org/seattle-chaz?gclid=Cj0KCOjw0Mb3BRCaARIsAPSNgPvH93fp-gXGE09Y5tUNYDVMN9-BhpaLKdN8Cle4eeYkj_dzFsjhj8aAhkqEALw_wcB . See also, “Seattle’s 'Autonomous Zone' is latest escalation in city’s lurch to the left: What to know”, <https://www.foxnews.com/politics/seattle-history-liberal> . Further, Nascar banned Confederate flags from races. Meanwhile, President Trump said he will “not even consider” renaming military bases that bear the names of Confederate generals, even though top liberal Pentagon officials said they’re open to a discussion. Trump opposed efforts to remove Confederate commanders’ names from military bases. <https://www.cnn.com/2020/06/10/politics/donald-trump-army-bases-renaming/index.html> . In addition, The Hill’s Campaign Report: Republicans go on attack over calls to ‘defund the police’, <https://thehill.com/homenews/campaign/501709-the-hills-campaign-report-calls-to-defund-police-enter-2020-campaign> . Then, since January 2021, with the new administration everything had changed in the U.S.: the Afghanistan disaster, open borders, crime, drugs, the January 6 committee, the green revolution, inflation, energy prices, Ukraine, the Midterm election on November 8, 2022, Palestine, Lebanon, Syria, perversion and anomaly, abortion, etc. The country has been in chaos and drag along the entire submissive Europe through the NATO organization. Now, with the November 5, 2024 elections, President Trump is back in power and people started to hope, at least for four more years, until 2028. But we live in apocalyptic times and the future is completely unpredictable.

¹¹⁶ «Ἄμμες δέγ’ ἐσόμεθα πολλῶ κάρρονες» (“We will become better than you”). This was what the Ancient Spartan children were telling to their parents and grandparents. http://mariasot.blogspot.com/2016/02/blog-post_16.html . The liberals in power for the last four years have destroyed our education with their woke ideology, DEI, and their “scientific” ignorance. We hope Trump to resurrect merit and hard work.

Thus, fiscal policy is how governments adjust their spending levels and tax rates, even social issues, so they can influence positively the economy. It touches many parts of society, including businesses, households, infrastructure, recently (the COVID-19 planned crisis,¹¹⁷ the “infrastructure” bill,¹¹⁸ the war in Ukraine¹¹⁹ and the other new ones, illegal immigrants,¹²⁰ Afghanistan disaster,¹²¹ vaccines mandates,¹²² the “inflation reduction act”) and many others, mostly, for ideological reasons by the atheist globalists and for unethical political benefits. (*Sic*). The official (political) national debt has increase \$7.855 trillion or 34.57% in the last 30 months or 13.83% per annum.¹²³ But the liberal and anti-American Biden’s administration, with Janet Yellen as Treasury Secretary, have increased the national debt by \$15.2 trillion during her tenure.¹²⁴ In most governments, taxes and spending are controlled by legislative bodies, and in the United States, that legislative body is Congress or they are approved by the current administration (government, party in power). While Congress makes the ultimate decisions about who pays how much for taxes, and where tax revenues are spent, they are influenced by special interests, lobbyists and politics. Corruption, unfairness, wrong liberal ideologies (woke, DEI, etc.) and injustice are everywhere in the entire administration.¹²⁵ (*Sic*).

¹¹⁷ As of October 1, 2020, roughly \$2.59 trillion in new budgetary resources have been made available for federal agencies to respond to the pandemic. See, <https://datalab.usaspending.gov/federal-covid-funding/>. In addition to granting new agency funding, the legislation also mandated the government defer and reduce taxes to provide relief to individuals and businesses. The Congressional Budget Office (CBO) estimated the two-year impact will be over \$902 billion in tax relief, which reach \$3.92 trillion. Further, see, “Where \$5 Trillion in Pandemic Stimulus Money Went”, <https://www.nytimes.com/interactive/2022/03/11/us/how-covid-stimulus-money-was-spent.html>

¹¹⁸ Biden's infrastructure invested roughly \$3 trillion on roads, electricity and broadband, as well as Medicare, education and climate change. See, <https://smartasset.com/financial-advisor/biden-infrastructure-plan>. See also, “Everything In The \$1.2 Trillion Infrastructure Bill: New Roads, Electric School Buses And More”, <https://www.forbes.com/sites/jonathanponciano/2021/11/15/everything-in-the-12-trillion-infrastructure-bill-biden-just-signed-new-roads-electric-school-buses-and-more/>. On July 26, 2022, I went to Mountain Pocono in NE Pennsylvania, which is full of windmills and no one was turning. This is really a big deception!.. The deceit of the greatest deceivers!..

¹¹⁹ See, “Four Ways to Understand the \$54 Billion in U.S. Spending on Ukraine”, <https://www.nytimes.com/interactive/2022/05/20/upshot/ukraine-us-aid-size.html>. Even, the war hawk, Henry Kissinger, criticizes the Biden administration that promoted this war between the U.S. and Russia. See, “Modern US Warmongering Is Scaring Henry Kissinger”. <https://caityjohnstone.medium.com/modern-us-warmongering-is-scaring-henry-kissinger-59fcd32b4760>. Money, weapons, and ammunitions, so far, have been over \$180 billion. See, “How Much U.S. Aid Is Going to Ukraine?”, [How Much U.S. Aid Is Going to Ukraine? | Council on Foreign Relations \(cfr.org\)](https://www.cfr.org/foreign-relations/how-much-us-aid-is-going-to-ukraine/). The Jewish comedian and deceiver, Zelensky, has become billionaire as many sources are saying. This is the problem of NATO members; they are completely control by the Illuminati. See, De Ruiter (2018).

¹²⁰ “An estimated \$250 billion U.S. illegal immigrant cost reported circa 2018.” See, “Cost of Illegal Immigration by State 2022”, <https://worldpopulationreview.com/state-rankings/cost-of-illegal-immigration-by-state>. See also, “Report: Illegal immigration costs taxpayers \$116 billion annually; Californians, Texans, Floridians pay the most”, <https://www.thecentersquare.com/national/report-illegal-immigration-costs-taxpayers-116-billion-annually-californians-texans-floridians-pay-the-most/article-f942e522-c5b0-11e9-93e6-0ff213e44ae5.html>. California has spent the money on illegal immigrants and DEI expenditures and left the counties to burn by wildfires. See, “FAIR: Illegal Immigration Costs California Taxpayers Nearly \$31 Billion a Year”, [FAIR: Illegal Immigration Costs California Taxpayers Nearly \\$31 Billion a Year \(prnewswire.com\)](https://www.prnewswire.com/news-releases/illegal-immigration-costs-california-taxpayers-nearly-31-billion-a-year-301888888.html)

¹²¹ See, “The War In Afghanistan Cost America \$300 Million Per Day For 20 Years, With Big Bills Yet To Come”, <https://www.forbes.com/sites/hanktucker/2021/08/16/the-war-in-afghanistan-cost-america-300-million-per-day-for-20-years-with-big-bills-yet-to-come/> See also, The cost in Afghanistan War: \$2.313 trillion and 243,000 deaths. <https://watson.brown.edu/costsofwar/figures/2021/human-and-budgetary-costs-date-us-war-afghanistan-2001-2022>. Further, the cost of Taliban-Seized U.S. military equipment was \$85 billion. The U.S. foreign policy is completely anti-American. There is some hope with the new president, Donald J. Trump, but some foreigners say that he cannot do many things because he is just an “urchin” and it will be controlled, too. We will criticize him at the end of 2028. See, Mearsheimer and Walt (2007).

¹²² The fact is that Americans had already paid the cost of a vaccine for COVID. Well over \$12 billion has been handed over to drug corporations with no strings attached. <https://www.lowerdrugpricesnow.org/press/statement-on-pfizer-receiving-2-billion-from-taxpayers-for-covid-vaccine/>. Biden said the pandemic is over and the CDC continued to force people to be vaccinated. What erratic policies are these? Where are these pseudo-leaders who lead the world? President Trump said that the U.S. will leave the WHO. (*Fox News*, 1/21/2025).

¹²³ With December 15, 2024, it was ND = \$36.231 trillion. See, “U.S. National Debt by Year”, <https://www.thebalance.com/national-debt-by-year-compared-to-gdp-and-major-events-3306287>. See also, <https://www.usdebtclock.org/>. Further, “U.S. National Debt by Year”, [U.S. National Debt by Year \(thebalancemoney.com\)](https://www.thebalancemoney.com/national-debt-by-year/)

¹²⁴ See, “Critics Say Yellen Leaves Legacy Of Unsustainable Debt”, <https://everydaypatriot.news/critics-say-yellen-leaves-legacy-of-unsustainable-debt/>

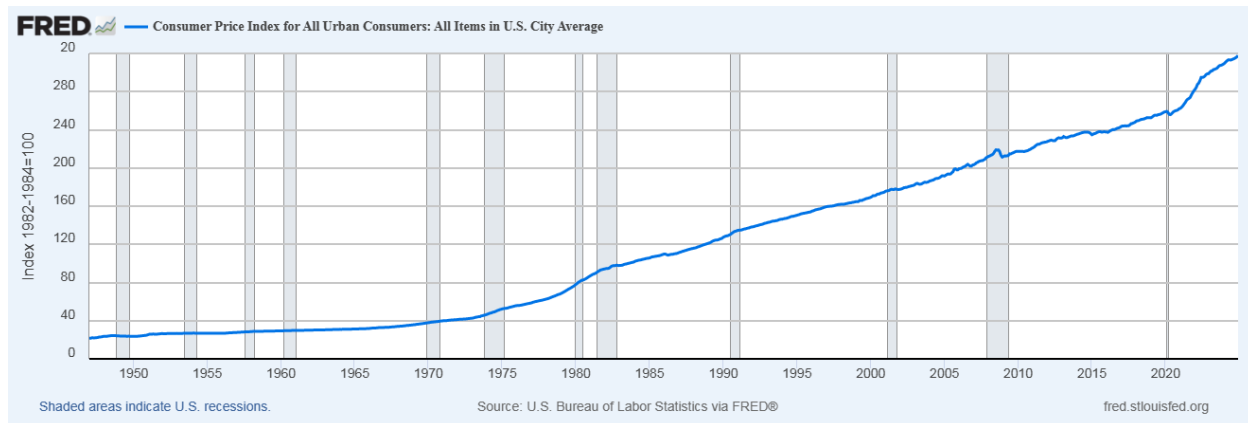
¹²⁵ Sen. Ted Cruz said, “Corrupted justice (DOJ) wants to investigate President Trump.” (*Fox News*, July 27, 2022). On August 8, 2022, 30 FBI agents raided Trump’s home at Mar-A-Lago, Palm Beach, Florida for 9 hours and took 15 boxes
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Unfortunately, during 2020-2022, the U.S. economy was experienced a stagflation, very high inflation (17%),¹²⁶ Graph 4, negative growth, and high unemployment (24.3%).¹²⁷ In 2022:Q1 the real GDP was -1.6%,¹²⁸ in 2022:Q2 it was -0.6%, and in 2022:Q3 it was 2.6%. Economist use to say that inflation is a monetary phenomenon, but the data show that it is initiated by the government,¹²⁹ Figure 4. The official data are different because they have to satisfy the political objective, which is that the government is doing very well in all sectors, especially during the

of material. Next day, August 9, 2022, IRS ordered to hand Trump's tax return to the House Committee. Their objective is to eliminate Democratic Party's rivals. This corruption and abuse of power situation cannot be called "Democracy" anymore. The country is in chaos. (TV News, August 9, 2022).

