The Inadmissible Social Cost of the Modern Monetary Policy and the Liberal Fiscal Policy

Dr. Ioannis N. Kallianiotis[1]
[1]Economics/Finance Department, The Arthur J. Kania School of Management
University of Scranton Scranton, PA 18510-4602, U.S.A.

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Abstract
The objective of this paper is to determine the social cost of our modern public policies (monetary and fiscal). By using different policy rules, we test the effectiveness and efficiency of monetary policy. Then, we look at the cost and benefits of the liberal fiscal policy. The benefits, lately, are insignificant ant the reason is the ignorance of the policy makers. This modern (zero federal funds rate) monetary policy, the last twelve years, has an enormous social cost to taxpayers and depositors and also to the entire society, due to inflation (demand-side) that this unnecessary policy has caused to all of us. People have lost their wealth, their savings, their disposable income, their consumption, their investments, and their jobs. The liberal fiscal policy (to "save the environment") has destroyed the energy production, oil, natural gas, coal and this reduction has increased the prices (supply-side inflation). They do not know what the true objective in life is and consequently, they cannot satisfy it, which is the maximization of the social welfare, the wellbeing in every sector in the lives of their citizens. What their liberal New World Order has caused to people, it is just uncertainty and an enormous unethical social cost, which is measured, here, and it is in trillion of dollars per annum.

Keywords: Monetary Policy, Interest Rates, Central Banking, Fiscal Policy, International Trade Policy, International Policy Coordination

1. Introduction

Public policies (monetary, fiscal, and trade) are institutionalized proposals to solve or best to prevent, if it is possible, relevant and real-world problems, which affect the social welfare of our citizens, guided by a conception and implemented by programs as a course of action created and enacted, typically by the central bank (Fed), like interest rates, and the government, taxes and spending, in response to current economic problems and to broader social and international issues.[1] Beyond this broad definition, public policy has been conceptualized in a variety of ways.

[1]A social issue is a problem that affects many or all people within a society. It is a group of common problems in present-day society and ones that people cannot solve by themselves. It is the consequence of factors extending beyond an individual's control and power to correct them. Social issues are the sources of economic, political, ethical, and moral conflicting opinions on the grounds of what is perceived as morally correct or incorrect in our personal life, traditional values, prosperity (wellbeing), rights and obligations, in our thousands years old civilization or interpersonal social life decisions and expectations from our decision makers (government and institutions), due to ignorance, controls, and luck of the knowledge of TRUTH. Social issues are distinguished into economic, political, educational, security and safety, privacy, liberty, and social welfare. There can be disagreements about what social issues are worth solving, or which should take precedence because there is the self-interest,

A popular way of understanding and engaging in public policy is through a series of stages known as "the policy cycle".[2] The characterization of particular stages can vary, but a basic sequence is: identification of the problem =>prevention of its damage =>policy coordination =>agenda setting=>formulation=>legitimation=>implementation=> evaluation.

The government (fiscal policy) and officials (Fed, monetary policy) considered as the primary policymakers bearing 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 and econometrics, and true historical data. The public data, today, are very suspicious because are "political data". 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 ethical and objective and not based on the suppliers' of grants expected outcomes.[3]

The fundamental ethical requirement is that public policies, financial markets, and the economy must provide what they have promised and 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 issues, like fairness, transparency, truth, duties of fiduciaries,[4] 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 (zero interest rate and excess liquidity) can create ethical problems (risk to securities' investors, depositors, and taxpayers,

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conflicts, and the ignorance that make us to have different views. «Πάνταοὖνὅσαἄνθέλητεἵναποιῶσινὑμῖνοἱἄνθρωποι, οὕτωκαίὑμεῖςποιεῖτεαὐτοῖς.» "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. 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 luck of knowledge. These social issues are the subject of intense partisan advocacy, debates, discussions, voting, demonstrations, riots, and other serious conflicts and reactions.

[2] See, Warner (2022).

[3] 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. Μεγάληἡἀπάτη!..

[4] A fiduciary is a person or organization that acts on behalf of another person to manage his assets. Essentially, a fiduciary owes to that other entity the duties of good faith and trust. The highest legal duty of one party to another, being a fiduciary requires being bound ethically to act in the other's best interests.A fiduciary might be responsible for general well-being, but often the task involves finances (managing the assets of another person, or of a group of people, etc.). Money managers, financial advisors, bankers, accountants, executors, board members, and corporate officers all have fiduciary responsibility.

inflation, enormous social cost to the society at large)[5] with the artificial bubbles and their burst by speculators. Of course, we cannot also ignore morality because we will become monsters (sub-humans).

The literature on these issues is extensive. Fawley and Neely (2013) discuss in depth the quantitative easing of the Fed. Buiter (2014) analyzes the power of central banks and their politics. Bindseil (2016) evaluates the monetary policy frameworks and its operation. Kallianiotis (2017) deals with the efficiency of monetary policy. D'Erasmo (218) discusses the capital of banks and their risk. Gavin (2018) deals with the different policy regimes and the real interest rate. Kallianiotis (2019) discusses the real cost of capital of the new monetary policy. Firestone, Lorenc, and Ranish (2019) assess empirically the costs and benefits of Banks' capital. Engemann (2019) discusses the 2% inflation target by the Fed. Brown (2019) criticizes the interest that the Fed is paying to the banks. Komlos (2019a) discusses the U.S. unemployment rate and the Phillips curve. Hans (2020) introduces the ethics in financial markets. Ihrig and Wolla (2020) present the new policy tools of the Fed. Kallianiotis (2020c) is talking about prevention of financial crises through a monetary policy. Kallianiotis and Petsas (2020) are contrasting the Fed's and the ECB's effectiveness. Segal (2020) compares monetary and fiscal policy. Kallianiotis (2021) discusses the effectiveness and efficiency of monetary policy. Konish (2022) deals with the risk of the current stagflation. Warner (2022) gives the policy cycle of public policies.

2. The Old Monetary Policy

The Fed was using the following tools (instruments) of monetary policy until the global financial crisis (2008). *I. General Instruments of Control:* (1) open market operations (OMO), (2) the discount rate (i_{DR}), (3) the reserve requirement ratios (r_R).*II. Selective Controls*: (4) the margin requirements (r_m), (5) the interest rate ceilings ($\bar{i}_D$), (6) the consumer credit (C_C), (7) the real estate credit (C_{RE}).*III. Moral Suasion:*[6] (8) informal requests to member banks, (9) publicity, and (10) direct contacts. The Federal Reserve targets the federal funds rate[7] at a specific level

[5] 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) and $21,696.8 billion (5/24/2022). A money growth of 190.67% or 15.35% p.a.; causing an enormous double digit 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. This was a stock market growth by 30,252.6 points or 462.08% (39.33% p.a.); causing a unique bubble in the financial market.

[6] Moral suasion is a monetary policy tool of the Fed, in which its officers and staff try to persuade bankers and the public through speeches and written communications to conform more closely to the central bank's goals.

[7] The target federal funds rate was zero for many (9) years (from 12/16/2008 until 12/16/2015 and from 3/16/2020 until 3/16/2022). Then, it was since June 15, 2022: $1.50\% \leq \bar{i}_{FF} \leq 1.75\%$ and the effective federal funds rate on June 27, 2022 was: $i_{FF}^{eff} = 1.58\%$. On July 27, 2022, the target rate became: $2.25\% \leq \bar{i}_{FF} \leq 2.50\%$ and the $i_{FF}^{eff} = 2.33\%$. Of course, this increase in interest rate will reduce the present value of our real (houses) and financial (IRAs) assets, which is another huge social cost to homeowners and retired people. See, https://www.federalreserve.gov/monetarypolicy/openmarket.htm .
See also, https://www.newyorkfed.org/markets/reference-rates/effr

(i.e., $\bar{i}_{FF} = 0.25\%$) and given the money demand (M^d), it uses the monetary policy instruments to supply the money (M^s) needed to keep the federal funds rate on its target level.

The *expansionary* (easy money) policy can be obtained with an Open Market Purchase (OMP) or reduction of the discount rate ($i_{DR} \downarrow$) or decrease of the reserve requirement ratio ($r_R \downarrow$) or by lowering the margin requirement ratio ($r_m \downarrow$). The *contractionary* (tight money) policy requires the opposite actions, an Open Market Sales (OMS) or increase of the discount rate ($i_{DR} \uparrow$) or increase of the reserve requirement ratio ($r_R \uparrow$) or by raising the margin requirement ratio ($r_m \uparrow$). Furthermore, monetary policies are described also as *accommodative*, if the interest rate set by the central monetary authority is intended to create economic growth; *neutral*, if it is intended neither to create growth nor combat inflation; or *tight* if intended to reduce inflation.

Central banks normally offer a *discount window*,[8] where commercial banks and other depository institutions are able to borrow reserves (R_B) from the Central Bank to meet temporary shortages of liquidity caused by internal or external disruptions. This creates a stable financial environment, where investment can occur; thereby affecting the money supply, allowing for the growth of the economy as a whole. An overview of the monetary policy is presented in Table 1. The latest global financial crisis (2007 to present)[9] has generated a new form of monetary policy, particularly used when interest rates are kept at or near zero percent ($i_{FF} \cong 0\%$) and try to stimulate the markets and the economy with an enormous growth of money supply,[10] having also concerns about deflation, which is referred to as *unconventional monetary policy*,[11] which will discussed in section III bellow. These include credit easing,[12] quantitative easing,[13] forward

[8]The discount rate was ($i_{DR} = 1\%$) on July 15, 2016, it became: $i_{DR} = 1.75\%$ (6/28/2022), and now: $i_{DR} = 2.50\%$ (7/28/2022).

[9] See, Kallianiotis (2015).

[10] The monetary base was (8/15/2007), $860.826 billion and became (10/14/2015), $4,104.649 billion; a growth of 376.827% or 46.179% per annum. In May 2022, it was $5,591.6 billion (a growth of 37.057% p.a. since 2007).On July 26, 2022, it was: $MB = \$5,506.5\ billion$. The money supply (M2) from $7,350.60 billion reached $12,149.60 billion during the same period; a growth of 65.287% or 8.161% per annum. The money supply continues to grow; with July 6, 2016, it was $12,798.50 billion. See, https://fred.stlouisfed.org/series/BASE . On June 6, 2022), it was: $M2 = \$21,745.6$ billion, a growth of 13.205% p.a. Now (7/26/2022), it is M2 = $21,667.5 billion.

[11] See, Williamson (2014).

