

**Federal Reserve Counterfeiting Approaches 100%.** Article by Jeff Nielson for [Sprott Money](#), published in Zerohedge, 7 November 2014.

At the end of 2008, the U.S. Federal Reserve embarked upon a monetary policy so extreme and so reckless that it had to invent a (new) euphemism for what it was doing, since if it simply used the old euphemism, even the puppet-politicians of the U.S. government would have rebelled at this monetary insanity.

At that time, the Federal Reserve began “monetizing debt” (the old euphemism). What that economic jargon actually means is that the Fed (on behalf of the U.S. government) simply began conjuring its currency out of thin air – without any pretense of backing or value – as the only means of being able to continue to pay the interest on the exploding U.S. national debt. It was (is) the last refuge of a bankrupt government: the choice to hyperinflate its currency rather than officially declare bankruptcy.

Obviously neither the bankers nor the Corporate media were prepared to admit what they were really doing, so they invented a new euphemism for this old insanity: “quantitative easing”. But conjuring “money” out of thin air (by the \$trillions) to pay the interest on U.S. debt was only the beginning. After that, the Fed “expanded” this monetary insanity – and began openly buying-up \$trillions in U.S. Treasuries, as well as the “bad debt” (i.e. fraud) hidden on Wall Street balance sheets.

We were explicitly told by the bankers, media, and U.S. government that it was engaging in this “QE” to pump-up the U.S. Treasuries market (and thus manipulate interest rates lower), and to pump-up U.S. equities markets, to supposedly “stimulate the economy”. This was, of course, total nonsense.

Only the bankers still hold U.S. Treasuries, and only the wealthy still hold U.S. stocks (roughly 85% of all stock), and those two demographics were already wealthier than at any time in history before the beginning of “QE”. But while the supposed “stimulus” was never anything but a lie, the bubbles which were created by all this reckless money-printing are very, very real.

As a matter of basic arithmetic/economics, all bubbles implode/deflate without a steady stream of new money to keep the bubble inflated. Because (by definition) all bubbles represent unsustainable price levels, no bubble can ever be stable. It is with this context in mind that we can view this recent headline in the NY Times:

### **Quantitative Easing is Ending**

It is a headline which no thinking adult could possibly take seriously. The Federal Reserve deliberately/explicitly/openly inflated the U.S. Treasuries bubble and the U.S. equities bubbles with its “quantitative easing”. The Federal Reserve claims to be withdrawing the fuel/support for those bubbles, and so those bubbles must implode.

Except the bubbles have not imploded.

This is not even theoretically possible, and so, ipso facto, “quantitative easing” continues – in some form. But the difference is that while the Federal Reserve is still conjuring new \$trillions

(to keep the bubbles pumped-up), it no longer admits to all this newly conjured funny-money. There is a very well-known legal/financial term for this practice: counterfeiting.

This isn't speculation, since it is supported by more, obvious empirical evidence. In the spring of 2013, B.S. Bernanke first began talking about beginning to reduce his "QE", and by the tiniest of amounts: a paltry/trivial \$5 billion per month.

Even just talking about beginning to ease the newly conjured funny-money caused the interest rate on U.S. ten-year Treasuries to double over a six month period. Merely talking about "tapering" was costing the U.S. government \$100's of billions in additional interest payments (alone), further crippling this dying economy. And so in September of last year, Bernanke got in front of the microphones to admit that the U.S. government could not even begin to "taper" the money-printing.

Yet today we are told that "quantitative easing is ending", but the U.S. bond-bubble has not even wavered. What changed?

The second time that the Federal Reserve pretended to begin to "taper" its money-printing, the economic terrorists of Wall Street first attacked the economies of all the world's other nations – by sabotaging their currencies. With all the economies of the Rest of the World economically crippled, and thus the U.S. economy appearing "healthy" in comparison, the bond-bubble didn't waver the second time the Fed pretended to begin "tapering".

Again, this isn't "conspiracy theory", it is conspiracy fact. As noted in a recent commentary, this endemic currency-rigging has finally come out of the shadows. After two years of (informally) "investigating" individual FX-traders employed by these Big Banks, we now see **formal, criminal investigations** of these Big Banks/bankers for serially rigging the world's currency markets (and currencies).

First, some context. In the lawless United States, its criminal Big Banks are never criminally charged for the laws they break. When they openly/deliberately falsified tens of millions of U.S. mortgages, turning the entire U.S. land-title registry into a cesspool of fraud, no bank was charged.

When they scammed investors around the world for \$trillions in countless, serial acts of open/sleazy securities fraud, no bank was charged. When they are caught (on a daily, ongoing basis) laundering \$trillions for known drug cartels, and known terrorist groups, no bank is ever charged.

However, the currency-rigging of these same, criminal Big Banks has been so blatant, so egregious, and so massive in scale that two of these Big Banks have now publically acknowledged that they are already under criminal investigation – JPMorgan and Citigroup. Meanwhile, the Corporate media has already warned us that **"the Justice Department may seek guilty pleas from several firms"** (i.e. tentacles of the One Bank).

The previous (unpunished) financial crimes of these Big Banks were already a hundred times larger than any financial crimes ever perpetrated in financial history, yet (by the actions of the U.S. government, and the words of the Corporate media) we see that their currency-rigging has

been even worse. And all this was done so that merely talking about “tapering QE” would not burst the U.S. Treasuries bubble, all by itself.

When we scrape away all of the fraud, all of the crime, all of the lies, and (now) all the criminal investigations, we are left with a simple truth. As the Federal Reserve (publicly) takes its “quantitative easing” to zero, what it is actually doing is taking its counterfeiting of U.S. currency toward 100%.

There is no other, possible explanation for the fact that U.S. bond and equities bubbles have survived...for the moment. To prove this, we merely need to look at what the Corporate media claims to be an “explanation” for this economic impossibility – i.e. the best lie which they could fabricate.

...But quantitative easing is the gift that keeps on giving. Even after the purchases end, its effects will persist. How could that be? The Fed will still own all those bonds it bought, and according to the agency itself, **it’s the level of holding that affects the bond market, not the rate of addition to those holdings.** [emphasis mine]

Very simply, the Liars claim that the U.S. Treasuries market is the first-and-only stable bubble in the history of human markets – a bubble which can (permanently) remain inflated without a steady stream of new capital injections. It is a lie just as preposterous as the preceding, impossible lie: that “QE is ending”.

Understand that if it were possible for bubbles to remain stable then we would have seen numerous, previous examples of other “stable bubbles”: markets with prices permanently floating high above sustainability (and sanity). It has never happened before in human history, because it cannot happen.

The Treasuries-bubble remains, with current “prices” for Treasuries much, much higher than any other time in U.S. history. It is not merely a “bond bubble”, it is the largest bond-bubble in the 228-year history of the United States. Thus we know that the Federal Reserve has replaced every dollar of (old) “QE” with new counterfeiting.

It’s not “conspiracy theory”. It’s simply more conspiracy-fact.