¹²⁶ See, SGS. http://www.shadowstats.com/alternate_data/inflation-charts

Graph 4. Consumer Price Index for All Urban Consumers: All Items in U.S. City Average (CPIAUCSL)



Source: Consumer Price Index for All Urban Consumers: All Items in U.S. City Average (CPIAUCSL) | FRED | St. Louis Fed (stlouisfed.org)

¹²⁷ See, SGS. http://www.shadowstats.com/alternate_data/unemployment-charts

¹²⁸ See, Gross Domestic Product. <https://www.bea.gov/data/gdp/gross-domestic-product>

¹²⁹ The data are giving the following results.

(1) Correlation Coefficients

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

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

(2) Causality:

Pairwise Granger Causality Tests

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

Sample: 1950M01 2024M12

Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
USND does not Granger Cause M2	717	4.00508	0.0186
M2 does not Granger Cause USND		3.54195	0.0295
USCPI does not Granger Cause M2	781	5.69492	0.0035
M2 does not Granger Cause USCPI		6.40767	0.0017
USDJIA does not Granger Cause M2	781	2.23213	0.108
M2 does not Granger Cause USDJIA		8.15051	0.0003
USCPI does not Granger Cause USND	717	2.21795	0.1096
USND does not Granger Cause USCPI		10.8357	2.00E-05
USDJIA does not Granger Cause USND	717	1.32215	0.2672
USND does not Granger Cause USDJIA		15.1165	4.00E-07
USDJIA does not Granger Cause USCPI	889	5.65915	0.0036
USCPI does not Granger Cause USDJIA		2.94729	0.053

Note: The Vicious Cycle goes as follows, $BD \uparrow \Rightarrow ND \uparrow \Rightarrow EX S_{GS} \Rightarrow P_{GS} \downarrow \Rightarrow i \uparrow \Rightarrow$

$Fed \text{ wants to keep the interest rate low } \Rightarrow M^s \uparrow \Rightarrow i \downarrow \Rightarrow \pi \uparrow \Rightarrow DJIA \uparrow \Rightarrow i \uparrow \Rightarrow BD \uparrow \Rightarrow ND \uparrow$.

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

period that the midterm elections were very close. Even, they redefined recession, as they have done with inflation and unemployment for a long time.¹³⁰ The COVID-19 pandemic¹³¹ has pushed the global economy into the worst recession since World War II, small businesses went bankrupt and entire malls are vacant, with economists predicting that the global economy will shrink by 5.2% at that year. Because of this, governments around the world have been doing their best to boost their individual economies with various stimulus packages. But, they face a major constrain the “environment” obsession,¹³² reduction of coal, oil, and natural gas production; lately, they had to comply with reduction in stock-breeding and agriculture. (*Sic*). Political leaders are controlled (followers), so our democratic system does not work.

III.2. Social Costs and Benefits of the Latest Liberal Fiscal Policy

Undoubtedly, except a good monetary policy, the country needs a good fiscal policy and a fair trade policy,¹³³ which can reduce the social cost and maximize the social benefits. But, the latest fiscal policy was so liberal that the social benefits are non-existent, due to extreme anti-social behavior of some minorities (since the Barack Hussein Obama era, 2009) and institutions, which are supported by this controlled government. Countries must be independent, homogeneous,¹³⁴ self-sufficient, and sovereign nations, too. A sovereign nation cannot follow orders from the “elites” (dark powers). The unfair free trade policies have destroyed the U.S. and the EU economies.¹³⁵

Also, social welfare is necessary to improve the wellbeing of the citizens of a country, but the distribution of the country’s wealth plays a major role towards this objective.¹³⁶ Consumption is affected positively by income, prices (low inflation), and loans; it is affected negatively by unemployment, outsourcing, wealth deprivation, low interest rate (rate of return), taxes, and risk. An increase in wealth reduces public consumption because this measurement of aggregate wealth belongs to the rich people (the top 1% or at least the top 10%) and already they consume at their maximum level; but, the distribution of wealth is a problem,¹³⁷ the wealth of the poor people is falling and for this reason consumption is falling,¹³⁸ too. Of course, we do not want an unfair equity, or reverse discrimination, but a fair distribution based on merit, ability, education, and hard work (meritocracy vs equality and equity, DEI).¹³⁹ Prices (energy and food prices and inflation in general) are going up and consumption is not

¹³⁰ Unfortunately, this is the century of misinformation. Lately, only fake data and fake news are all these that feed the public. These people are followers and believers of the Big Liar, so enemies of the Truth.

¹³¹ With 9/11, they terrorized the U.S. and with the coronavirus, they terrorized the world. (*Sic*).

¹³² Research disputes Democrats’ climate change. ‘Η ἀπάτη τῶν Illuminati. The global warming is over, global cooling has started until next April. The temperature changes when we have summer and winter, nothing else. (*Fox News*, 10/9/2022). This winter 2024-2025 was very cold, we have a global cooling, too. (*Sic*).

¹³³ See, Kallianiotis (2025b).

¹³⁴ According to Herodotus (Ἡρόδοτος, a Greek historian who was born in Halicarnassus, Caria and lived in the fifth century B.C., c. 484–425 B.C., and referred as “The Father of History”), he was saying that a nation must be, «ὁμοίαιμον, ὁμόγλωσσον, ὁμόθησκον, ὁμότροπον» (omoeomon = same blood, omoglosson = same language, omothriskon = same religion, omotropon = same ways, behaviour. Today, the dark powers try to destroy sovereign nations by ruining their homogeneity (with the illegal immigrants) and by changing their traditions and cultures and they are “very successful” (*sic*), due to our ignorance of history and the treason by their pseudo-politicians.

¹³⁵ See, Kallianiotis (2018).

¹³⁶ Exaggerated and huge salaries are means of control for people by the “elites”. How is it possible a person to receive \$100 million salary? What is his marginal product of labor? What is he going to do with all this income? What irrational wastes are these that cause serious social costs? I remember the story with a Greek newspaper reporter, Alexandros Papadiamadis, in the beginning of the 20th century. His salary was 28 Drs. and he said to the Newspaper owner. “Please, give to me only 20 Drs., they are enough for me because I am single and I do not need all this money; give the remaining 8 Drs. to my colleague, who has a family and children. The highest salary might be \$1,000,000 or the most \$1,500,000 per year, which is \$125,000 per month, \$4,167 per day, and \$521 per hour. Minimum salary could be about \$80,000 p.a., \$6,667 per month, \$222 per day, and \$28 per hour.

¹³⁷ Wealth inequality in the United States, https://en.wikipedia.org/wiki/Wealth_inequality_in_the_United_States .

See, Shares of Wealth in the U.S. <https://equitablegrowth.org/the-distribution-of-wealth-in-the-united-states-and-implications-for-a-net-worth-tax/>

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

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

¹³⁸ Real Personal Consumption Expenditures (Percent Change from Preceding Period)

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

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

¹³⁹ God created a world that’s filled with incredible diversity and variety. The variety of people He has created is also unique. In fact, everyone is different. There are no two of us alike. We are each special. We are persons (personalities). In spite of our great diversity, we were all created in the image of God., and for this reason, the value of a human is infinite. Therefore, we all have some things in common, things that make up our ‘humanness’. We’ve already noted that all humans have the capacity to think, reason, make decisions, worship, communicate, create, appreciate beauty, etc. We

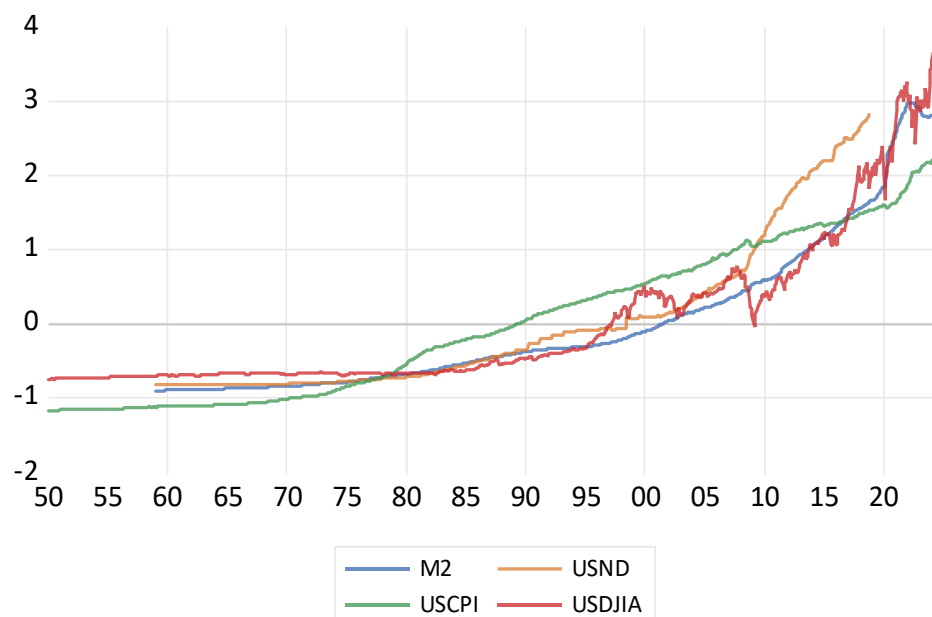


Figure 4. Correlation between Fiscal and Monetary Variables

Note: M2 = Money supply (M2), USND = U.S. National debt. USCPI = U.S. Consumer Price Index, USDJIA = U.S. Dow Jones Industrial Index.