[12]In introducing the Federal Reserve's response to the 2008 financial crisis, Fed Chairman Ben Bernanke distinguished the new program, which he termed "credit easing" from Japanese-style quantitative easing. 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. See, https://www.federalreserve.gov/releases/h41/current/h41.htm

[13]*Quantitative easing (QE)* is a monetary policy used by central banks to stimulate the economy, when standard monetary policy has become "ineffective" (and fiscal policy has been questionable). A central bank can implement quantitative easing by buying financial assets from commercial banks and other financial institutions.This process is

guidance,[14] and signaling,[15] and many other new tools. 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 U.S. Fed indicated rates would be low for an "extended period", until the middle of 2015.[16] The Fed raised the federal funds rates from 0.25% to 0.50% on December 16, 2015, but the enormous liquidity for seven years kept the effective rate below 0.50%. On March 16, 2020, the Fed went back to zero interest rate: $0.00\% \leq \bar{\imath}_{FF} \leq 0.25\%$ until March 15, 2022.[17]

The Fed's target is based on the annual change in the overall, or "headline," PCE price index (Personal Consumption Expenditures inflation). Although the FOMC did not explicitly name an inflation target until 2012; St. Louis Fed President James Bullard has argued that the U.S. had "an implicit inflation target of 2 percent after 1995".[18] In his presentation, Bullard noted that 2%

raising the prices of those financial assets and lowering their yield, while simultaneously increasing the money supply. However, when short-term interest rates ($i_{FF}^{eff} \cong 0\%$) reach or approach zero, this method can no longer

work (liquidity trap). In such circumstances monetary authorities may then use quantitative easing to further stimulate the economy by buying assets of longer maturity than short-term government bonds, thereby lowering longer-term interest rates further out on the yield curve. Quantitative easing can help ensure that inflation does not fall below a target. Risks include the policy being more effective than intended in acting against deflation (leading to higher inflation,π) in the longer term, due to increased money supply, as it happened in the U.S. lately with official$\pi = 9.1\%$ and *SGS* $\pi = 17\%$, or not being effective enough, if banks do not lend out the additional reserves

because there is no demand for investment. These reserves were $3,147.556 billion with June 22, 2022 and we were paid interest (IOR): $i_{IOR} = 1.65\%$. On July 29, 2022, $R_T = \$3{,}228.4\ billion$ and the interest rate became

$i_{IOR} = 2.40\%$. https://www.federalreserve.gov/releases/h41/current/h41.htm

[14]*Forward guidance* is a tool used by a central bank to exercise its power in monetary policy in order to influence, with their own forecasts, market expectations of future levels of interest rates. Communication about the likely future course of monetary policy is known as "forward guidance". Individuals and businesses will use this information in making decisions about spending and investments. Thus, forward guidance about future policy can influence financial and economic conditions, today. The strategy can be implemented in an explicit way, expressed through communication of forecasts and future intentions, sometimes known as *Odyssean* forward guidance. Implied forward guidance also exists, sometimes referred to as *Delphic* forward guidance. It is a softer and less-binding version of forward guidance to achieve similar effects.
[15]*Signaling* (or *signalling*) is the idea that one party (termed the agent) credibly conveys some information about itself to another party (the principal).
[16]Further heterodox monetary policy proposals include the idea of *helicopter money*, whereby central banks would create money without assets as counterpart in their balance sheet. The money created could be distributed directly to the population as a citizen's dividend. This option has been increasingly discussed since March 2016 after the ECB's president Mario Draghi said he found the concept "very interesting". See, http://bruegel.org/2015/01/permanent-qe-and-helicopter-money/

[17] 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/
[18]See, Bullard (2018b).

became an international standard in the inflation targeting era that began in the 1990s.[19] Then, the FOMC interprets an inflation rate of 2% as consistent with price stability (Fed's main objective) and adopted an explicit inflation target of 2% in January 2012.[20] In the 2016 version of the *Statement on Longer-Run Goals and Monetary Policy Strategy*,[21] the FOMC clarified that its inflation target is symmetric (in other words, it is not a floor or a ceiling). The FOMC added: "The Committee would be concerned if inflation were running persistently above or below this objective." In August 2020, after undershooting its 2% inflation target for years, the Fed announced it would be allowing inflation to temporarily rise higher, in order to target an average of 2% over the longer term. It is still unclear if this change will make much practical difference in monetary policy anytime soon. In May 2021, the official inflation rate was 5% and the SGS was giving an inflation of 13% for the same period. In June 2022, the official inflation was 9.1% and the SGS was 17%; the true inflation is over 30%. This is a serious social cost (inflationary cost), in addition to bail out and bail in cost that the Fed has created to our society.

1.1. The Inflation Stabilization (Great Moderation) Regime

The Great Moderation era starts in October 1982, when the Fed abandoned the M1 targeting procedure, and continues until December 2008, a period in which the Federal Reserve used interest rate targeting procedures to maintain the credibility for low inflation. We are starting, here, from January 1995, where the Volcker era inflation stabilization came to full fruition, which is a sub-period of the Great Moderation; the FOMC tried to maintain a 2% inflation target. The method used to implement interest rate ( ) targeting evolved over the next decade, becoming more explicit after 1987 when Alan Greenspan replaced Paul Volcker as head of the Fed.

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, $\pi_t = 2\%$), 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:

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

[19] Engemann (2019).

[20] See, Press Release, January 25, 2012. "Federal Reserve issues FOMC statement of longer-run goals and policy strategy". https://www.federalreserve.gov/newsevents/pressreleases/monetary20120125c.htm

[21] "The Federal Open Market Committee (FOMC) is firmly committed to fulfilling its statutory mandate from the Congress of promoting maximum employment, stable prices, and moderate long-term interest rates. The Committee seeks to explain its monetary policy decisions to the public as clearly as possible. Such clarity facilitates well-informed decision-making by households and businesses, reduces economic and financial uncertainty, increases the effectiveness of monetary policy, and enhances transparency and accountability, which are essential in a democratic society." See, "Statement on Longer-Run Goals and Monetary Policy Strategy Adopted effective January 24, 2012; as amended effective January 26, 2016". https://www.federalreserve.gov/monetarypolicy/files/FOMC_LongerRunGoals_20160126.pdf

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Table 1. Overview of Monetary Policy

Monetary Policy Instruments	Supply of Base Money	Money Multiplier Process	Intermediate Targets	Ultimate Policy Goals	Demand for Money
$OMO \Rightarrow$		$c=\frac{C}{D}$	$\bar{i}_{FF}$	$\bar{\pi}$	
$i_D \Rightarrow$	$MB \Rightarrow$	$r=\frac{R}{D} \Rightarrow$	$M^s \Rightarrow$	u^N and g_{GDP}	$\Leftarrow M^d$
$r_R \Rightarrow$	$(C+R)$	m_D	$(M1, M2, MZM)$	$\bar{i}_{L-T}$	
$r_m \Rightarrow$		m_M	$(M3)$	$CA \cong 0$	

Note: $\boldsymbol{OMO}$ *= open market operations,* i_D *= discount rate,* r_R *= reserve requirements ratio,* r_m *= margin requirements,* $\boldsymbol{MB}$ *= monetary base,* $\boldsymbol{C}$ *= currency in circulation outside Federal Reserve banks and the U.S. Treasury,* $\boldsymbol{R}$ *= reserves,* $\boldsymbol{D}$ *= deposits,* $\bar{i}_{FF}$ *= target federal funds rate,* $M1, M2, MZM, M3$ *= monetary aggregates,* $\bar{\pi}$ *= moderate inflation rate,* u^N *= natural level of unemployment rate,* g_{GDP} *= growth of real output (GDP),* $\bar{i}_{L-T}$ *= moderate long-term interest rate,* $\boldsymbol{CA}$ *= balance in the current account; deposit multiplier:* $m_D = \frac{1}{c+r} = f(c,r) = f(c; i, i_D, r_R, \sigma)$, *where* $\frac{\partial m_D}{c} < 0, \frac{\partial m_D}{i} > 0, \frac{\partial m_D}{i_D} < 0, \frac{\partial m_D}{r_R} < 0, \frac{\partial m_D}{\sigma} < 0$, i *= market rate of interest,* $\boldsymbol{\sigma}$ *=uncertainty; money multiplier:* $m_M = \frac{1+c}{c+r} = f(c,r) = f(c; i, i_D, r_R, \sigma)$, *where* $\frac{\partial m_M}{c} > 0, \frac{\partial m_M}{i} > 0, \frac{\partial m_M}{i_D} < 0, \frac{\partial m_M}{r_R} < 0, \frac{\partial m_M}{\sigma} < 0$*; deposits:* $D = m_D . MB$ *and money supply:* $\boldsymbol{M^s = m_M . MB}$*; and demand for money:* $\boldsymbol{M_t^d = f\,(Q_t, P_t, i_t, S_t)}$, *where* Q_t *= real income,* P_t *= price level,* i_t *= nominal rate of interest, and* S_t *= spot exchange rate. See, Kallianiotis (2013, p. 105).*

Source: Kallianiotis (2017a, p.).

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,[22] r_t^* = the assumed equilibrium real interest rate, u_t = the unemployment rate, u_t^N = the natural level of unemployment, and ρ = the weight put on the past federal funds rate setting.

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

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

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

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

$$\underset{(0.034)}{\bar{i}_t = 0.072^{*}} + \underset{(0.006)}{0.984^{***}}\,\bar{i}_{t-1} + \underset{(0.005)}{0.015^{***}}\,\pi_t - \underset{(0.041)}{0.147^{***}}\,u_t^{GAP} + \underset{(0.041)}{0.121^{***}}\,u_{t-1}^{GAP}$$

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

The size of the partial adjustment, coefficient α_1, which is 0.984^{***} provides direct evidence that the observed degree of persistence in federal funds rates is greater than the one that can be attributed to systematic policy responses to persistent inflation and unemployment (output) fluctuations. The coefficients of regression show that the federal funds rate must respond significantly to an increase in inflation (α_2 = 0.015^{***}), but less aggressively to induce an increase in real rates and a tightening monetary policy. The federal funds rate must respond sufficiently aggressively to an increase in unemployment (α_3 = -0.147^{***}) to induce a reduction in interest rate and an effective easing monetary policy.

Further, the Taylor rule is a specific case of eq. (1) 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:

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

$$\pi_t^e = \pi_t^* = \underset{(0.836)}{3.476^{***}} + \underset{(0.034)}{1.289^{***}}\,\pi_{t-1} - \underset{(0.031)}{0.301^{***}}\,\pi_{t-2} - \underset{(0.022)}{0.908^{***}}\,\varepsilon_{t-1}$$

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

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

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

By substituting, from the original equation, the logarithm of GDP with the unemployment rate, the following equation:

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

Taylor (1993) proposed an $\alpha_\pi = 0.5$ and $\alpha_u = -0.5$.[23]The rule "recommends" a high interest rate (a "tight" monetary policy) when inflation is above its target, in order to reduce inflationary pressure, as we have now, and a low interest rate ("easy" monetary policy) when the unemployment rate is above its natural level to stimulate production, output, and employment.[24] Then, by using the Bullard rule,[25] we have:

$$\bar{i}_{FF_t} = \rho\, i_{FF_{t-1}} + (1-\rho)[r_t^* + \pi^* + \phi_\pi(\pi_t - 2\%) + \phi_q(u_t - 4\%)] \tag{5}$$

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

$$\bar{i}_{FF_t} = \pi_t + r_t^* + \alpha_\pi(\pi_t - \pi_t^*) - \alpha_u(u_t - u_t^N) + \alpha_{DJIA}(g_{DJIA_t} - g_{DJIA_t}^*) \tag{6}$$

where, g_{DJIA_t} = the actual growth of the DJIA index, $g_{DJIA_t}^*$ = the optimal (the bubble prevention) growth of the DJIA ($g_{DJIA}^* = i_{RF} + HRP = 2.23\% + 8.7\% = 10.93\%$),[26] and $\alpha_\pi = 0.25, \alpha_u = -0.50,$[27] $\alpha_{DJIA} = 0.25$

[23] There is a Phillips curve in our economy. See, Kallianiotis (2021a).

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

[25] See, St. Louis Fed President, James Bullard (2018a and b) rule.

[26] Data are with July 2022. For the Historic Risk Premium (HRP), see, Ross, Westerfield, Jaffe, and Jordan (2022).