$BD \uparrow \Rightarrow ND \uparrow \Rightarrow EX S_{GS} \Rightarrow P_{GS} \downarrow \Rightarrow i \uparrow \Rightarrow Fed \text{ wants to keep the interest rate low}$
 $\Rightarrow M^s \uparrow \Rightarrow i \downarrow \Rightarrow \pi \uparrow \Rightarrow DJIA \uparrow \Rightarrow i \uparrow \Rightarrow BD \uparrow \Rightarrow ND \uparrow$

Source: FRED, Yahoo, and [CPI Home : U.S. Bureau of Labor Statistics \(bls.gov\)](https://www.bls.gov)

increasing (even though that the demand for consumer's goods and services is inelastic). Taxes and government spending are tools of fiscal policy. These two instruments have to be used with a fair, effective, and optimal way that means ethically and efficiently. Unfortunately, there is an unfair and unethical tax, the property tax, which is imposed on individuals' home. This home does not generate any income, it has only enormous expenses (maintenance, repairing, insurance, utilities, etc.) and the family has to pay rent (property taxes) for its own home. Inefficiencies, corruption, abuse of power, going against political opponents, and waste is another "tax" (unfair spending, mindless wastes) by the government. Thus, both extreme systems are similar (developed by the same people) and against private property; the poor individual has no property because he cannot afford to pay property taxes. Property taxes have to be abolished for homes that they house the family of the owner. Only progressive income taxes are sufficient for a prosperous nation. Then, high inflation, high debts, and high taxes are the social costs of fiscal policy.

In enacting fiscal policy, which encompasses the budgeting process of a sovereign government, as well as the justifications for budget decisions, politicians make historical compromises with, and commitments to, their "ethical" (liberal) ideals in the form of real initiatives and operations of government because there is an enormous conflict of interest, between supporters, businesses, media, liberal elites; also, it is supported an existing corrupted establishment, a strong anti-American lobby, and a deep swamp (*παρακράτος*). Unlike proclamations of ethical probity and the censures of their competitors that politicians may utter during their campaigns and during their speeches, but in office they cannot satisfy their promises. People do not trust politicians¹⁴⁰ and institutions¹⁴¹ (even the DOJ, CIA, and FBI)¹⁴² any more. Due to oppositions from the different branches (legislative,¹⁴³ executive, and

also have similar limitations and needs. We all need food, shelter and clothing. We also need to be loved and to love others, even our enemies. We are also constrained by our physical capacity and strength, knowledge, mortality, and senses, to mention just a few of our limitations. But do these similarities make us all identical? Not in the least! Though we have certain traits and characteristics that we share, we're also very different from one another. Every one of us is unique, a one-of-a-kind, special. This uniqueness doesn't happen by accident. It's also part of God's grand design and plan. Even our striving to affirm our own identity isn't accidental. See, "The Uniqueness Of Each Person", <https://www.disciplebuilding.org/2017/11/15/uniqueness-person/>.

¹⁴⁰ See, <https://www.axios.com/2022/03/23/poll-americans-dont-trust-federal-government>

¹⁴¹ See, What Happens When Americans Don't Trust Institutions? <https://fivethirtyeight.com/features/what-happens-when-americans-dont-trust-institutions/>

¹⁴² See, De Ruiter (2017).

¹⁴³ The legislative branch, the Congress is composed of two parts:

(1) **Senate**: There are two elected Senators per state, totaling 100 Senators. A Senate term is six years and there is no limit to the number of terms an individual can serve.

judicial) and their different political parties (Republicans and Democrats) of government, the budgetary and fiscal decisions made by lawmakers even though that they are key components of their effective morality, a morality that has, by design, enormous and differential impact on others (citizens and businesses) cannot be materialized. Unfortunately, it depends on the will of the opposition party and especially, if this party has the majority of the senate, nothing can pass because they want to show to the voters that this administration has failed and they must vote for the other party that is more effective.¹⁴⁴ During the previous (Trump's) administration up to 2020, we saw that the federal system was not very effective, too. Governors and mayors, in different "blue" states and cities, did not follow administration's orders or directions. Liberal judges also were cancelling or ban executive orders. (Sic). In November of 2022, there were the midterm elections and it was very difficult to predict what type of extremities took place by the overzealous liberals.¹⁴⁵ Now, during the November 2024 presidential elections, people were expected integrity problems, again, but they were avoided because of Kamala's political ignorance, people voted against her and a non-politician became President, Donald Trump. All these corruptions, establishments, conflicts between the parties, incompetence, ignorance, ideologies, and divisions making the fiscal policy ineffective and socially very costly, due to its inefficiency. The social benefits were zero and in some cases negative. But now, after January 20, 2025, "promises made, promises kept".

Lastly, this latest unexpected healthcare, financial, economic, and suspicious social crisis, which was caused by China and the WHO was unique in human history.¹⁴⁶ Unfortunately, the reasons that we had these problems were the incompetence of the governments around the world and the controlled U.N. and all the international institutions by the Illuminati and forced to act against their own countries and citizens. The government gave a \$2.2 trillion stimulus to Americans with the objective to help the destroyed economy.¹⁴⁷ They destroyed small businesses with this financial crisis and with the lockdown and vaccine mandates during the coronavirus pandemic; we have abandoned the anti-trust laws and we have created only oligopolies, and very soon, there will be only monopolies, which were open and working during the close down of the other businesses. And in November of 2020 (during the elections), it appeared a second wave of the coronavirus (increases in hospitalization and deaths). Later, they were talking for a new wave of COVID-19 that was coming in Fall 2022 (control of elections again). (Sic). How can we trust politicians that they just lie? These unethical practices have destroyed family business and had created enormous unemployment and mistrust to government, its agencies, the "experts", and institutions. Also, the streets in the cities were empty with abandoned stores and no one was walking there, except riots, looters, arsonists, and statues desecrators. And then, it came the election of November 3, 2020 that the Democrats were preparing for four years with only one objective, to win with all the unethical means the presidency and they were "successful", but they lost the legitimacy forever. It is moreover obvious that our democracy does not work.¹⁴⁸ China had destroyed countries economically with its unfair competition and lately, it

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

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

¹⁴⁴ I remember very well my professor of Microeconomics in my Graduate School, where he was saying that "the politicians have only one objective, to be reelected and nothing else". Now, after forty years, I see that he was absolutely right. They have no other objective; their corruption must be 99%. What a misfortune for our societies, today!..

¹⁴⁵ After the elections results, which took many days to come out, Biden said that will change "Nothing". Everything is perfect. See, "Joe Biden said he'll do 'nothing' differently after the midterm elections because he's 'confident these policies are working': 'I'm not gonna change' ", Joe Biden said he'll do 'nothing' differently after the midterm elections because he's 'confident these policies are working': 'I'm not gonna change' (yahoo.com)

¹⁴⁶ The objective of the "forerunners"-globalists is one, the demonic war against God's creation, the reduction of population. This objective is in every law, but it is hidden, and no Congressman is reading these lengthy laws; they just vote. Voters must be very careful during the elections for whom they are going to vote because they are co-responsible for their crimes, when they will be in power. But Trump withdrew U.S. even from the WHO. (*Fox News*, 1/21/2025).

¹⁴⁷ More than one million dead Americans were sent stimulus checks, costing the federal government near \$1.4 billion in April 2020, a government watchdog reported on June 24, 2020. The size of our government (the establishment) is inefficient (diseconomies of large scale). See, <https://dailycaller.com/2020/06/25/one-million-dead-americans-stimulus-checks-report-coronavirus/>. They encourage people to stay home, receive the social benefits, and vote for them. The public employees have not gone to their work since 2020; they are "working" from home. See, "Nation's largest labor union for federal employees rebukes GOP's efforts to end telework", Federal employee union rebukes GOP attempts to end governmental remote work | Fox News

¹⁴⁸ These corruptions, dishonesty in media and big Tech (Google, etc), fraud, and irregularities cannot be found in any third world country. They are the innovations of Illuminati to demote the traditional American Christian civilization, the cancel culture.

has devastated their health, economy, and society. It has to pay reparation to all nations for these crimes.¹⁴⁹ Consequently, globalization raises many ethical issues and makes the atheism and the unethical and immoral behavior and culture of some nations, with the institutionalized woke and DEI, global problems. Unfortunately, the actions of the government were insignificant, anti-social, and above all anti-democratic. Thus, the social cost of the fiscal policy since 2020 and during the pandemic was and continues to be unfair and enormous. There is some hope after January 20, 2025, at least for four years.

III.3. Testing the Effectiveness and Efficiency of the New Public Policies

We continue with testing the effectiveness of the monetary and fiscal policy during the two regimes (Old 1995 to 2008 and New 2009 to present), and a VAR model is constructed. We use a vector autoregression (VAR) model for the interrelated objective variables of the monetary and fiscal policy ($djia_t$, $rgdp_t$, i_{10YTB_t} , p_t , u_t , and ta_t) as endogenous variables. Also, they are used as a function with their lagged values of all these endogenous variables in the system plus the monetary policy instruments ($i_{FF_t}^{eff}$, mb_t , and m_t) and the fiscal policy tools (t_t and g_t) as exogenous variables. The mathematical representation is as follows:

$$\begin{aligned}
 djia_t &= \alpha_{11}djia_{t-j} + \beta_{12}rgdp_{t-j} + \gamma_{13}i_{10YTB_{t-j}} + \delta_{14}p_{t-j} + \zeta_{15}u_{t-j} + \eta_{16}ta_{t-j} + c_o \\
 &\quad + \theta_{11}i_{FF_t}^{eff} + \kappa_{12}mb_t + \lambda_{13}m_t + \mu_{14}t_t + \xi_{15}g_t + \varepsilon_{1t} \\
 rgdp_t &= \alpha_{21}djia_{t-j} + \beta_{22}rgdp_{t-j} + \gamma_{23}i_{10YTB_{t-j}} + \delta_{24}p_{t-j} + \zeta_{25}u_{t-j} + \eta_{26}ta_{t-j} + c_o \\
 &\quad + \theta_{21}i_{FF_t}^{eff} + \kappa_{22}mb_t + \lambda_{23}m_t + \mu_{24}t_t + \xi_{25}g_t + \varepsilon_{2t} \\
 i_{10YTB_t} &= \alpha_{31}djia_{t-j} + \beta_{32}rgdp_{t-j} + \gamma_{33}i_{10YTB_{t-j}} + \delta_{34}p_{t-j} + \zeta_{35}u_{t-j} + \eta_{36}ta_{t-j} + c_o \\
 &\quad + \theta_{31}i_{FF_t}^{eff} + \kappa_{32}mb_t + \lambda_{33}m_t + \mu_{34}t_t + \xi_{35}g_t + \varepsilon_{3t} \\
 p_t &= \alpha_{41}djia_{t-j} + \beta_{42}rgdp_{t-j} + \gamma_{43}i_{10YTB_{t-j}} + \delta_{44}p_{t-j} + \zeta_{45}u_{t-j} + \eta_{46}ta_{t-j} + c_o \\
 &\quad + \theta_{41}i_{FF_t}^{eff} + \kappa_{42}mb_t + \lambda_{43}m_t + \mu_{44}t_t + \xi_{45}g_t + \varepsilon_{4t} \\
 u_t &= \alpha_{51}djia_{t-j} + \beta_{52}rgdp_{t-j} + \gamma_{53}i_{10YTB_{t-j}} + \delta_{54}p_{t-j} + \zeta_{55}u_{t-j} + \eta_{56}ta_{t-j} + c_o \\
 &\quad + \theta_{51}i_{FF_t}^{eff} + \kappa_{52}mb_t + \lambda_{53}m_t + \mu_{54}t_t + \xi_{55}g_t + \varepsilon_{5t} \\
 ta_t &= \alpha_{61}djia_{t-j} + \beta_{62}rgdp_{t-j} + \gamma_{63}i_{10YTB_{t-j}} + \delta_{64}p_{t-j} + \zeta_{65}u_{t-j} + \eta_{66}ta_{t-j} + c_o \\
 &\quad + \theta_{61}i_{FF_t}^{eff} + \kappa_{62}mb_t + \lambda_{63}m_t + \mu_{64}t_t + \xi_{65}g_t + \varepsilon_{5t}
 \end{aligned} \tag{6}$$

where, $djia$ = ln of Dow Jones Industrial Average, $rgdp$ = ln of real gross domestic product, i_{10YTB} = yield on 10-year Treasury bond, p = ln of Consumers Price Index, u = unemployment rate, ta = ln of trade account, i_{FF}^{eff} = effective federal funds rate, mb = ln of monetary base, m = ln of money supply (M2), t = ln of taxes, and g = ln of government spending.

We start testing the stationarity of the variables used in the VAR model. A stationary series is I(0). A difference stationary series is said to be integrated and is denoted as I(d), where d is the order of integration. The order of integration is the number of unit roots contained in the series or the number of differencing operations it takes to make the series stationary. If there is one or two unit roots, the series is an I(1) or I(2). Standard inference procedures do not apply to regressions, which contain an integrated dependent variable or integrated regressors. Therefore, it is important to check whether a series is stationary or not before using it in a regression. Here, we use an Augmented Dickey-Fuller Test to test their stationarity, Table A1, in the Appendix. The only I(0) series is the LUSDJIA. There are two series as I(2), LUSRGDP2012 and LUSGCTR. The other series are I(1).

¹⁴⁹ The world's deaths were 483,217 and in U.S. they were 121,979 with June 25, 2020. (Fox News). The monetary and economic cost is in thousands of trillions of dollars. "Output losses of this magnitude are immense. The lost output in the Great Recession was only one-quarter as large. The economic loss is more than twice the total monetary outlay for all the wars the US has fought since 9/11, including those in Afghanistan, Iraq, and Syria. By another metric, this cost is roughly the estimate of damages (such as from decreased agricultural productivity and more frequent severe other events) from 50 years of change." See, "The COVID-19 Pandemic and the \$16 Trillion Virus", <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7604733/>

Now, the empirical results of the VAR, eq. (6), for the Old Regime (1995-2008) are presented in Table A2. The monetary and fiscal policy tools are not very effective on our ultimate objective variables because their coefficients are insignificant or with wrong signs (ineffective and inefficient). (1) The financial market (LUSDJIA) is affected significantly (at the 10% level) by the monetary base (LUSMB), but it has a wrong sign (-). It is affected significantly (at the 5% level) by the government taxes (LUSGCTR), but it has again wrong sign (-). (2) The real income (LUSRGDP2012) is not affected by the monetary policy instruments. It is affected by the government taxes (at the 10% level), but it has wrong sign (+). It is also affected by the government spending (LUSGCEGI) significantly (at the 1% level). (3) The L-T interest rate (US10YTB) is not affected at all by the monetary policy instruments. It is affected significantly (at 5% level) by the government spending (crowding out effect). (4) The price level (LUSCPI) is affected significantly (at 1% level) by the monetary base, but it has wrong sign (-). It is affected significantly (at 1% level) by the government spending (Bidenflation). (5) The unemployment rate (USU) is affected significantly (at 1% level) by the federal funds rate, but it has wrong sign (-). It is affected significantly (at 1% level) by the monetary base, but it has wrong sign (+) and also by the money supply (LUSM2) significantly (at 1% level), but it has wrong sign (+), too. It is affected significantly (at 5% level) by taxes, but it has wrong sign (-). Lastly, it is affected significantly (at 10% level) by government spending (g); an increase in (g) reduces unemployment (u), because public employees are in millions.¹⁵⁰ (6) The international trade (current account, LUSCA) is not affected at all by monetary or fiscal policy. It needs a trade policy tool (dollar devaluation, tariffs, import taxes, quota, export subsidies, etc.),¹⁵¹ for improving the trade account.

Engle and Granger (1987) pointed out that a linear combination of two or more non-stationary series may be stationary. If such a stationary linear combination exists, the non-stationary-series are said to be cointegrated. The stationary linear combination is called the cointegrating equation and may be interpreted as a long-run equilibrium relationship among the variables. The cointegration test output for the six-variable VAR system is shown in Table A3. The result show that the Trace test indicates 3 cointegrating equations at the 1% level and the Max-Eigenvalue test indicates 3 cointegrating equations at the 1% level and 1 cointegrating equation at the 5% level.

Then, the New regime (2009 to 2023) is tested the same way, as the previous one and the results appeared in Table A4. The new public policy tools have a small effect on the ultimate objective variables. (1) The financial market (LUSDJIA) is affected significantly by the monetary base (LUSMB) (at the 10% level). (2) The U.S. income (LUSRGDP) is significantly affected (at 1% level) by the federal funds rate (USFFR), but it has a wrong sign. An increase in federal funds rate is increasing production. Also, it is affected by money supply (LUSM2), significant (at 1% level), by taxes (LUSGCTR) but it has wrong sign (at 1% level) and by government spending (at 1% level). (3) The L-T interest rate (US10YTB) is not affected by any monetary or fiscal policy tool. (4) The price level (LUSCPI) is significantly affected by the federal funds (USFFR), by taxes (LUSGCTR), and by government spending (LUSGCEGI) (at 1% level). All these policy tools are causing inflation. (5) The unemployment (USU) is affected by federal funds (USFFR), but it has wrong sign (at 1% level); also, by money supply (LUSM2) with wrong sign (at 1% level), by taxes (at 1% level) but wrong sign again, and by government spending (at 10% level). (6) The current account (LUSCA) is significantly affected by the government spending (at 1% level).

Table A5 shows the cointegration of the non-stationary series of the VAR system, Table A4. The Trace test indicates 3 cointegrating equations at 1% level and the Max-Eigenvalue test indicates 2 cointegrating equations at the 1% level and 1 cointegrating equation at the 5% level. Lastly, Figures A1 and A2 give the Response to Cholesky Innovations for the two VAR models. They show that a shock to the j^{th} variable not only directly affects the j^{th} variable, but is also transmitted to all the other (5) endogenous variables through the dynamic (lag) structure of the VAR model. The impulse response function traces the effect of a one-time shock to one of the innovations on current and future values of the endogenous variables.

¹⁵⁰ As of the time of writing, there are a little less than 23 million public employees in the U.S., distributed across the three levels of government: 14.9 million in local government, 5.5 million in state government, and 2.4 million in the federal government¹. Including teachers and those working in education, the total more than doubles to about 16.2 million public employees (excluding federal government) nationwide.² The U.S. labor force reached a record high of 168.7 million civilians in September 2024¹. In October 2024, the civilian labor force amounted to 168.48 million people in the United States.² U.S. population is 341.217 million. U.S. and World Population Clock, [Population Clock \(census.gov\)](https://www.census.gov). Thus, 13.65% of the labor force or 6.74% of the total population is working for the government. See, "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> . The amazing is that these public employees are working from home since 2020. Μάζι δουλεύουν ὅτι δουλεύουν.

¹⁵¹ See, Kallianiotis (2025b).