[27]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

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

$$\pi_t = \pi_t^e + \varphi(q_{t-1} - q_t^N) \tag{7}$$

or

$$\pi_t = \pi_t^e + \psi(u_{t-1} - u_t^N) \tag{8}$$

Testing empirically this Phillips curve, we have supported this theory for the last sixty years.[28]

2.2. Old Regime: Social Cost and Benefits

A monetary regime[29] is characterized by two properties: (i) the weight policymakers put on price stability relative to their concern about output stabilization and (ii) the day-to-day procedures used to implement policy. We deal, here, with the two latest distinct regimes implemented by the Federal Reserve since 1995. The first is the Inflation Stabilization Regime (1995-December 15, 2008), of which an overview is shown in Table 1; and the second the Mostly Zero Interest Rate Regime (December 16, 2008-March 15, 2022), which is discussed in section III below. Each regime is an experiment that is associated with different policy objectives, different operating procedures, different statistical patterns in the data, different effectiveness, different social benefits, and different social cost.

bubbles and enormous declines), and low inflation (the true cost of production of a good). And above all, they need a democratic system and not something like the current indescribable one.

[28] Here, we forecast the inflation, as follows:

$$\underset{}{\pi_t^e = \pi_t^* =} \underset{(0.176)}{1.382^{***}} + \underset{(0.036)}{0.442^{***}}\pi_{t-1} + \underset{(0.035)}{0.172^{***}}\pi_{t-2}$$

$$R^2 = 0.307, SER = 3.507, F = 169.987, D-W = 2.007, N = 772$$

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

$$\pi_t = \underset{(0.039)}{1.064^{***}}\pi_t^e - \underset{(0.066)}{0.160^{**}}(u_t - 4)$$

$$R^2 = 0.373, SER = 3.258, D-W = 2.073, N = 719$$

[29] Gavin (2018) examines four different monetary policy regimes from 1965 to 2015. See, https://research.stlouisfed.org/publications/review/2018/04/16/monetary-policy-regimes-and-the-real-interest-rate

The social cost during that era was insignificant. The money supply was moderate, the stock market was growing; it was a relative small bubble, but did not burst until 2008. The interest rates (federal funds rate, deposit rates, bonds rate, etc.)[30] were normal covering the inflation rate and giving a positive real return to investors. Inflation was moderate and unemployment was low; the economy experienced a decent GDP growth. There were reserve requirements for the bank demand deposits, which were reducing the risk; there was an active discount window from where banks were borrowing from the Fed and there was no interest on reserves paid by taxpayers. The only problem was the small margin requirement (50%) and speculators were taking advantage of this forgotten tool of monetary policy. Then, the social cost was very small or nonexistent. This old monetary policy was beneficial for the society (people and businesses), but unfortunately, it was interrupted in 2008, due to deregulation and accumulation of mistakes for many years.

3. The New Monetary Policy

With the onset of the global financial crisis, the Fed abruptly switched to a new monetary policy regime, the Zero Interest Rate Policy regime. In response to the financial crisis, in September 2008, the Fed flooded the market with about $600 billion in excess bank reserves and drove federal funds rate toward zero. On December 16, 2008, the FOMC voted to set the bottom of the 0.25% target range for federal funds rateat zero. It also adopted unconventional policies known as quantitative easing (QE) and forward guidance that were intended to keep money market interest rates near zero ($\bar{i}_{RF} = 0.080\%$) for an extended period.[31]

3.1. New Monetary Policy Instruments

Before 2007, the Fed implemented monetary policy with *limited reserves*, non-borrowed (R^*) and borrowing (R_B) reserves, in the banking system ($R^* + R_B = R_T^s$) and relied on OMO, as its key instrument (tool). After the financial crisis of 2008, the Fed implements monetary policy with *ample reserves* by using many new instruments[32]and it relies on interest on reserves (IOR).

$$FOMC \Rightarrow sets \Rightarrow \bar{i}_{FF_t} \Rightarrow implementation\ regime \Rightarrow i_{S-T_t}\ and\ i^e_{S-T_{t+1}} \Rightarrow i_{L-T_t} \Rightarrow$$
$$and\ financial\ conditions \Rightarrow C\ and\ I \Rightarrow Q \Rightarrow u^N\ and\ \bar{P}$$

[30] See, "Open Market Operations", https://www.federalreserve.gov/monetarypolicy/openmarket.htm

[31] See, Fawley and Neely (2013). The 3-month T-Bill rate (iRF) became zero in 2011:11, 2011:12, and 2014:09.

[32] 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

Banks held reserves to meet the Fed's regulatory reserve requirements (R_R),[33] which was 10% on demand deposits and some excess reserves (R_E) to meet the banking demands of their customers.[34] The interest on reserves ($R_R + R_E = R_T^d$) was zero ($i_{IOR} = 0$). When banks needed extra reserves to meet their demands, they were borrowing these reserves from the federal funds market. If banks had excess reserves, they could lend them in the federal funds market at the i_{FF}^{eff}. The demand and supply of reserves are depicted in Figure 1. To raise the i_{FF}, the Fed decreases the supply of reserves (R_1^*) by selling U.S. Treasury securities in the open market. To lower the i_{FF}, the Fed increases the supply of reserves (R_2^*) by buying government securities and later, mortgage-back securities, too, in 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). If the central bank wishes to lower interest rates, it purchases government debt, thereby increasing the amount of cash in circulation or crediting banks' reserves; the R_1^* shifts to the right at $R_2^*$and $i_{FF\,1}$ falls to $i_{FF\,2}$, Figure 1.

Banks, before November 2008, were minimizing their holdings of excess reserves because $i_{IOER} = 0$. Now, 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,

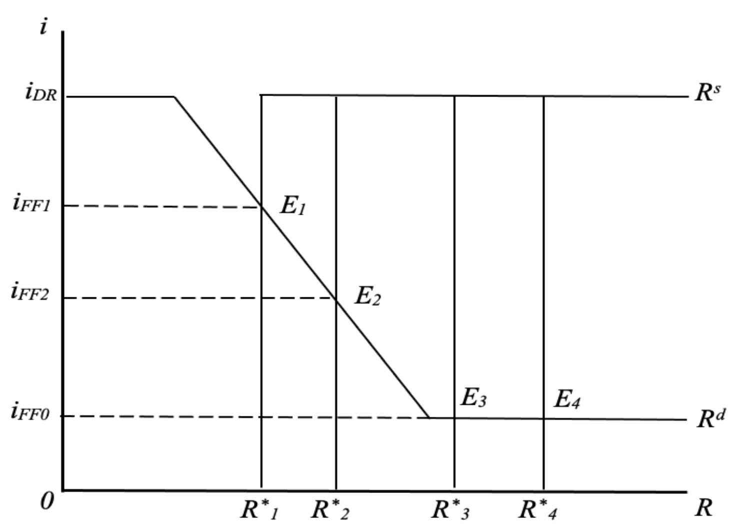

Figure 1. Monetary Policy with Limited Reserves and Federal Funds

[33] As announced 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
[34] See, Kallianiotis (2017a).

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

$i_{IORR} = i_{IOER}$ and since March 26, 2020, the Fed abandoned the required reserves ($R_R = 0$).[35] Then, $IORR$ 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}). The reserves are still remained "ample",[36] Figure 2.

When there is a large quantity of reserves in the banking system, as it is lately, Figure 2, 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-borrowing reserves (R^*)? What is the reason of this enormous liquidity with the economy lockdown, businesses have no workers because of the vaccine mandates, an enormous demand for imports,[37] 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 fair, ethical, or social? All this money supply caused the enormous double digit inflation $\pi = 18\%$,[38] and an official[39] $\pi = 9.1\%$, which is already, here and will stay for a long time. How we will control the bubble in the financial market? The market manipulators will start taking advantage of this situation, as already are doing.

[35] 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

[36] In January 2019, the FOMC released a statement saying, it would continue to implement policy with ample reserves in the long run.See, Board of Governors of the Federal Reserve System. "Statement Regarding Monetary Policy Implementation and Balance Sheet Normalization." Press release, January 30, 2019; https://www.federalreserve.gov/newsevents/pressreleases/monetary20190130c.htm
More recently, in response to the COVID-19 pandemic, reserves have grown substantially. By May 2020, reserves expanded and stood above $3.218 trillion, at a higher level than their peak during the aftermath of the Great Recession; on January 28, 2021, they were $3.135 trillion; on February 23, 2021, they were $3.154 trillion; on March 23, 2021 became $3.346 trillion; and lately, on June 28, 2022, they became $3.318 trillion. https://fred.stlouisfed.org/series/TOTRESNS

[37] 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/

[38] See, SGS, http://www.shadowstats.com/alternate_data/inflation-charts

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

The Fed is using since October 1, 2008,[40] its administered rates (i_{IOR} and $i_{ON\,RRP}$) to influence the i_{FF}. The demand curve (R^d) turns flat between the new administered rates at point E_1, Figure 2, which helps to keep the i_{FF} into the $FOMC$'s target range ($2.25\% \leq \bar{i}_{FF} \leq 2.50\%$). 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 ($i_{RF} = 2.23\%$), by offering loans to banks ($i_{FF}^{eff} = 2.33\%$), or by depositing to the Fed ($i_{IOR} = 2.40\%$).[41] Banks prefer to deposit their money to the Fed because i_{IOR} is higher compared to the alternative S-T investments and it is also a safe overnight investment. (*Sic*). If the i_{FF} were to fall very far below the i_{IOR}, banks would borrow in the federal funds market and deposit those reserves at the Fed, earning a profit (arbitrage, π_A) on the difference ($\pi_A = i_{IOR} - i_{FF}$). This arbitrage ensures that the i_{FF} does not fall much below i_{IOR}.

$$EX\ D_{FF} \Rightarrow i_{FF} \uparrow \quad and \quad EX\ S_{\text{Re}\,serves} \Rightarrow i_{IOR} \downarrow$$

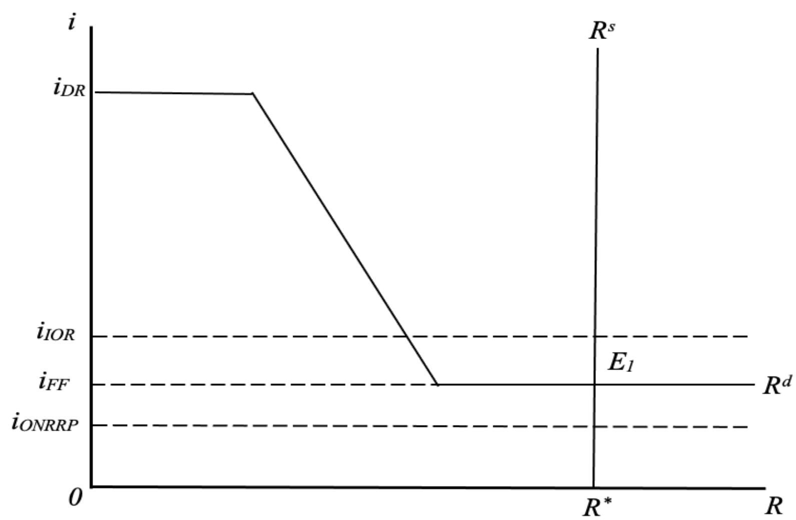

Figure 2: Monetary Policy with Ample Reserves

[40] On June 16, 2022 they were, $i_{IOR} = 1.65\%$, $i_{ON\,RRP} = 1.55\%$, $i_{FF}^{eff} = 1.58\%$, and $i_{DR} = 1.75\%$. Now, they are higher by 75 basis points. 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

[41] These rates are with July 29, 2022. The discount rate is: $i_{DR} = 2.50\%$ and the $i_{ONRRP} = 2.30\%$. See, https://www.bankrate.com/rates/interest-rates/federal-discount-rate/ . The T-Bill rates in the secondary market was, $i_{RF} = 0.02\%$ on June 30, 2021. See, https://www.federalreserve.gov/releases/h15/ .

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, and E = equilibrium ($R^s = R^d$).