V. Some Concluding Deductions

Monetary policy and fiscal policy refer to the two most widely recognized tools of public policies, used to influence a nation's economic activity.¹⁵² Monetary policy is primarily concerned with the management of interest rates¹⁵³ (target federal funds rate) and the total supply of money in circulation and it is carried out by the central bank (the Fed). Fiscal policy is a collective term for the taxing and spending actions of the government to improve the social welfare. In the United States, the national fiscal policy is determined by the executive and legislative branches of the government, but there are many political issues, which have destroyed the country. There were, so far, unethical politics, corruption, liberalism, left-wing extremism, the Washington swamp, abortion,¹⁵⁴ globalism, “global warming”, “global order”, control of agricultural production, supply chain problems, food scarcity and shortages, unnecessary wars, Ukraine, Levant, etc., lack of free speech, fake news and propaganda, manipulation of the language, etc. Also, redefining recession and inflation, politicizing the justice system, the FBI, the CIA, the DOJ, and the rest of institutions, giving voting rights to illegal immigrants, enormous government spending (wastes), vaccine mandates, fraudulent data for COVID-19, the bacteria trap masks, drugs and suicides,¹⁵⁵ deification of “science”, atheism, 87,000 new IRS armed agents. Further, raiding of President Trump home, terrorizing political enemies, a war against our civilization, “the fair election act”, deterioration of freedoms and individual liberties, “political correctness”, gender politics in schools, critical racist theory, equity, DEI, AI,¹⁵⁶ “white supremacy”, New Age Movement, creeping authoritarianism, “disinformation governance board” (ministry of truth). Furthermore, sanctions to Putin (because he wants to protect his citizens from the West) that hurt Europe, U.S., and the world, “stay home eat worms”, “the inflation reduction act”, “domestic terrorism bill”, bureaucracy, crime and violence, open borders, “radical gender theory”,¹⁵⁷ kids indoctrination, woke racism, black lives matter, elimination of fossil fuels, green energy nightmare, defunding police, loss of respect by the rest of the world, etc. In addition, conflicts between the two parties (Republicans and Democrats), which avert its application.¹⁵⁸ All these problems have made

¹⁵² See, Troy Segal, “Monetary Policy vs. Fiscal Policy: What's the Difference?”, <https://www.investopedia.com/ask/answers/100314/whats-difference-between-monetary-policy-and-fiscal-policy.asp>

¹⁵³ The optimal interest rate on deposits (savings accounts) must be: $i_{D_t}^* = \pi^e + 1\%$ and the optimal interest rate on loans (the highest) must be: $i_{L_t}^* = i_p + 5\%$, where $i_{D_t}^*$ = the optimal deposit rate, π^e = expected true inflation rate, $i_{L_t}^*$ = the optimal loan rate, and i_p = the prime rate.

¹⁵⁴ Abortion is the worst crime that ignorant leaders have made as law of the land. These politicians must be in jail, but they have lost their eternal lives. «Τριπλό τό εγκλημα, και δολοφονία εμβρύων, και κερδοσκοπία, και δολοφονία διά τῶν ἐμβολίων.» «Ὁ ἄνθρωπος, στήν Ἁγία Γραφή ὁμολογεῖται ὡς ἔμψυχος εἰκὼν τοῦ Θεοῦ... τό καθ' ὁμοίωσιν.» See, π. Στυλιανός Ἐμμ. Καρπαθίου, *Τά «ἐμβόλια» ἐναντι τοῦ Covid-Sars 2, Βοανεργές, Ἄρ. Τεύχους 120, Μάρτιος-Ἀπρίλιος 2022*, σσ. 74-83.

¹⁵⁵ The ultimate objective from the “forerunners” elites is reduction of population with any means. The U.S. army had 30,177 suicides the last 20 years. (*Fox News*, 10/7/2022).

¹⁵⁶ See, “The Machines Are Here: How an 1863 Prophecy Predicted Our Subjugation by AI”, <https://dedollarizenews.com/the-machines-are-here-how-an-1863-prophecy-predicted-our-subjugation-by-ai/>

See also, «Εἶμαι ὁ Ἰησοῦς τεχνητῆς νοημοσύνης!» «Εἶμαι ὁ Ἰησοῦς τεχνητῆς νοημοσύνης!» - Ὁρθόδοξος Τύπος (orthodoxostypos.gr)

¹⁵⁷ Trans organizations poised to lower age children for genital and chest transition surgeries. These actions are criminal, but there is no moral government and ethical justice system to restrict them. (*Fox News*, 9/6/2022).

¹⁵⁸ These policies-politics have become the objective by the Democratic Party the last eight years. Actually, they had started with Barack Hussein Obama II in 2009. They tried for 4 years with all the unethical means to go against the administration (the Republic party and President Trump) and an addition of 4 more years, when they were the government. They attempted to impeach the President starting with Russia, then Ukraine, impeachment as their rule, Coronavirus, economic crisis, riots, and they were working for a long time on what will be their next “tool”, which was the 2020 elections, then came the January 6 committee. Their supporters are the controlled Media with the fake news and propaganda, the high tech companies (Google, Facebook, Twitter, Microsoft, etc.), and the establishment (professional politicians, FBI, CIA, DOJ, lobbyists, and the global elites). See, <https://www.bbc.com/news/world-us-canada-50802150>. Also, “2019 CIGI-Ipsos Global Survey on Internet Security and Trust”, <https://www.cigionline.org/internet-survey-2019>.

See also, The Voter Fraud in the 2020 Elections. “A Sampling of Recent Election Fraud Cases from Across the United States” <https://www.heritage.org/voterfraud> ; <https://www.heritage.org/voterfraud/search> . “Trump calls legal system a ‘broken disgrace’ after judge orders deposition in E. Jean Carroll defamation suit”, Published: Oct. 12, 2022. https://www.marketwatch.com/story/trump-calls-legal-system-a-broken-disgrace-after-judge-orders-deposition-in-e-jean-carroll-defamation-suit-01665627175?cx_testId=3&cx_testVariant=cx_2&cx_artPos=6&mod=WTRN#cxrecs_s

America a nation in decline. What a pity our corrupted pseudo-politicians to allow this global mafia (the Illuminati) to destroy the Western civilization.¹⁵⁹

These modern monetary and liberal fiscal policies have minimized the social benefits and the economy was going to a deep recession and the country into a permanent destruction.¹⁶⁰ How is this possible to happen with all the economists and “experts”, after 5,000 years moral and ethical civilization and Revelation, who are working for the central bank and the U.S. Treasury? They must be completely controlled and just follow orders dictated by the liberal globalists (the Illuminati). In financial markets, with their enormous bubbles, Figure 5, there have been observed many unethical practices and behavior, like, (1) Scams, (2) Frauds, (3) Unfair trading practices, (4) Securities scams, (5) Churning, (6) Insider trading,¹⁶¹ (7) Window dressing, (8) Market manipulations, Woke policies,¹⁶² etc.¹⁶³ Without regulations, moderation in money supply, trust, fairness, and confidence, financial markets cannot function effectively and efficiently.¹⁶⁴ All these markets and institutions have been created to benefit us (the people) and maximize our wellbeing. Massive overvaluations of equity happened in 2007, 2015, 2018, 2019, 2020, in 2022, and in 2024 by reaching DJIA = 45,014.04 (12/4/2024),¹⁶⁵ with the different pseudo-euphoria (election results, vaccine, climate fantasies, etc.) and the destructive enormous liquidity by the Fed and with the only 50% margin requirements,¹⁶⁶ and also the enormous national debt that has to be finance by the Fed. The central bank must not allow the financial market to grow 37% per annum, but only to satisfy its historic average risk, which is $HRP = 8.9\%$.

Most of the public policies are wrong, anti-social, and unacceptable. The reason might be the ignorance of the policy makers, but some policies are intentional, are dictated by the “elites” (the “forerunners” = dark powers), who want to control the world with fear (even fear of nuclear war), intimidation, rules and mandates, energy rationing and lately with equity (poverty). Public policy is the process by which governments (fiscal policy) and central banks

¹⁵⁹ “Learn the Truth “and the Truth will make you Free.” (John 8, 32). See, Αλεξάντερ Ντούγκιν, «Είμαστε αντιμέτωποι με τη Δύση ως ιδεολογία, φιλελευθερισμός, παγκοσμιοποίηση, μετανθρωπισμός». <https://orthodoxostypos.gr/e%ce%af%ce%bc%ce%b1%cf%83%cf%84%ce%b5-%ce%b1%ce%bd%cf%84%ce%b9%ce%bc%ce%ad%cf%84%cf%89%cf%80%ce%bf%ce%b9-%ce%bc%ce%b5-%cf%84%ce%b7-%ce%b4%cf%8d%cf%83%ce%b7-%cf%89%cf%82-%ce%b9%ce%b4%ce%b5%ce%bf%ce%bb/> See also, Kallianiotis (2025a).

¹⁶⁰ See, Polleit (2024a, 2024b, and 2025).

¹⁶¹ *Insider trading* is the trading of a public company’s stock or bonds or stock options based on material, nonpublic information about the company. Many politicians are acting as insiders, due to superior information that they have. Their names, due to abuse of power, are very often in the News.

¹⁶² See, “Statement on Nasdaq’s Diversity Proposals – A Positive First Step for Investors”, <https://www.sec.gov/news/public-statement/statement-nasdaq-diversity-080621>. These sham institutions are very dangerous; they have destroyed the western civilization and culture. “But on Tuesday, Nasdaq, the second-largest stock exchange operator in the world, announced that they would file a proposed rule with the Securities and Exchange Commission to, according to the *Wall Street Journal*, “require listed companies to have at least one woman on their boards, in addition to a director who is a racial minority or one who self-identifies as lesbian, gay, bisexual, transgender or queer.” See also, “Woke Nasdaq Should Mind Its Own Business Prominent stock exchange plans to require “token” women, minorities, and LGBTQ people in listed companies’ leadership”. <https://spectator.org/nasdaq-woke-board-woman-lgbt/>. For what social benefits can we talk? Here, we observe only enormous social costs perversions, immorality, and destructions.

¹⁶³ See, Hans (2020).

¹⁶⁴ See, Blommestein (2006).

¹⁶⁵ See, Yahoo/Finance. [Dow Jones Industrial Average \(^DJI\) Stock Historical Prices & Data - Yahoo Finance](#)

¹⁶⁶ If we want a real and fair growth in the financial market, the margin requirements must be 100% ($r_m = 100\%$). This ($r_m = 50\%$) policy of the Fed is anti-social and very risky.



Figure 5. The U.S. Dow Jones Industrial Average

Note: USDJIA = U.S. Dow Jones Industrial Average. In 2009:03, the DJIA was 6,547.05 and on February 12, 2020 reached 29,551.42; a growth by 23,004.37 points or 351.37% (32.18% per annum). The pick point was on December 4, 2024 (DJIA = 45,014.04); a growth from March 9, 2009 by 38,466.99 points or 587.55% or 37.30 p.a. The year 2024 ended with a decline of DJIA by 2,469.82 points (-5.49% from its peak), reaching 42,544.22.

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

(monetary policy) translate their political and economic vision into programs and actions to deliver “outcomes, desired changes in the real world”. But for the globalists the real world is the illusion that they have in their corrupted and perverse minds. Protecting nature and going against humans, who “destroy” the environment is inhumane. The true “real world” is constituted by the financial markets and institutions, businesses, households, and individuals (people), which is constantly changing, except the thousand years old value system and civilization, and this has resulted in the movement towards greater use of evidence in policy design, making and implementation, policy ethics, and Pareto optimality.¹⁶⁷ We have to focus on true scientific evidence (no to controlled “experts”), on full information (no fake news and propaganda or political expediency), on history and culture, which will guide public policy making and for evaluating the contribution of any public policy.

Public policy making is an exhausting and time-consuming “policy cycle”. Public policy must focus primarily on domestic policy, the welfare of the citizens of the country, and not “the allies first”. The basic stages of policy cycle are as follows: a problem is identified, a policy response is formulated, the preferred solution is then selected and implemented with moderation, experience, and wisdom, the policy makers must be moral and ethical and above all fearing God, and finally the policy is evaluated. However, the evaluation stage must take an in depth look into what can be learnt from the process as a whole, whether the original problem has been solved, and if not, what is recommended as an alternative course of action or a follow up. Was this policy effective? Was the policy fair? What was the social cost? What are the benefits of this policy? Was the actions taken ethical? Was it Pareto optimal?

Unfortunately, public policies have proved, from the current analysis, too, that are ineffective and inefficient. The new recessions were obvious, and they were planned with the global financial crisis¹⁶⁸ since 2008

¹⁶⁷ *Pareto efficiency* or *Pareto optimality* is a situation, where an individual or preference criterion can be better off without making at least one individual or preference criterion worse off. For example, the 2017 Tax Law is not Pareto Optimal because businesses are paying lower taxes, but some individuals higher than before. See, “Tax Cuts and Jobs Act of 2017”, https://en.wikipedia.org/wiki/Tax_Cuts_and_Jobs_Act_of_2017

¹⁶⁸ Komlos (2019), pp. 243-253 gives 31 factors that contributed to this global financial crisis: (1) Greenspan’s Ideology, (2) The Financial Innovations, (3) The Rise of the Shadow Banking System, (4) The Neglect of Systemic Risk, (5) Groupthink rendered Greenspan’s view politically correct, (6) The Dot-Com Bubble, (7) The lowering of Interest Rates, (8) Credit Rating Agencies, (9) Excessive Faith in Quantitative Finance, (10) Endemic Trade Deficits, (11) Easy Credit, (12) Banks Lowered Underwriting Standards, (13) Expansion of Subprime Lending, (14) Predatory Lending, (15) Bubble in House Prices, (16) The Illusion of Tranquility was Deceptive, (17) Deregulation, (18) High Debt Burden, (19) Financialization, (20) Herd Mentality, (21) Mispricing of Risk, (22) Out of control Leverage, (23) Globalization, (24) Moral Hazard, (25) Lack of Historical Perspective, (26) Hubris was ubiquitous, (27) Culture, (28) Inequality of Income,

and the innovated COVID-19 in 2020, by imposing these anti-social public policies, with one objective: globalization (global control). You have to submit your country, otherwise you will be forced to give in economically (with a depression) or politically (with a war), which was public knowledge for many years, there is no need to be an economist any more to evaluate their actions. Nothing is working, we stay home and they recommend to eat worms, and we are being paid. China is only producing, now, the rest are involved with new ideals, too much corruption, "innovations", saving the environment, abandoning coal, oil, and natural gas, with liberalism,¹⁶⁹ as the leading ideology, disrespect of human life (abortion, euthanasia, suicide, drugs, and crimes), reduction of population, abandonment of our value system and educational one,¹⁷⁰ inefficiencies, lies, anti-social public policies, lack of democracy, high inflation, enormous cost of living, poverty, homelessness, control of people's lives, globalization and the worst "the great reset"¹⁷¹ by the "forerunners", the enemies of humanity,¹⁷² etc.: "The U.S. is a nation in decline." And according to the pseudo-leaders of the West, there is only "one responsible person" for all these problems, Vladimir Putin (the only true leader).¹⁷³ (*Sic*). Of course, we do not believe them because the only person that is not responsible for the global crisis is Vladimir Putin. The other world "leaders" (actually followers) have done too many mistakes and for too many years (since the British Revolution in 1640) that brought the world to today's chaos. It is time to pay; nothing is free (the cost of some of these mistakes is infinite), but the bill goes to poor citizens and to the future generations, and not to the true creators of these crises. Now, with the new U.S. President, Donald Trump, people have started hoping again,¹⁷⁴ that he will clean

(29) Corporate Governance, (30) Revolving Door (executive in finance were appointed to government position), and (31) Media (fake news).

¹⁶⁹ "Liberal Protestant Pastor Mariann Edgar Budde blindsides Trump and Vance, weaponizing her sermon to attack them in front of their families by saying they should "have mercy" on gay, lesbian, and transgender children. Unbelievable." See,

https://x.com/CatholicVote/status/1881776571494904221?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1881776571494904221%7Ctwgr%5Eb46b9e03364af1236bea3061baff41d91772dea2%7Ctwcon%5Es1_&ref_url=https%3A%2F%2Fcatholicvote.org%2Fwoman-bishop-far-left-sermon-trump%2F&mx=2

¹⁷⁰ See, Stereotypes, Περί στερεοτύπων. https://orthodoxostypos.gr/%cf%80%ce%b5%cf%81%ce%af-%cf%83%cf%84%ce%b5%cf%81%ce%b5%ce%bf%cf%84%cf%8d%cf%80%cf%89%ce%bd/_Τό_παιδί_μπαίνει_κούτσουρο_καί_βγαίνει_τουβίλο,_άπό_τό_σχολείο,_σήμερα.

¹⁷¹ See, Klaus Schwab and Thierry Malleret, The Great Reset, 2020. See also, Robert Murphy, "Behind Klaus Schwab, the World Economic Forum, and the Great Reset: Part 1", https://mises.org/library/behind-klaus-schwab-world-economic-forum-and-great-reset-part-1?gclid=EAIAIQobChMIRYXyhY7x-AIV6PviCh3HMgfqEAMYAIAAEgIOjfd_BwE . In addition, see, «Η "Μεγάλη Έπανεκκίνηση"; Προς την Πρόοδο ή προς την Καταστροφή;», *Βοανεργές*, Έτος ΚΑ', Τεύχος 119, Ιανουάριος-Φεβρουάριος 2022, σσ. 91-93.

¹⁷² The 2025 meeting of the WEF convenes under the title **Collaboration for the Intelligent Age**, on 20-24 January in Davos, Switzerland. This forum is very dangerous for humanity and unfortunately, there are no leaders to break it down and put these pseudo-elites (Illuminati) in jail. See, [World Economic Forum Annual Meeting 2025 | World Economic Forum \(weforum.org\)](https://www.weforum.org/) .

¹⁷³ Some people put Donald Trump as number two (No. 2). We hope, we wish, and we wait to see, because the United States is today, as it was France in 1789, with *Liberté* there and the Status of Liberty here.

¹⁷⁴ Below is a short list of our (Trump's) accomplishments in the first 24 hours, and I only have YOU to thank.

- (1) Declared a National Emergency at our Southern Border - **THE INVASION WILL END!**
- (2) Enacted an America First Trade Policy - **WE WILL NO LONGER BE RIPPED OFF!**
- (3) Stopped the WAR on American Energy - **DRILL BABY DRILL!**
- (4) The Gulf of Mexico is no more - **IT'S NOW THE GULF OF AMERICA!**
- (5) Designated the Cartels as Foreign Terrorist Organizations - **WE WILL KEEP AMERICA SAFE!**
- (6) Ended racist "Diversity, Equity, and Inclusion" programs in our government - **WE ARE COLORBLIND AND MERIT-BASED!**
- (7) Abolished insane transgender ideology in our government - **A MAN IS A MAN AND A WOMAN IS A WOMAN!**
- (8) Established the Department of Government Efficiency - **DOGE WILL END WASTE IN OUR GOVERNMENT!**
- (9) Granted pardons & commutations to the J6 hostages - **THIS INJUSTICE HAS ENDED!**
- (10) Withdrew from the Paris Climate Accords - **THE GREEN NEW SCAM HAS NO PLACE IN AMERICA!**
- (11) Stopped regulatory oppression - **MAKE AMERICA AFFORDABLE AGAIN!**
- (12) Ended the Weaponization of Government - **NO MORE POLITICAL PERSECUTIONS!**
- (13) Ended free speech censorship - **FREE SPEECH IS BACK!**
- (14) Trump declares two genders – MALE AND FEMALE.
- (15) Trump withdrew U.S. from the WHO.

These are just a few of the executive actions I've taken in my first 24 hours to MAKE AMERICA GREAT AGAIN!

And none of this would've been possible without YOUR SUPPORT - THANK YOU!

https://secure.winred.com/trump-national-committee-jfc/lp-hf-email-executive-orders-v1?utm_medium=email&utm_source=lp_lp_hf&utm_campaign=20250121_tnc_executiveorders-v1_hf_dtrump_lp&utm_content=donate&nclid=zUCmRmuhQM&nhids=w17EcJ58OJ

this “Augean Stables” (κόπρον τοῦ Αὐγεία). Happily, there is Divine Justice (θεία δίκη) above our subjective and unfair justice and God’s Providence is protecting His creation. Thus, there is hope because we believe.

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I was talking with a friend and I said to her that the problem is that our leaders do not know the Truth. Then, she asked me: “Does President Trump knows the Truth?” I responded to her: “He knows 90% of the Truth or even less.”

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Appendix

Table A1
Augmented Dickey-Fuller Test

Variables in levels (Y_t)	ADF	I(d)	Variables in 1 st difference [$D(Y_t)$]	ADF	I(d)
LUSDJIA	-3.278**	I(0)	Δ (LUSDJIA)	-12.495***	I(1)
LUSRGDP2012 -1.919		I(2)	Δ (LUSRGDP2012)	-1.336	I(2)
US10YTB	-2.386	I(1)	Δ (US10YTB)	-10.309***	I(1)
LUSCPI	-0.406	I(1)	Δ (LUSCPI)	-7.589***	I(1)
USU	-0.756	I(1)	Δ (USU)	-5.147***	I(1)
LUSCA	-1.294	I(1)	Δ (LUSCA)	-12.530***	I(1)
USFFR	-1.080	I(1)	Δ (USFFR)	-3.761***	I(1)
LUSMB	1.663	I(1)	Δ (LUSMB)	2.999***	I(1)
LUSM2	-0.263	I(1)	Δ (LUSM2)	-3.275**	I(1)
LUSGCTR	-1.625	I(2)	Δ (LUSGCTR)	-1.820	I(2)
LUSGCEGI	1.528	I(1)	Δ (LUSGCEGI)	-2.654*	I(1)

Note: dja_t = LUSDJIA = ln of U.S. Dow Jones Industrial Average Index, $rgdp_t$ = LUSRGDP2009 = ln of U.S. real GDP, i_{10YTB_t} = US10YTB = U.S. 10-Year Treasury Bonds Rate, p_t = LUSCPI = ln of U.S. CPI, u_t = USU = U.S.

unemployment rate, ta_t = LUSCA = ln of U.S. Current Account, c_0 = constant term, $i_{FF_t}^{eff}$ = USFFR = U.S. effective federal funds rate, mb_t = LUSMB = ln of U.S. monetary base, m_t = LUSM2 = ln of U.S. money supply (M2), t_t = LUSGCTR = ln of U.S. government current tax revenue, g_t = LUSGCEGI = ln of U.S. government consumption expenditures and government investment, *** = significant at the 1% level, ** = significant at the 5% level, * = significant at the 10% level.