Thus, when the Fed raises or lowers the i_{IOR}, the i_{FF} moves up or down, too. Consequently, the Fed can keep the i_{FF} into the target range set by the $FOMC$ through adjustment of the i_{IOR}. The Fed sets the i_{IOR} directly, so this interest rate serves as an effective monetary policy tool. Now, this i_{IOR} [42]is the *primary tool* used by the Fed for influencing the i_{FF}, Figure 2. The old tools were satisfied the same objective without charging citizens with any cost, as they have to pay, now, the IOR (bail out cost to taxpayers, which is over $127 billion p.a.). In 2014, the $FOMC$ announced that it will use the Overnight Reverse Repurchase Agreement Facility ($ON\,RRP$)[43] 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).[44] When one nonbank financial institution uses the $ON\,RRP$ facility, it deposits reserves at the Fed overnight receiving securities as collateral. The next day the transaction is "unwound";[45] the Fed buys back the securities and the institution earns the $i_{ON\,RRP}$, which the Fed sets, on the cash it deposited at the Fed, Figure 2. This investment facility is a risk-free option and these institutions are willing to lend funds to this relatively low rate, the $i_{ON\,RRP}$, but not lower, which is another social cost of $50 billion p.a. to tax payers. For this reason, the $i_{ON\,RRP}$ 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 2. (*Sic*).

3.2 The Mostly Zero Interest Rate Era (MZIRE)

The new monetary policy 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:

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[42] See, Board of Governors of the Federal Reserve System. "Interest on Required Reserve Balances and Excess Balances".https://www.federalreserve.gov/monetarypolicy/reqresbalances.htm

[43] See, Board of Governors of the Federal Reserve System. "Overnight Reverse Repurchase Agreement Facility". https://www.federalreserve.gov/monetarypolicy/overnight-reverse-repurchase-agreements.htm.

[44] 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.

[45] *Unwind = To closeout a relativelycomplicatedinvestmentposition.*

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$$\bar{i}_t = 0.036^{***} + 0.573^{***}\,\bar{i}_{t-1} + 0.001\pi_t + 0.015u_t^{GAP} - 0.011u_{t-1}^{GAP}$$
$$(0.009)\quad(0.065)\qquad(0.001)\quad(0.015)\quad(0.015)$$

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

Then, we test the same reaction function from 2015:12 up to 2020:02 (new regime: $0.25\% \le i_{FF} \le 2.50\%$)[46] and the results are,

$$\bar{i}_t = 0.055 + 0.984^{***}\,\bar{i}_{t-1} - 0.004\pi_t + 0.110u_t^{GAP} - 0.084u_{t-1}^{GAP}$$
$$(0.076)(0.046)\qquad(0.006)\quad(0.116)\quad(0.117)$$

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

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

$$\bar{i}_t = -0.203^{**} + 0.859^{***}\,\bar{i}_{t-1} + 0.036^{***}\pi_t + 0.001u_t^{GAP} + 0.011u_{t-1}^{GAP}$$
$$(0.093)\quad(0.126)\qquad(0.008)\quad(0.022)\quad(0.020)$$

$$R^2 = 0.736,\quad SER = 0.182,\quad F = 16.025,\quad D-W = 0.725,\quad N = 28$$

From 2022:03 (March 16, 2022), the target federal funds rate started to go up and now (7/28/2022), it is $2.25\% \le \bar{i}_{FF} \le 2.50\%$.[47]

During the latest two monetary policy regimes from 2008 to 2020, the coefficients of regressions are 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. 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. Thus, these monetary policies the last fourteen (14) years have nothing to do with the real sector (Main Street) of the economy and its objectives (inflation, growth, and unemployment). The only effects are on interest rate (negative real returns), double digit inflation, negative GDP growth, and on financial markets (a new enormous bubble, which has started losing air since January 4, 2022).[48] And a third worse effect, the bail in of the banks (negative real deposit rate, depositors are paying interest on their deposits to the banks for "safe keeping their deposits in banks' computer memory") and the bail out of the banks (taxpayers are paying the interest on reserves of the banks, IOR and the interest

[46] Since March 17, 2020, the federal funds rate went back to: $0.00\% \le i_{FF} \le 0.25\%$.

[47] See, "Policy Tools". https://www.federalreserve.gov/monetarypolicy/openmarket.htm

[48] See, Kallianiotis and Petsas (2020, Table 1).

on the ONRRP agreements). (Sic). Thus, there is an ethical issue,[49] 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 must be the Liberal New World Order public policies. (*Sic*).

Now, we use the three rules mentioned above to evaluate the target federal funds rate. The results, from: (1) Taylor's rule [eq. (4)], (2) Bullard's rule [eq. (5)], and (3) Kallianiotis' rule [eq. (6)], are as follows.[50]

(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).[51] Thus, i_{FF} must have been:
$i_{FF} = 1.586\% + 1\% + 0.5(1.586\% - 2\%) - 0.5(7.838\% - 4\%) = 0.46\%$; but, it was

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

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

$i_{FF} = 1.906\% + 1\% + 0.5(1.906\% - 2\%) - 0.5(4.389\% - 4\%) = 2.6645\%$; but, it was

between 0.25% and 2.50% (average $\bar{i}_{FF}^{eff} = 1.054\%$), which was too low.

Thus, Taylor's rule recommends higher federal funds rate.

(2) The Bullard rule,now, gives:
For the ZIRR (2008:12-2015:11) the i_{FF} must have been:

$i_{FF} = 0.85(0.25\%) + 0.15[1\% + 2\% + 1.5(1.586\% - 2\%) + 1(7.838\% - 4\%) = 1.14505\%$; but it was 0.129%, very low.

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

When $\bar{i}_{FF} = 1.75\%$:

$i_{FF} = 0.85(2.00\%) + 0.15[1\% + 2\% + 1.5(1.906\% - 2\%) + 1(4.389\% - 4\%)] = 2.4122\%$, which was very low (1.75%).

Thus, even Bullard's rule shows that the target federal funds rate was relatively low.

[49] 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. The deduction from all these crises is very simple; we need a strong and efficient fiscal and trade policy that have to be in favor of the poor people, a "pro-American" fiscal policy and an effective traditional monetary one.
[50] For more details, see, Kallianiotis and Petsas (2020).
[51] For federal funds target rate, see,http://www.fedprimerate.com/fedfundsrate/federal_funds_rate_history.htm

(3) Lastly, the Kallianiotis rule,[52] which gives the following results:
For the ZIRR (2008:12-2015:11) the i_{FF} must have been:

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

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

$i_{FF} = 1.906\% + 1\% + 0.25(1.906\% - 2\%) - 0.50(4.389\% - 4\%) + 0.25(10.78\% - 7\%) = 3.633\%$, which was very low (1.75%).

Consequently, all the results, with the tree rules, show that the target rates of our central bank (Fed) are 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.

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 (\$2.7 trillion in August 2014)[53] as banks earned 0.25% on reserve balances at the Fed and an enormous monetary base (\$4.13 trillion on August 20, 2014),[54] which generated (endogenously) a money supply (\$11.47 trillion on August 25, 2014).[55] 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 $g_{RGDP_t} = -2.703\%$ in 2008:Q1, -1.903% (2008:Q3), -8.188% (2008:Q4), -5.428% (2009:Q1), -0.540% (2009:Q2), -1.536% (2011:Q1), and $g_{RGDP} = -1\%$ in 2014:Q1).[56] Official inflation ($\bar{\pi} = 1.552\%$) tended to remain below the Fed's 2%long-termobjective and the Fed was anxious for a possible deflation $(-\pi)$, which would increase the real cost of capital [$r = i - \pi$; but, $r = i - (-\pi) \Rightarrow r = i + \pi$]. In 2018, the Federal Reserve was troubled how it would set short-term

[52] Kallianiotis rule with June 2021 gives: (1) With official data, the target federal funds rate ($\bar{i}_{FF}$) must have been:
$i_{FF} = 5.4\% + 1\% + 0.25(5.4\% - 2\%) - 0.50(5.9\% - 4\%) + 0.25(18.22\% - 8.7\%) = 8.68\%$

(2) With SGS data, the $\bar{i}_{FF}$ should have been:
$i_{FF} = 13\% + 1\% + 0.25(13\% - 2\%) - 0.50(25.8\% - 4\%) + 0.25(18.22\% - 8.7\%) = 8.23\%$

[53] See, https://fred.stlouisfed.org/series/EXCSRESNS

[54] See, https://fred.stlouisfed.org/series/BASE/

[55]Later, it was worse, with June 11, 2018, the M2 was \$14.1 trillion. See, https://fred.stlouisfed.org/series/M2

[56] See, https://tradingeconomics.com/united-states/gdp-growth. Also, https://fred.stlouisfed.org/series/A191RL1Q225SBEA and https://fred.stlouisfed.org/series/GDPC1/ . In addition, see, *FRED*, https://fred.stlouisfed.org/series/GDPC1/

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.[57]

The rescue (bailout) of financial institutions[58] was funded by the U.S. Treasury (the taxpayers) with the Emergency Economic Stabilization Act of 2008[59] and with Fed loans and asset purchases with terms to maturity of 6 months or less. QE was an attempt to extend the expected time that the interest rate would stay near zero and an attempt to stimulate the economy by lowering longer-term interest rates. But, this too easy money kept the interest rate on deposits at zero [$i_D = 0.05\%$, with an average inflation ($\bar{\pi} = 1.552\%$) was making the $r_D = -1.502\%$ and today, with $\pi = 9.1\%$, the $r_B = -9.05\%$], which continues for over thirteen years. This policy is forcing risk averse savers to withdraw their deposits and buy securities that their growth was enormous ($g_{DJIA} = 9.598\%$ p.a.), but their risk is immense ($\sigma_{DJIA} = \pm 55.455\%$),[60] as Kallianiotis (2019b, Table 1) shows. Thus, this extreme monetary policy created a new bigger bubble the last years (DJIA from 6,547.05 on March 9, 2009 reached 36,799.65 on January 4, 2022; a growth of 39.33% p.a.). The U.S. economy and the entire world is in destruction from the COVID-19 that the globalists were working since 1980 to develop this "innovation", which satisfies their ultimate objective. But, the market was very "optimistic" from the modern monetary policy and possible from the new liberal fiscal one. (*Sic*).

[57] 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

[58] The problem of the banks was the low capital requirements. See, D'Erasmo (2018). This problem caused the Euro-zone debt crisis because governments (tax payers) were borrowing to recapitalize the corrupted foreign banks. See, Kallianiotis (2018).

[59] The *Emergency Economic Stabilization Act of 2008* (Division A of Pub.L. 110–343, 122 Stat. 3765, enacted October 3, 2008), commonly referred to as a *bailout of the U.S. financial system*, is a law enacted subsequently to the subprime mortgage crisis authorizing the U.S. Secretary of the Treasury to spend up to $700 billion topurchase distressed assets, especially mortgage-backed securities, and supply cash directly to banks. The funds for purchase of distressed assets were mostly redirected to inject capital into banks and other financial institutions while the Treasury continued to examine the usefulness of targeted asset purchases. Both foreign and domestic banks are included in the program. The Act was proposed by Treasury Secretary Henry Paulson (who was Chairman and CEO of Goldman Sachs) during the global financial crisis of 2008 and signed into law by President George W. Bush on October 3, 2008.

[60] These markets have become riskier than casinos because the risk in casino falls on the person that made the mistake to bid his money there; but simple investors that believe to a decent return from this "efficient" market, they lose their money (wealth) and the economy is going to a recession. The financial crises have to be prevented and not corrected with a public policy after their appearance.