Source: *Economagic.com, Bloomberg, and FRED.*

Table A2
Vector Autoregression Estimates (1995:01-2008:11)

Variables	dja_t	$rgdp_t$	i_{10YTB_t}	p_t	u_t	ta_t
dja_{t-1}	0.774*** (0.089)	0.022*** (0.009)	1.001*** (0.443)	-0.006 (0.005)	0.101 (0.263)	0.038 (0.037)
dja_{t-2}	-0.028 (0.086)	0.009 (0.009)	-0.241 (0.426)	0.007 (0.005)	-0.301 (0.253)	0.004 (0.035)
$rgdp_{t-1}$	0.545 (0.774)	0.509*** (0.079)	-0.574 (3.840)	-0.008 (0.045)	-4.392** (2.284)	-0.565* (0.320)
$rgdp_{t-2}$	0.487 (0.816)	0.257*** (0.083)	-4.483 (4.047)	0.068 (0.048)	-3.697 (2.407)	-0.096 (0.337)
$i_{10YTB_{t-1}}$	-0.011 (0.017)	-0.004** (0.002)	1.029*** (0.083)	0.002* (0.001)	0.031 (0.050)	-0.005 (0.007)
$i_{10YTB_{t-2}}$	0.005 (0.016)	0.002 (0.002)	-0.210*** (0.080)	-0.002** (0.001)	0.002 (0.048)	0.002 (0.007)
p_{t-1}	-1.432 (1.296)	-0.182 (0.132)	8.807 (6.432)	1.186*** (0.076)	5.639 (3.826)	-0.476 (0.536)
p_{t-2}	0.034 (1.250)	-0.026 (0.127)	-11.028* (6.202)	-0.396*** (0.073)	2.074 (3.689)	0.882 (0.517)
u_{t-1}	-0.019 (0.027)	0.001 (0.003)	0.056 (0.134)	0.001 (0.002)	0.374*** (0.079)	0.008 (0.011)
u_{t-2}	0.012 (0.024)	0.001 (0.002)	0.029 (0.122)	-0.001 (0.001)	0.159** (0.072)	-0.005 (0.010)

ta_{t-1}	-0.076 (0.199)	-0.012 (0.020)	-1.917* (0.990)	0.044*** (0.012)	-0.184 (0.589)	0.595*** (0.083)
ta_{t-2}	0.307 (0.204)	-0.042** (0.021)	0.430 (1.011)	-0.27** (0.012)	-0.099 (0.601)	0.190*** (0.084)
c_0	-4.093 (3.721)	1.827*** (0.378)	38.710** (18.463)	0.004 (0.217)	35.450*** (10.983)	3.415** (1.540)
$i_{FF_t}^{eff}$	-0.009 (0.008)	-0.001 (0.001)	-0.007 (0.041)	-0.001 (0.001)	-0.055** (0.024)	0.001 (0.003)
mb_t	-0.127* (0.073)	-0.006 (0.007)	0.392 (0.363)	-0.018*** (0.004)	0.598*** (0.216)	0.016 (0.030)
m_t	0.173 (0.343)	-0.030 (0.035)	-2.176 (1.703)	0.016 (0.020)	3.167*** (1.013)	-0.153 (0.142)
t_t	0.528** (0.255)	0.045* (0.026)	1.455 (1.264)	-0.008 (0.015)	-1.692** (0.752)	0.092 (0.105)
g_t	-0.115 (0.301)	0.147*** (0.031)	3.101** (1.494)	0.073*** (0.018)	-1.580* (0.889)	0.104 (0.125)
R^2	0.981	0.999	0.961	0.999	0.969	0.981
SEE	0.042	0.004	0.207	0.002	0.123	0.017
F	451.669	8386.507	219.437	18262.64	280.349	458.782
N	167	167	167	167	167	167

Note: $djia_t = \text{LUSDJIA} = \ln$ of U.S. Dow Jones Industrial Average Index, $rgdp_t = \text{LUSRGDP2009} = \ln$ of U.S. real GDP, $i_{10YTB_t} = \text{US10YTB} = \text{U.S. 10-Year Treasury Bonds Rate}$, $p_t = \text{LUSCPI} = \ln$ of U.S. CPI, $u_t = \text{USU} = \text{U.S. unemployment rate}$, $ta_t = \text{LUSCA} = \ln$ of U.S. Current Account, $c_0 = \text{constant term}$, $i_{FF_t}^{eff} = \text{USFFR} = \text{U.S. effective federal funds rate}$, $mb_t = \text{LUSMB} = \ln$ of U.S. monetary base, $m_t = \text{LUSM2} = \ln$ of U.S. money supply (M2), $t_t = \text{LUSGCTR} = \ln$ of U.S. government current tax revenue, $g_t = \text{LUSGCEGI} = \ln$ of U.S. government consumption expenditures and government investment, *** = significant at the 1% level, ** = significant at the 5% level, * = significant at the 10% level, $R^2 = \text{R-squared}$, $SEE = \text{S.E. equation}$, $F = \text{F-statistic}$, and $N = \text{number of observations}$.

Source: *Economagic.com, Bloomberg, and FRED.*

Table A3
Johansen Cointegration Test

Sample: 1995:01-2008:11

Included Observations: 168

Trend assumption: Linear deterministic trend

Series: LUSDJIA, LUSRGDP2012, US10YTB, LUSCPI, USU, LUSCA

Exogenous Series: USFFR, LUSMB, LUSM2, LUSGCTR, LUSGCEGI

Rank	Eigenvalue	Trace Statistic	Critical Value (0.05)	Max-Eigen Statistic	Critical Value (0.05)
$r = 0$	0.4369	216.810	95.754***	96.470***	40.078
$r \leq 1$	0.2947	120.340	69.819***	58.647***	33.877
$r \leq 2$	0.1815	61.693	47.856***	33.638***	27.584
$r \leq 3$	0.1265	28.056	29.797*	22.722**	21.132
$r \leq 4$	0.0312	5.334	15.495	5.332	14.265
$r \leq 5$	0.0001	0.001	3.841	0.001	3.841

Note: Trace test indicates 3 cointegrating eqs. at the 1% level (***) and 1 cointegrating eq. at 10% level (*); *** denotes rejection of the hypothesis at the 5% level and * rejection of the hypothesis at the 10% level.

Max-eigenvalue test indicates 3 cointegrating eqs at the 1% level (***) and 1 cointegrating eq. at the 5% level; *** denotes rejection of the hypothesis at the 1% level and ** rejection of the hypothesis at the 5% level.

Source: VAR of Table A2.

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

Variables	dja_t	$rgdp_t$	i_{10YTB_t}	p_t	u_t	ta_t
dja_{t-1}	0.816*** (0.077)	-0.007 (0.016)	0.652* (0.385)	0.006 (0.005)	2.274** (1.125)	0.004 (0.030)
dja_{t-2}	0.018 (0.076)	0.011 (0.016)	-0.974*** (0.381)	-0.003 (0.005)	-3.799*** (1.116)	0.010 (0.030)
$rgdp_{t-1}$	-0.449 (0.411)	0.576*** (0.086)	3.093 (2.066)	-0.023 (0.026)	-4.587 (6.046)	-0.333** (0.161)
$rgdp_{t-2}$	0.790* (0.421)	0.031 (0.088)	-2.623 (2.118)	-0.001 (0.027)	-1.606 (6.199)	-0.089 (0.165)
$i_{10YTB_{t-1}}$	0.008 (0.016)	0.001 (0.003)	1.098*** (0.079)	0.002** (0.001)	-0.178 (0.232)	0.004 (0.006)
$i_{10YTB_{t-2}}$	0.001 (0.017)	-0.001 (0.004)	-0.183** (0.085)	-0.002* (0.001)	0.187 (0.249)	-0.015 (0.007)
p_{t-1}	-0.950 (1.092)	0.096 (0.227)	14.579*** (5.488)	1.316*** (0.069)	-33.558** (16.059)	0.712 (0.427)
p_{t-2}	0.411 (1.165)	-0.156 (0.242)	-11.696** (5.854)	-0.346*** (0.075)	37.111** (17.166)	-0.847* (0.455)
u_{t-1}	-0.006 (0.006)	-0.001 (0.001)	0.046 (0.031)	-0.001 (0.001)	0.508*** (0.091)	0.007*** (0.002)
u_{t-2}	0.016*** (0.006)	0.003*** (0.001)	-0.030 (0.028)	-0.001 (0.001)	-0.036 (0.083)	0.002 (0.002)
ta_{t-1}	0.007 (0.197)	0.082** (0.041)	-0.328 (0.991)	-0.007 (0.013)	0.286 (2.900)	0.352*** (0.077)
ta_{t-2}	0.533*** (0.181)	-0.099*** (0.038)	0.241 (0.908)	-0.021** (0.012)	6.895*** (2.658)	0.180*** (0.071)
c_0	-1.734 (3.100)	3.077*** (0.645)	-3.585 (15.584)	0.229 (0.199)	-3.455 (45.599)	4.134*** (1.212)
$i_{FF_t}^{eff}$	-0.001 (0.013)	0.013*** (0.003)	0.020 (0.065)	0.001 (0.001)	-0.467*** (0.191)	0.025*** (0.005)
mb_t	-0.021 (0.058)	-0.011 (0.012)	-0.310 (0.293)	0.001 (0.004)	2.627*** (0.858)	0.028 (0.023)
m_t	0.420*** (0.125)	0.085*** (0.026)	0.742 (0.629)	0.001 (0.008)	-1.394 (1.841)	-0.070 (0.049)
t_t	0.008 (0.123)	0.106*** (0.026)	0.177 (0.618)	0.008 (0.008)	-10.064*** (1.807)	0.145*** (0.048)
g_t	-0.100 (0.256)	-0.066 (0.053)	-2.404* (1.287)	0.007 (0.016)	16.948*** (3.767)	-0.002 (0.100)
R^2	0.991	0.994	0.940	0.999	0.932	0.839
SEE	0.044	0.009	0.220	0.003	0.642	0.017
F	1021.274	1473.556	149.722	13109.00	132.006	49.786
N	181	181	181	181	181	181

Note: See, Tables A1 and A2.