Later, the average maturity of assets on the Fed's balance sheet[61] also rose as the FOMC rebalanced the portfolio, substituting long-term assets for short-term ones. Interest rates were also expected to stay low because it was the goal of policy suggested in FOMC post-meeting statements, policymaker speeches, and Congressional testimony.[62] In October 2008, the Federal Reserve had begun to pay interest on reserves. The IOR was set at the top of the federal funds target range and remained about 20 basis points above the discount rate on 3-month Treasury bills. ($i_{IOR} = i_{RF} + 0.20\% > \bar{\iota}_{FF}$). This was a factor that increased banks' willingness to hold a large stock of excess reserves. Paying interest on excess reserves and supplying a large stock meant that the FOMC had switched from direct federal funds targeting to a floor system.[63]

3.3. Social Cost and Benefits of the Modern Monetary Policy: Bail Out and Bail In Cost

Brown (2019) says, "Now, however, the average savings account pays only 0.10% annually—that's one-tenth of 1%—and many of the country's biggest banks pay less than that. If you were to put $5,000 in a regular Bank of America savings account (paying 0.01%) today,[64] in a year you would have collected only 50 cents in interest. That's true for most of us, but banks themselves are earning 2.4% on their deposits at the Federal Reserve. These deposits, called 'excess reserves', include the reserves the banks got from our deposits, and on which they are paying almost nothing; and unlike with our deposits, there is no $250,000 cap on the sums banks can stash at the Fed amassing interest. A whopping $1.5 trillion in reserves are now [2019] sitting in Fed reserve accounts. [$3.218 trillion with May 2020, $2.877 trillion in October 2020, $3.154 trillion in February 2021, $3.346 trillion in March 2021, $3.848 trillion in June 2021, and $3.318 trillion in June 2022]. The Fed rebates its profits to the government after deducting its costs, and interest paid to banks is one of those costs. That means we, the taxpayers, are paying (bail out) $36 billion annually to private banks for the privilege of parking their excess reserves at one of the most secure banks in the world—parking them, rather than lending them out."[65]The Fed is also paying the nonbank financial institutions with another interest (i_{ONRRP}). (*Sic*).

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[61]The Fed's balance sheet has gotten huge.Quantitative easing (or QE) has increased the size of the Fed's balance sheet almost eightfold since the turn of the century. The Fed's balance sheet had just over $500 billion in assets in 2000 and $925.725 billion on September 10, 2008; it reached over $4.5 trillion in 2015. On July 18, 2018, it holds $4.292 trillion and now, July 7, 2022, the total assets were $8.892 trillion. See,*All Federal Reserve Banks: Total Assets:*https://fred.stlouisfed.org/series/WALCL

[62]See, Potter(2017).

[63]See, Bindseil(2016).

[64] The most common deposit rate is: $i_D = 0.05\%$, which makes an annual interest revenue: $\$5,000 \; x \; 0.05\% = \$2.5$. This interest rate is a robbery of depositors and this policy is indescribable.

[65] See, Ellen Brown (2019), "Why Is the Fed Paying So Much Interest to Banks?", https://www.truthdig.com/articles/why-is-the-fed-paying-so-much-interest-to-banks/ . See also, "2.4%, Why Is the Fed Paying So Much Higher Interest Rate to Banks?", https://www.econmatters.com/2019/04/24-why-is-fed-paying-so-much-higher.html

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This policy tools(ample reserves and IOR), which keep the deposit rate closed to zero and pays an IONRRP are, if not anything else, it is an unethical monetary policy going against small savers (investors) and poor taxpayers. Political leaders have no power to regulate the "independent" private central banks, but they can do something for these dishonest ("corrupted") and uncontrolled commercial banks. Central banks' policies are ineffective for the economy, non-preventable for a new financial crisis, and anti-social for the people. Especially, now, with the suspicious corona virus; the necessary public policy must be a combination of monetary and fair fiscal stimulus policy that the government provided.[66] The latest monetary policies benefit only large banks,[67] and generate an enormous social cost.

As it was mentioned above and it is known to every saver, the deposit rate is closed to zero ($i_D = 0.05\%$) since December 2008, more than thirteen years. This negative real deposit rate is completely unethical and unfair for the depositors, who pay interest to the banks for keeping their deposits (bail in cost).[68] With an inflation of $\pi = 9.1\%$ for June 2022,[69] the real cost of deposits is $r_D = -9.05\%$, which is the amount paid to the banks.[70] (*Sic*). Now, the SGS gives $\pi = 17\%$, which makes the $r_D = -16.95\%$. Also, these unethical policies have a negative effect on demand for deposits[71] and force risk-averse individuals to invest in risky financial assets (stocks) seeking to have a positive real return and they have lost 18.78% of their wealth the first six months of 2022. Banks do not need deposits anymore; they have all these strange excess reserves from the Fed.[72] Deposits were declining in the U.S. banks until 2018,[73]on June 22, 2022, there were $D = \$18{,}134.6431\ billion$.[74]

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[66] 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.

[67] «... Θάκαταργήσωμενἐπίσηςὅλατάχρηματιστήρια... Θ' ἀντικαταστήσωμεν τά χρηματιστήρια διά μεγάλων εἰδικῶν πιστωτικῶν ἱδρυμάτων ὧν ὁ προορισμός θά εἶναι νά καθορίζωσι τήν τιμήν τῶν βιομηχανικῶν ἀξιῶν συμφώνως πρός τάς βλέψεις τῆς [παγκοσμίου] κυβερνήσεως.» [ΠρωτόκολλονΚΑ΄ (Π.Σ.Σ.)].

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

[69] See, "**United States Inflation Rate**", https://tradingeconomics.com/united-states/inflation-cpi and *SGS,* http://www.shadowstats.com/alternate_data/inflation-charts

[70] The interest rate on deposits must be positive and 1% above the inflation rate. Even the Bible is talking about positive interest rate: «Ἔδειοὖνσεβαλεῖντόἀργύριόνμουτοῖςτραπεζίταις, καίἐλθώνἐγώἐκομισάμηνἄντόἐμόνσύντόκῳ.» ("Then you ought to have invested my money with the bankers, and on my return I would have received what was my own with interest".). Matthew 25: 27.

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

[72] The Excess Reserves had jumped to \$3.218 trillion with May 2020 and with March 23, 2021 to \$3.346 trillion. With July 27, 2021, the Total Reserves were \$3.848 trillion. Now, June 28, 2022, they are $R_T = \$3.318$ trillion. See, https://fred.stlouisfed.org/series/TOTRESNS and https://fred.stlouisfed.org/series/EXCSRESNS . The required

With December 2018, we had:

(I_a) The total reserves were: R_R = \$192.209 billion + R_E = \$1,567.691 billion = R_T = \$1,759.9 billion.

The $i_{IOR} = i_{RF} + 0.20\% = 2.37\% + 0.20\% = 2.57\%$. Actually, it was 2.40%.

Thus, Fed was paying total interest on these reserves: (I_R) = \$1,759.9 billion x 2.40% = **\$42.238** billion per annum. This is a *bail out cost* that taxpayers are paying.[75]

(I_b) The Overnight Reverse Repurchase Agreements: ONRRP = \$41.848 billion.[76]

The $i_{ONRRP} = 2.25\%$.

Then, the Fed was paying: \$41.848 billion x 2.25% = **\$941.58** million p.a.

(II) Total deposits (D_T) = \$12,408.49 billion.[77]

Deposit rate: i_D = 0.05%

Banks were paying an insignificant total interest on deposits (I_D) = \$12,408.49 billion x 0.05% = **\$6.204** billion per annum.

(III) The official inflation rate was (π) = 2.44%; then, $r_D = i_D - \pi$ = 0.05% - 2.44% = -2.39%

Thus, depositors were paying to their banks (*bail in*): \$12,408.49 x (-2.39%) = **\$296.563** billion.

The SGS consumer inflation (1980-based)[78] was π = 10%.

The true *bail in* was: \$12,408.49 x (-9.95%) = **\$1,234.645** billion p.a.

(IV) Banks could offer loans: $R_E + D_T$ = \$1,567.691 billion + \$12,408.49 billion = \$13,976.181 billion.

Banks' interest rate was from 3% (mortgage rate) to 39.99% (credit cards with bad credit scores).[79] The average i_{CC} = 19%.[80] Then, the average loan rate was: $\bar{i}_L$ = (3%+19%): 2 = 11%.

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reserves became \$0.000. This action eliminated reserve requirements for all depository institutions. https://www.federalreserve.gov/monetarypolicy/reservereq.htm . See also, https://fred.stlouisfed.org/series/REQRESNS . "Recently, the Federal Reserve announced they were reducing the reserve requirement ratio to zero percent across all deposit tiers, effective March 26, 2020. This comes as the COVID-19 pandemic continues to impact much of the way financial institutions both operate and serve their customers."https://www.eidebailly.com/insights/articles/2020/4/federal-reserve-eliminates-reserve-requirements Thus, now, the total reserves are equal to the excess reserves ($R_R = R_T$).

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

[74] See, Deposits, All Commercial Banks,https://fred.stlouisfed.org/series/DPSACBW027SBOG

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

[76] See, https://fred.stlouisfed.org/release/tables?rid=379&eid=147896&od=2019-01-01

[77] See, https://fred.stlouisfed.org/series/DPSACBW027SBOG

[78] See, http://www.shadowstats.com/alternate_data/inflation-charts

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Banks were having an interest revenue (R_I) of $13,976.181 billion x 11% = **$1,537.380** billion p.a.[81]

The conclusion, here, is obvious, the central bank is working for the banks and satisfies only their objectives, which are profitability and liquidity. This monetary policy is against the poor depositors (bail in cost = **$1.235** trillion p.a. or the "official" bail in cost = **$296.563** billion) and against the poor taxpayers (bail out cost = $42.238+$0.942 **=$43.18** billion p.a.); a pure anti-social policy and at the same time it had created enormous bubbles in the stock market (a hidden new global crisis, which found an excuse to burst, the Wuhan coronavirus).[82] With this unethical monetary policy, the deposit and saving rate was falling and the personal consumption expenditures were increasing. Thus, the household debt is going up.[83]The social cost of this modern monetary policy is enormous, so this policy is wrong, because in any policy the objective is minimization of cost and maximization of benefits.

Thus, the lack of ethics in monetary policy was continued and taxpayers and depositors were ripped off endlessly. The higher the $i_{IOR}$and i_{ONRRP}, and the higher the inflation π, the higher will be the bail out and the bail in cost.

With July 2022, we have:

(I$_a$) The total reserves were: R_T =3,228.4 billion.

The $i_{IOR} = i_{RF} + 0.20\% = 2.23\% + 0.20\% = 2.43\%$. But, it was $i_{IOR} = 2.40\%$.

Thus, Fed is paying total interest on these reserves (I_R) = $3,228.40 billion x 2.40% = **$77.482** billion per annum. This is a *bail out cost* that taxpayers are paying.

(I$_b$) The Overnight Reverse Repurchase Agreement: $2,161.885 billion.[84]

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[79] See, https://www.economicshelp.org/blog/6775/debt/total-us-debt-public-private/ See also, https://usdebtclock.org/

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

[81] See, Kallianiotis (2020a).

[82]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).

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

[84] See, https://fred.stlouisfed.org/series/RRPONTSYD

The $i_{ONRRP} = 2.30\%$.

Then, Fed is paying an interest: $2,161.885 x 2.30% = **$49.723** billion p.a., which is an *additional bail out cost* to taxpayers.

(II) Total deposits (D_T) = $18,077.9834 billion.[85]

i_D = 0.05%

Banks were paying an insignificant total interest on deposits (I_D) = $18,077.9834 billion x 0.05% = **$9.039** billion per annum.

(III) The official inflation rate is (π) = 9.1%; then, $r_D = i_D - \pi$ = 0.05% -9.1% = -9.05%

Thus, depositors were paying to their banks (*bail in*): $18,077.9834 x (-9.05%) = **$1,636.057** billion.

The SGS consumer inflation (1980-based)[86] was π = 18%.

The true *bail in* was: $18,077.9834 x (-17.95%) = **$3,244.998** billion p.a.

(IV) Banks could offer loans: $R_E + D_T$ = $3,228.40 billion + $18,077.9834 billion = $21,306.383 billion.

Banks' interest rate was from 4.977% (mortgage rate) to 39.99% (credit cards with bad credit scores). The average i_{CC} = 17.48%. Then, the average loan rate was: $\bar{i}_L$ = (4.977%+17.48%): 2 = 11.229%.

Banks were having an interest revenue (R_I) of ($3,228.40+$18,077.9834) =$21,306.383 billion x 11.229% = **$2,392.494** billion p.a.

Consequently, with July 2022, the social cost is going up; bail out cost: **$127.205** billion p.a.; bail in cost: SGS **$3,244.998** billion and official **$1,636.057** billion. The Fed's current balance sheet is so huge (it was $4,175.850 billion with January 15, 2020; with June 10, 2020, it had reached $7,168.936 billion, with December 2, 2020, it was $7,222.414 billion, with February 10, 2021, it is $7,442.225 billion, with March 22, 2021, it was $7,719.622 billion, with July 19, 2021, it was $8,240.530 billion, and now, July 13, 2022 it is $8,895.867 billion)[87] that with the new announced policy rate decrease again (March 15, 2020), it generated surprising results, like inflation and higher market risk. There are no improvement to the bail out cost (taxpayers), due to high interest rate on reserves and on ONRRP; also, there is deterioration to the bail in cost (depositors) from the high inflation that has been attained. The level of banks' capital is another factor that must be considered by the regulators (central bank, FDIC, comptroller of the currency, 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. Risk-averse consumers prefer higher capital levels because it increases the financial stability in the economy and the world. The tax-payers cannot bailout the corrupted and deregulated financial institutions in case of a new bank crisis, as it happened in 2008 because it is

[85] See, Deposits, All Commercial Banks.https://fred.stlouisfed.org/series/DPSACBW027SBOG .

[86] See, http://www.shadowstats.com/alternate_data/inflation-charts

[87] See,https://www.federalreserve.gov/monetarypolicy/bst_recenttrends.htm and https://fred.stlouisfed.org/series/WALCL

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.

4. The Latest Fiscal Policy

In economics, fiscal policy is the use of government revenue, collection (taxes, T) and government spending (expenditure, G) to influence a country's economy. The use of government revenue and expenditures to influence macroeconomic variables developed after the Great Depression in 1930s. Fiscal policy is theorized that government changes in the levels of taxation and government spending influence aggregate demand (AD); regulations, taxes, and other restrictions affect negatively the aggregate supply (AS) and consequently, the level of economic activity(GDP and u and prices, π). 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, output, and employment). The combination of these policies enables authorities to target inflation (which is considered "healthy" by the Fed at the level of 2%) and to increase employment; unemployment at the natural level, u_t^N about 4% for the U.S. and the output is at the full employment output (Q_t^F). This implies that fiscal policy is used to stabilize the economy over the course of the business cycle.

The amount of taxes people pay and the methods used to impose those taxes are influenced by many different factors that are far beyond citizen control. To understand it better, one has to pay attention to fiscal policy. It is a concept that seems esoteric, but it really comes down to two simple things based on the government budget (GB=T-G)[90] and its efficiency and ideology (today, it is extreme liberalism), which depends on spending (G) and income (T). A serious problem for our economy is that businesses do not pay taxes[91] and as consequence the national debt is going up.[92]

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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 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%. file:///C:/Users/JK/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.IE5/9C2ZY9PW/budget_fy22.pdf . With August 3, 2022, the BD was $1.589 trillion and the ND = $30.624 trillion. https://www.usdebtclock.org/

91 "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

All economies (local, state or national) are influenced by these two things, taxes[93] and government spending. Governments are funded by taxes, which are paid by the residents and companies that are located in a specific state or country. When governments spend money, they do so in the interest of the people who live in the country being governed**.** The excessive government spending, outsourcing, and borrowing is causing record-setting inflation and severe supply chain shortages, and unemployment (businesses cannot find workers; they prefer to stay home and receive the government benefits).[94] People want fiscal restraint, efficiency, and reduction of wastes, especially, with the climate change obsession, from their government. High taxes and spending are making states uncompetitive, costing the state jobs and population. Of course, the government has to finance different necessary programs, like Mandatory Programs, Discretionary Spending, Key Defense Expenditures, and Interest on Government Debt.

Thus, fiscal policy is how governments adjust their spending levels and tax rates so they can influence positively the economy. It touches many parts of society, including businesses, households, infrastructure, recently (the COVID-19 planned crisis,[95]the "infrastructure" bill,[96]the

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-budget/revenues?utm_term=government%20expenditure&utm_campaign=The+Budget&utm_source=adwords&utm_medium=ppc . Biden has proposed a corporate tax rate of 25% or 28%. See, https://taxfoundation.org/biden-corporate-income-tax-rate/ . On August 1, 2022, we saw the new "Inflation Reduction Act". See, "Inflation Reduction Act is 'deceptive marketing,' will hurt struggling Americans, economist says: The Inflation Reduction Act will drive prices even higher, economist says", https://www.foxnews.com/politics/inflation-reduction-act-deceptive-marketing-will-hurt-struggling-americans-economist-says . Also, with this Act, 87,000 people will be hired by the IRS. (*Fox News*, 8/1/2022).

[92] 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 that : 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 will improve the economy and the society?

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

[94] Medicaid recipients are 85,277,712 people, Food stamp recipients are 39,231,957, Unemployment payments in 2020 (COVID-19) were 46,000,000 people. See, "Historic Unemployment Programs Provided Vital Support to Workers and the Economy During Pandemic, Offer Roadmap for Future Reform", https://www.cbpp.org/research/economy/historic-unemployment-programs-provided-vital-support-to-workers-and-the-economyand https://www.usdebtclock.org/ . Labor participation has declined by 10,000,000 lately. (*Fox News*, 8/1/2022).

[95]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

war in Ukraine,[97] illegal immigrants,[98] Afghanistan disaster,[99] vaccines mandates,[100] the "inflation reduction act") and many others for political benefits. The national debt has increase $7.855 trillion or 34.57% in the last 30 months or 13.83% per annum.[101]In most governments, taxes and spending are controlled by legislative bodies, and in the United States, that legislative body is Congress or they are approved by the current administration (government, party in power). While Congress makes the ultimate decisions about who pays how much for taxes, and where tax revenues are spent, they are influenced by special interests, lobbyists and politics. Corruption, unfairness, and injustice are everywhere.[102] (*Sic*).

Unfortunately, our economy is experienced a stagflation, very high inflation (17%),[103] negative growth, and high unemployment (24.3%).[104] In 2022:Q1 the real GDP was -1.6% and in 2022:Q2 it was -0.9%.[105]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 and the midterm

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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

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

[97] 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 . Instead of peace, we encourage war. Something is wrong!..

[98] "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

[99] 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. On August 2, 2022, Biden announced a "successful operation" of CIA by killing Ayman Al Zawahiri. (*TV News*).

[100] The fact is that Americans have already paid the cost of a vaccine for COVID. Well over $12 billion has been handed over to drug corporations with no strings attached. https://www.lowerdrugpricesnow.org/press/statement-on-pfizer-receiving-2-billion-from-taxpayers-for-covid-vaccine/

[101] 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/

[102] Sen. Ted Cruz said, "corrupted justice (DOJ) wants to investigate President Trump." See, *Fox News*, July 27, 2022.

[103] See, SGS. http://www.shadowstats.com/alternate_data/inflation-charts

[104] See, SGS. http://www.shadowstats.com/alternate_data/unemployment-charts

[105] See, Gross Domestic Product.https://www.bea.gov/data/gdp/gross-domestic-product

elections are coming up in November 2022. Even they redefined recession, as they have done with inflation and unemployment (all these data are political).The COVID-19 pandemic has pushed the global economy into the worst recession since World War II, with economists predicting that the global economy will shrink by 5.2% this year. Because of this, governments around the world have been doing their best to boost their individual economies with various stimulus packages. But, they face a major constrain, paganism: “environment”, reduction of coal, oil, and natural gas production; lately, they have to comply with reduction in stock-breeding and agriculture. (*Sic*).

Economists (if they know the truth) along with affiliated other benevolent social scientists 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 the citizens. This would formalize the guidelines and the tools for controlling liquidity, efficiency, and effectiveness in the economy via a combined fiscal, monetary, and trade policy. Some of these analyses are already executed by various controlled government agencies and the private central banks around the world, but are not in coordination and are 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:[106]

(i) Appropriate Budgetary Accounting: tax revenue (T), government expenditures (G), budget deficits (BD),[107] national debt (ND),[108] and financing of national debts.[109]Sustainability of national debt[110] is a very important ethical issue or the country’s wealth is confiscated by the foreign creditors (hedge funds or IMF, and others). Nomenclature (ὀνοματολογία) and numerical representations of monetary operations of monetarily sovereign governments.

(ii) 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,[111] and a pension during their retirements. Unemployment insurance is necessary for

[106] See, Hoexter (2013b).

[107]The federal budget deficit was about $3.1 trillion in fiscal year 2020 (15.2% of GDP) and $1.705 trillion with July 21, 2022. See, https://www.cbo.gov/topics/budget and https://www.usdebtclock.org/

[108] The U.S. national debt was $27.411 trillion with December 8, 2020 and $30.595 trillion with July 21, 2022. See, https://www.usdebtclock.org/

[109]See, 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

[110] See, Kallianiotis (2017a, p. 51).

[111]An elementary school teacher was asking her students, “what will you become when you grow up?” and a student said, “I will 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/empsit.pdf . The unemployment rate was in February 2020: 3.5%, March: 4.4%; Then came the coronavirus lockdown and it increased in April 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% https://tradingeconomics.com/united-states/unemployment-rate . The economy needs a trade-off (balance) between heath care and economic health. The**May 2020 ShadowStats**

a person who lost his job, but this payment cannot exceed the minimum wage because he will never become interested to find a job. The absurdly vaccine mandates have destroyed many sector of the economy even the U.S. arm forces. Workers have been forced to resign because they did not want to be vaccinated with these dangerous experimental vaccines. For this reason the labor participation rate is very small.

(iii) Inflation: This is an objective of public policy, but mostly of monetary policy and less of a fiscal one.[112] If an individual has a dissent income, he can pay even a little higher price, but if he is unemployed, zero inflation is also bad for him. Thus, employment must be the number one objective of fiscal policy. This to happen, we need to bring manufacturing back home, increase domestic production (agricultural, manufacturing and energy). An economy cannot depend only on services (tertiary sector). The country has to become competitive again, as it was in 1960s and 1970s. The latest globalist and environmentalist trends will destroy the country.[113] Europe already is dead for over sixty years, due to its liberalism.