Source: See, Table A1.

Table A5
Johansen Cointegration Test

Sample: 2008:12-2023:12

Included Observations: 154

Trend assumption: Linear deterministic trend

Series: LUSDJIA, LUSRGDP2012, US10YTB, LUSCPI, USU, LUSCA

Exogenous Series: USFFR, LUSMB, LUSM2, LUSGCTR, LUSGCEGI

Rank	Eigenvalue	Trace Statistic	Critical Value (0.05)	Max-Eigen Statistic	Critical Value (0.05)
$r = 0$	0.4922	249.510	95.754***	104.371***	40.078
$r \leq 1$	0.4422	145.139	69.819***	89.900***	33.877
$r \leq 2$	0.1905	55.239	47.856***	32.541**	27.584
$r \leq 3$	0.1018	22.698	29.797	16.539	21.132
$r \leq 4$	0.0342	6.159	15.495	5.365	14.265
$r \leq 5$	0.0051	0.794	3.841	0.794	3.841

Note: Trace test indicates 3 cointegrating eqs. at the 1% level (**); *** denotes rejection of the hypothesis at the 1% level.

Max-eigenvalue test indicates 2 cointegrating eqs at the 1% level (***) and 1 cointegrating eq. at the 5% level; *** denotes rejection of the hypothesis at the 1% level and ** rejection of the hypothesis at the 5% level.

Source: VAR of Table A4.

Response to Cholesky One S.D. (d.f. adjusted) Innovations

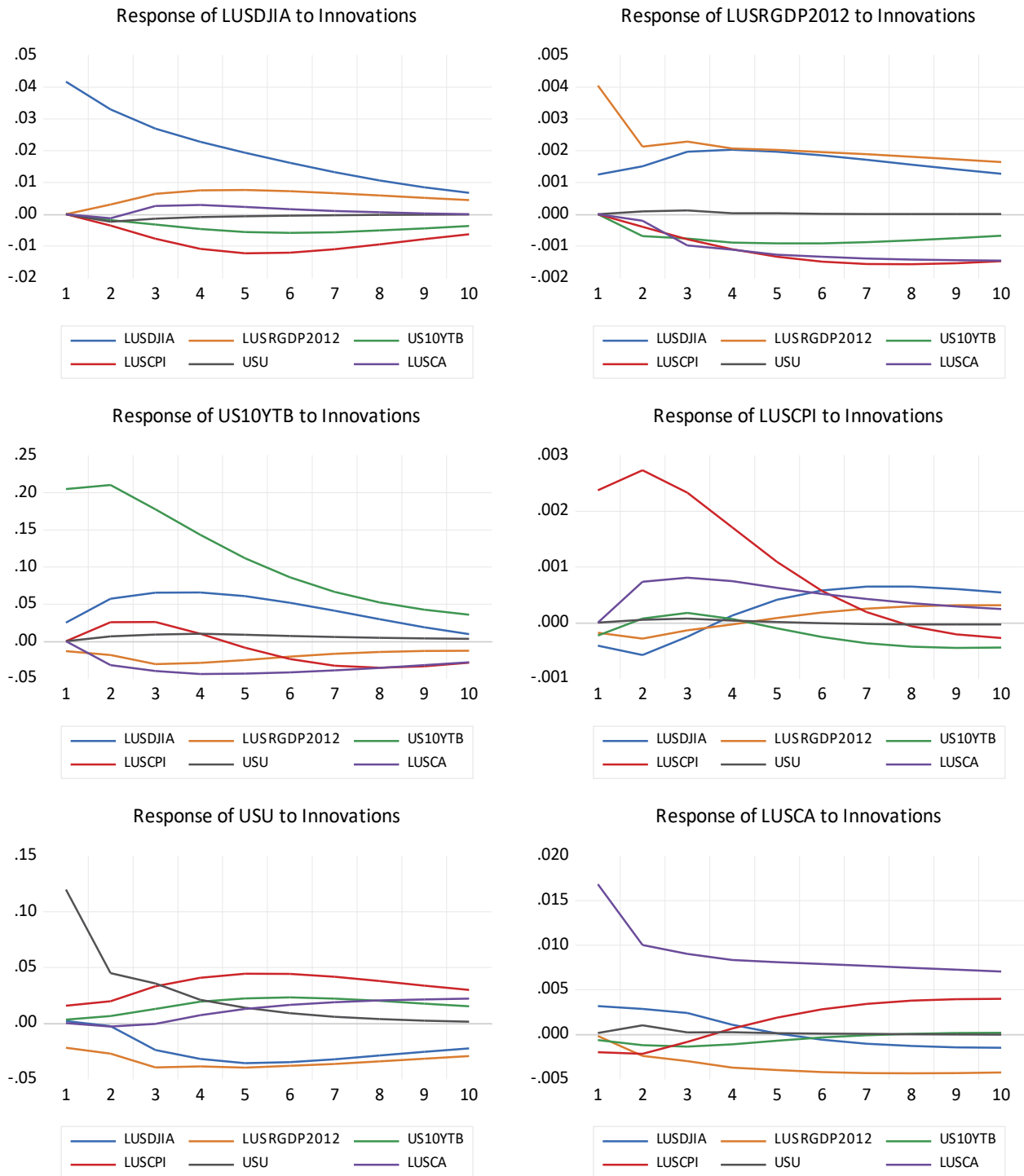


Figure A1. Response to Cholesky One S.D. Innovation of VAR of Table A2

Note: See, Table A2.
 Source: VAR of Table A2.

Response to Cholesky One S.D. (d.f. adjusted) Innovations

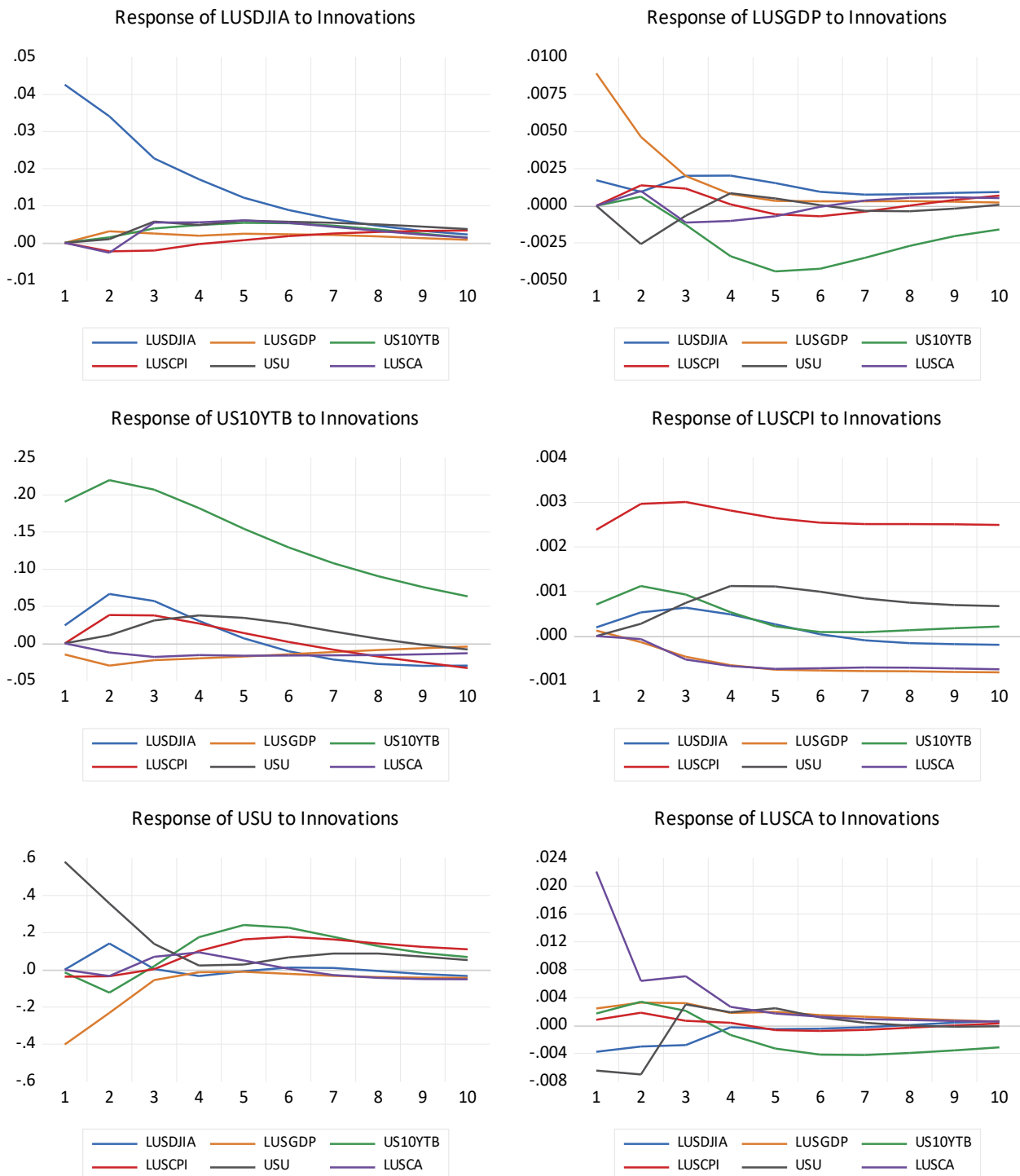


Figure A2. Response to Cholesky One S.D. Innovation of VAR of Table A4

Note: See, Table A2.

Source: VAR of Table A4.