(iv) Balance of Trade: The fiscal policy must equalizes exports and imports (TA=X-M=0). A deficit in trade account[114] means import of unemployment from the foreign countries. The outsourcing of our manufacturing and the imports of goods from abroad have made the country dependent on foreign production and contextual (ἐξηρτημένη) to other nations. We need trade policies to protect the economy from foreign imports and make our country competitive. We saw, lately, with the Wuhan coronavirus, our dependence on Chinese masks and pharmaceuticals. This policy is unethical because it is of high risk and anti-American.[115]

Alternate Unemployment was 34.0%, 36.5% net of BLS errors, and in November became 26.3%.In June 2022, it was 24.3%.See, http://www.shadowstats.com/alternate_data/unemployment-charts

[112] It was 0.1% in May 2020, due to the recession and in October 2020, it was 1.2%. In June 2022, became 9.1%. 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. This is a serious inflationary tax on poor people.

[113] 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. We are a big threat for Russia.

[114] The U.S. trade deficit increased from $676.7 billion in 2020 to $859.1 billion in 2021. The U.S. monthly trade deficit increased in April 2022 to $87.1 billion. See, https://www.thebalance.com/u-s-trade-deficit-causes-effects-trade-partners-3306276

[115]The outbreak of the new coronavirus has forced a large number of Chinese drug manufacturers to shut down. That could be 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.

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(v) National Debt or Sovereign Debt Issuance and Management: Sovereign debt is a central government's debt.[116] The national debt is the accumulation of budget deficits. The sovereign debt is debt issued by the national government in a foreign currency in order to finance the issuing country's growth and development. The stability of the issuing government can be provided by the country's sovereign credit ratings,[117] which help investors weigh risks when assessing sovereign debt investments.

(vi) GDP and Alternatives to GDP because GDP does NOT measure the following actions and conducts: 1. Health and well-being, 2. Infant mortality, 3. Morbidity, 4. Drugs, 5. Suicide rates, 6. Mental illness (spiritual problems), 7. Crime, 8. Poverty, 9. Environmental health/natural environment/God's creation (and not worshiping the environment as god), 10. Infrastructure such as highways and bridges, 11. Family breakdown, 12. Divorces, 13. Abortions, 14. Perversions, 15. Loss of leisure time, 16. Desertion of arts or desecration of arts (statues),[118] 17. Cost of commuting to work, 18. Lack of civility in communities, 19. Riots, 20. Lack of concern for future generations, 21. Income gap, 22. Herd mentality (followers), 23. Lack of historical perspective, 24. Education, 25. Lack of freedoms, 26. Lack of free speech, 27. Tradition/culture, 28. Abandonment of Christian values and tradition, 29. Cancel Culture, 30. Corruption in government, institutions, and businesses, 31. Looting, 32. Value system and many others.[119]Thus, the current GDP measurement is overvalued in liberal countries. An alternative, like the Net Economic Welfare (NEW) might be a more accurate one.

(vii) Material Sustainability (Water, Waste, Food Production, energy, agriculture):[120] Natural

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[116] "OECD Sovereign Borrowing Outlook 2019, Sovereign Borrowing Outlook for OECD Countries", file:///C:/Users/JK/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.IE5/U5CSIOWY/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/

[117] We saw the problems with these ratings during the Euro-zone debt crisis; subjectivity, unfairness, and corruption. See, Kallianiotis (2018).

[118] 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

[119] These behaviors can have some small negative effects on GDP, but their values are not measurable (they are qualitative). For this reason, caution and moderation must be used. «Πᾶνμέτρονἄριστον» ("Pan Metron Ariston"=*"Everything in moderation"*) fromKleovoulos ho Lindios (6th century B.C.).ΚλεόβουλοςόΛίνδιος was a Greek poet and a native of Lindos (island of Rhodes, Greece). He is one of the Seven Sages of Greece.

[120] In the United States alone, 40 percent of food gets tossed every year—and that amounts to $162 billion in waste annually, according to the Natural Resources Defense Council. This can serve 58,064,516,129 meals using the national average amount spent on a meal, $2.79. https://www.rescuingleftovercuisine.org/challenge?gclid=Cj0KCQjw0Mb3BRCaARIsAPSNGpU1E3sc0UIRHs3mF1jv1WLnI_zIsAOTrfffPEUK2mQcirM7xky5CeAaAu01EALw_wcB. Also, FOOD SYSTEMS & SUSTAINABLE AGRICULTURE*:* Food Tech, from Farm to Table*,* https://www.theimpactivate.com/food-tech-from-farm-to-

resources, water, energy, coal, oil, natural gas, minerals, ores, land,[121] agricultural products, etc. are necessary to make the country independent and self-sufficient. Now, we see a war against the agricultural production to "save the environment". (*Sic*). The first priority of public policies is to save the people and not the environment.[122]

(viii) Public goods: these are social or collective goods and are part of the public wealth and belong to the current and future generations. The government has to take precedence over private interests, contradicting the propaganda, which suggests that private interests are infallible and they are working for our social interest, too. From this stems the legitimacy of a democratic government to enforce laws and institute regulation of private interests for the common good (all the citizens). The public goods (like, national security, monuments, street lighting, etc.) exist to support and improve the private goods, without depriving individuals of their freedoms and rights.

(ix) The Endless wars that the country is involved for so many years with enormous cost and zero benefits.[123] Actually negative benefits because the rest of the world consider U.S. as "the most dangerous nation for the global peace".[124]

(x) Relentless attack on the government, the President, and the previous administration:[125] The opposition party (Democrats) did not want to accept that they lost the 2016 elections

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table/?gclid=Cj0KCQjw0Mb3BRCaARIsAPSNGpVBBxWIPmD02UvHs7kcntcbsgpC_DxFIF3r12gD-k1OJ2UPKD4xp3UaAvokEALw_wcB . Further,Sustainability and Materials, file:///C:/Users/JK/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.IE5/51F9Y8AK/pga_062612.pdf

[121] 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).

[122] This suspicious obsession with the environment satisfies only their ultimate objective: reduction in population.

[123] 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 has 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, Yemen, and Pakistan. More than 310,000 civilians have been killed in the fighting. An additional 12.6 million Syrians are displaced, many as a result of the U.S. war against the Islamic State in Syria. These people are now, as immigrants to Europe (mostly in Greece, more than 3 millions). 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, https://en.wikipedia.org/wiki/Immigration_to_Greece . The new war has started in Ukraine, 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 and Christianized the Kievan Rus is protecting all Russians (in Russia and Ukraine).

[124] See, Mearsheimer and Walt (2007).

[125] 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 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)

and by working for four years to find ways to dethrone the legitimate President, they designed the voter fraud of 2020 and stole the elections. (*Sic*). The last two years, that this liberal party[126] is in power, the people and the country are in bad shape. Now, they are working to stop President Trump to go for the 2024 elections by using the January 6 "insurrection day", as their tool and are preparing the ground for the midterm elections in November 2022.

(xi) 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, value system, etc.).

(xii) Ethical commitment to the future and future generations. Respect and protection of the unborn child, who is an image of God and has the same rights from day one, as his parents and the law makers of these criminal laws. The future of a nation depends on its new generations, which need to obtain everything that they need for their lives (health, education, morality, ethics, values, spirituality, true God, culture, history, etc.). Children's indoctrination with genders and pronouns is another crime against humanity. There must be improvements from one generation to the other.[127]

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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 Volodymyr Zelensky in order to announce an investigation into Joe Biden.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. Now, the country has an illegitimate president and the rest of the world is 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=Cj0KCQjw0Mb3BRCaARIsAPSNGpVH93fp-gXGEn09Y5tUNYDVmN9-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 opposes 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 has changed in the U.S.: the Afghanistan disaster, open borders, crime, drugs, the January 6 committee,the green revolution, inflation, energy prices, Ukraine, etc. The country is in chaos and drag along the entire Europe through the NATO organization.

[126] Biden has the lowest rating (31%) from any other president in the U.S. political life. See, "How low can Joe Biden go in the polls?" https://www.cnn.com/2022/07/06/politics/joe-biden-approval-rating/index.html . (*Fox News*, July 30, 2022).

[127] «Ἄμμεςδέγ' ἐσόμεθαπολλῷκάρρονες» ("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

All these issues are 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 advance nation had all these values, but it needs to improve its wellbeing through democratic improvements. Unfortunately, at the moment with the current administration, there is no light at the horizon, the sun is covered by this cloud, the same wrapper prevents the Grace of God to reach us. Very sad for the people this lack of leadership in the entire West; it reminds Rome in 4th century A.D.

4.1. Social Cost and Benefits of the Current Liberal Fiscal Policy

Undoubtedly, except a good monetary policy, the country needs a good fiscal policy and a fair trade policy, which can reduce the social cost and maximize the social benefits. Countries must be independent, homogeneous,[128]self-sufficient, and sovereign nations, too. The unfair free trade policies have destroyed the U.S. and the EU economies.[129]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. 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,[130] the wealth of the poor people is falling and for this reason consumption is falling,[131] too. Of course, we do not want an unfair equity, but a fair distribution based on merit, ability, and hard work (meritocracy vs equality and equity).[132] Prices (energy

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[128]**Acording to Herodotus (**Ἡρόδοτος, a Greek historian who was born in Halicarnassus, Caria and lived in the fifth century B.C., c. 484–425 B.C. and referred as "The Father of History"), he was saying that a nation must be,«ὁμόαιμον, ὁμόγλωσσον, ὁμόθρησκον, ὁμότροπον» (omoemon = 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.

[129] See, Kallianiotis (2018).

[130]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/

[131]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

[132] God created a world that's filled with incredible diversity and variety. The variety of people He has created is also unique. In fact, everyone is different. There are no two of us alike. We are each special. We are persons (personalities), in spite of our great diversity, we were all created in the image of God. Therefore, we all have some things in common, things that make up our 'humanness.' We've already noted that all humans have the capacity to think, reason, make decisions, worship, communicate, create, appreciate beauty, etc. We also have similar limitations and needs. We all need food, shelter and clothing. We also need to be loved and to love others, even our enemies. We are also constrained by our physical capacity and strength, knowledge, mortality, and senses, to mention just a few of our limitations. But do these similarities make us all identical? Not in the least! Though we have certain traits and characteristics that we share, we're also very different from one another. Everyone of us is

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

In enacting fiscal policy, which encompasses the budgeting process of a sovereign government as well as the justifications for budget decisions, politicians make historical compromises with, and commitments to, their ethical (liberal) ideals in the form of real initiatives and operations of government because there is an enormous conflict of interest between supporters, businesses, media, liberal elites; also, an existing establishment, a strong 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 politicians[133] and institutions[134] any more. Due to oppositions from the different branches (legislative,[135]executive, and judicial)and their different political parties (Republicans and Democrats) of government, the budgetary and fiscal decisions made by lawmakers even though that they are key components of their effective morality, a morality that has, by design, enormous and differential impact on others (citizens and businesses) cannot be materialized. Unfortunately, it depends on the will of the opposition party and especially, if this party has the majority of the senate, nothing can pass because they want to show to the voters that this administration has failed and they must vote for the other party that is more effective.[136] During the previous administration up to 2020, we saw that the federal system

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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/

[133] See, https://www.axios.com/2022/03/23/poll-americans-dont-trust-federal-government

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

[135] The legislative branch, the Congress is composed of two parts:

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

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

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

was not very effective, too. Governors and mayors, in different blue states and cities, did not follow administration's orders or directions. Liberal judges also were cancelling or ban executive orders. (*Sic*). Now, during this coming November of 2022, there are the midterm elections and it is very difficult to predict what type of extremities will take place by the overzealous liberals. All these corruptions, establishments, conflicts between the parties, ideologies, and divisions make the fiscal policy ineffective and socially very costly, due to its inefficiency.

Lastly, this new unexpected healthcare, financial, economic, and suspicious social crisis, which was caused by China and the WHO was unique in human history.[137] The government gave a $2.2 trillion stimulus to Americans with the objective to help the destroyed economy.[138]They destroyed small businesses with this financial crisis and with the lockdown during the coronavirus pandemic; we have abandoned the anti-trust laws and we have created only oligopolies, and very soon, there will be only monopolies, which were open and working during the close down of the other businesses. And in November of 2020 (during the elections), it appeared a second wave of the coronavirus (increases in hospitalization and deaths). Now, they are talking for a new wave of COVID-19 that is coming in Fall 2022 (elections again). (Sic). These unethical practices have destroyed family business and had created enormous unemployment and mistrust to government, its agencies, 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 demonic means the presidency and they were "successful", but they lost the legitimacy forever. It is obvious that our democracy does not work.[139]China had destroyed countries economically with its unfair competition and now; it has devastated their health, economy, and society.[140] It has to pay reparation to all nations for these crimes.[141] Consequently, globalization raises many ethical issues and makes the unethical behavior and culture of some nations' global problems. The

[137] The objective of the dark powers is one, the demonic war against God's creation, the reduction of population.

[138] 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. See, https://dailycaller.com/2020/06/25/one-million-dead-americans-stimulus-checks-report-coronavirus/

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

[140] Lately, China threatened to shoot down Pelosi's plane, if she will go to Taiwan. (*Fox News*, July 29, 2022). See also, https://www.businessinsider.com/china-threat-to-shoot-down-pelosis-plane-if-she-visits-taiwan-2022-7 . But, she went to Taiwan and China continued to threat U.S. (*Fox News*, 8/2/2022).

[141] 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. Confirmed deaths globally until July 29, 2022, were 6,390,401. See, WHO, https://www.who.int/emergencies/diseases/novel-coronavirus-2019?adgroupsurvey={adgroupsurvey}&gclid=EAIaIQobChMIib2R-oah-QIVl4TICh0d3wzHEAAYBCAAEgL1fPD_BwE . Also, 50% of the people who died were vaccinated. (*Fox News*, July 25, 2022).

actions of government were insignificant and anti-social. Thus, the social cost of the fiscal policy since 2020 and during the pandemic was and continues to be unfair and enormous.

5. Public Policies and their Implications

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

The rhetoric of central bankers is good, but unbelievable and unreasonable because what we see so far, it is that Fed's policies are made only for the speculative financial market, its participants, and for the uncontrolled financial institutions. Their effects on the real economy are insignificant and many times ineffective by creating bubbles, high inflation, artificially low interest rates (negative real returns), enormous social costs, and accomplishing the current recession. They started raising the federal funds rate, but it is too late. If the central bank's decisions were based on the best interest of the nation, it would have a policy to prevent financial crises and recessions and maximize the social welfare (social benefits) and not to try to cure them, after their creation.[142]With its modern monetary policy, we have seen only maximization of the social cost. Federal Reserve Chairman Jerome Powell gave his most forceful warning yet (on August 23, 2019) about the risks to the U.S. economy from escalating trade tensions and the limits to the central bank's ability to cushion any fallout. (*Sic*). The trade deficit has to become zero ($TA \cong 0$)[143] this must be one of Fed's and administration's objectives, so the country can become self-sufficient and not dependent on foreign production, which is very risky, as we saw with the masks, the medical supplies, and the medicine during the coronavirus (COVID-19) pandemic, which are coming from China. China is in control of our economy, it buys thousands of acres of farmland in U.S., and it tries to control our politics, too, and it is successful with the current administration. China is also moving forward for global economic and military domination. Powell signaled that the central bank would follow its rate cut of July 31 2019.[144] On January 29,

[142] See, Kallianiotis (2020c).

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

[144] See, "Fed Cuts Rates by a Quarter Point in Precautionary Move", Central bankers say move protects against risks posed by muted inflation, global growth concerns. https://www.wsj.com/articles/fed-cuts-rates-by-a-quarter-point-ends-portfolio-runoff-11564596200?mod=article_inline&mod=article_inline&mod=article_inline . See also,

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2020, the FOMC decided to keep the federal funds at the same level; but the coronavirus pandemic forced the Fed to reduce the target rate back to zero[145] (March 16, 2020). But, when they saw the inflation to become actually double digits, they started raising the federal funds rate, which was too late. The destruction of the economy has already occurred and it is becoming worse day after day.

The Central Bank (the Fed), which is a private bank,[146] plays a major role in our markets by controlling the money supply[147] through the federal funds rate and affects the exchange rate,[148]the price level, the aggregate demand, the financial market, the housing market and people's IRAs, the interest rates, and less the output and production, employment, and international trade. The monetary policy is very stranger (anti-social) since 2008. Lately, the fiscal[149] and trade policies have become worse than the suspicious monetary one. New policy instruments were introduced: Interest on Reserves, $IOR\ (i_{IOR} > 0)$ (since October 1, 2008),[150] abandonment of Required Reserves, $R_R = 0$ $(r_R = 0.00\%)$ (since March 26, 2020), Overnight

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https://www.wsj.com/articles/powell-says-fed-prepared-to-provide-stimulus-if-a-slowdown-hits-u-s-economy-11566568965 . Fed Chairman Jerome Powell 's press conference on September 18, 2019 carried a subtle message for President Trump: If you are worried about an economic slowdown, find a way to cool down the trade war. See, "Analysis: Powell's Subtle Messaging to Trump on Trade Fight". The globalist Fed chairman mentioned trade 20 times at his news conference on Wednesday (9/18/2019). https://www.wsj.com/articles/analysis-powells-subtle-messaging-to-trump-on-trade-fight-11568971800. On January 15, 2020, the U.S. and China signed a Trade Agreement. See, *The Wall Street Journal*, January 16, 2020, pp. A1, A7, B1, and B12. Now, Biden lifted tariffs on Chinese goods and sold oil from the strategic oil reserves to China, India, and Italy. (*Fox News*, July 6, 2022). Something very wrong and odd is here, we do not want to upset China. (*Sic*).

[145] Thus, from $\bar{i}_{FF} = 1.50\% - 1.75\%$ back to $\bar{i}_{FF} = 0.00\% - 0.25\%$, on June 16, 2022. See, "Policy Tools", https://www.federalreserve.gov/monetarypolicy/openmarket.htm . Also see, "Implementation Note issued January 29, 2020". https://www.federalreserve.gov/newsevents/pressreleases/monetary20200129a1.htm. . On July 27, 2022, the Fed target rate became: $\mathbf{2.25\% \le \bar{i}_{FF} \le 2.50\%}$.

[146] See, Financial and Banking Cover-ups Key Information and Facts Reveal Major Cover-up.

https://www.wanttoknow.info/financialbankingcoverup?gclid=EAIaIQobChMInoXAoKXk9wIV_8mUCR1yrQisEAAYASAAEgIolvD_BwE

[147] See, Buiter, William H. (2014), "Central Banks: Powerful, Political and Unaccountable?", Discussion Paper No. 10223, October, pp. 1-50. The Fed can "create money", as its governor, Jerome Powell, said at a recent interview. (*Fox News*, 5/26/2022).
https://www.academia.edu/8944668/Central_Banks_Powerful_Political_and_Unaccountable?email_work_card=view-paper

[148] Kallianiotis (2022a).
[149] See, Kallianiotis and Petsas (2022).
[150] Now, the interest rate on reserves is: i_{IOR} = 2.40% (since 7/29/2022).

Reverse Repurchase Agreement Facility ($i_{ONRRP} > 0$) (Since September 17, 2014),[151] and many others.[152] The target federal funds rate is between 2.25%-2.50% (since July27, 2022) and the effective federal funds rate is ($i_{FF}^{eff} = 2.33\%$) (7/28/2022).

Public policies must prevent financial and economic crises and minimize the social cost in case of a crisis. The global financial crisis in 2008 created serious and long term problems to the U.S. and worse ones to the Euro-zone countries. The Fed and the ECB tried to improve the economies, but since 2016 there was no improvement[153] (like, growth, low unemployment, low inflation, stability in the foreign exchange market and balanced trade, stability in the financial markets, interest rate stability, and balanced budget). The Fed with zero federal funds rates[154] and enormous money supply[155] caused a bubble in the financial market[156] and a double digit inflation rate (17%).[157] Then, in 2020 came the suspicious COVID-19[158] with lockdowns, vaccine mandates, and enormous restrictions, reduction of production to "save the environment", and controls to human beings. Further, instead of finding a peace agreement between Ukraine and Russia, we finance Ukraine with billions of dollars to buy weapons, which contributes to our budget deficit and increases the probability of WWIII.[159] The government tried to stimulate the destructive economy with an expansionary fiscal policy and created huge budget deficits[160] and

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[151] Currently, the interest rate on ONRRP is: $i_{ONRRP} = 2.30\%$ (since 7/29/2022).

[152]The Fed introduced new lending programs during the global financial crisis in 2007-2008. Thus, the Federal Reserve has a variety of policy tools that it was using in the past or it is still using them, now, in order to implement monetary policy and support the economy during the financial crisis and the latest coronavirus economic, healthcare, and social crisis. These instruments are the followings: (I) Open Market Operations, (II) Discount Window and Discount Rate, (III) Reserve Requirements, (IV) Interest on Required Reserve Balances and Excess Balances, (V) Overnight Reverse Repurchase Agreement Facility, (VI) Term Deposit Facility, (VII) Commercial Paper Funding Facility, (VIII) Primary Dealer Credit Facility, (IX) Money Market Mutual Fund Liquidity Facility , (X) Primary Market Corporate Credit Facility, (XI) Secondary Market Corporate Credit Facility, (XII) Term Asset-Backed Securities Loan Facility, (XIII) Paycheck Protection Program Liquidity Facility, (XIV) Municipal Liquidity Facility, (XV) Main Street Lending Program, (XVI) Central Bank Liquidity Swaps, (XVII) Temporary Foreign and International Monetary Authorities (FIMA) Repo Facility, (XVIII) Expired Policy Tools, and (XIX) Margin Requirements. See, Kallianiotis (2021d).

[153]See, *U.S. GDP Growth Rate 1961-2022*. https://www.macrotrends.net/countries/USA/united-states/gdp-growth-rate

[154] See, FederalFundsTargetRange - Upper Limit (DFEDTARU). https://fred.stlouisfed.org/series/DFEDTARU

[155] See, M2 (WM2NS). https://fred.stlouisfed.org/series/WM2NS

[156] See, Dow Jones - DJIA - 100 Year Historical Chart. https://www.macrotrends.net/1319/dow-jones-100-year-historical-chart

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

[158] The majority of people have the following question: "Was this virus an accident or an expediency by the 'forerunners' elites?"

[159]U.S. has given hundreds of millions of dollars of military aid to Ukraine and lately, another $40 billion aid. (*Fox News*, 5/19/2022). The outrageous Zelensky and Zelenska have become stars pose for "VOGUE". They do not worry so much for Ukraine; their interest is elsewhere because of their origin. (*Fox News*, July 27, 2022).

[160] See, Federal Deficit Trends Over Time. https://datalab.usaspending.gov/americas-finance-guide/deficit/trends/

national debt.[161] To finance these deficits, the government continues to issue government securities and this excess supply reduces their prices and increases their return (interest rate). The Fed was buying these securities to reduce the interest rate by supplying non-borrowed reserves, which was increasing the monetary base and the money supply. The effect of these policies was a huge bubble in the financial market and an enormous inflation. The bail out cost to tax payers with the interest on reserves (IOR)[162] and the bail in cost to depositors with almost zero deposit rates for 14 years[163] are trillions of dollars per annum to citizens, which show that the public policies are anti-social and unethical. This liberal New World Order will destroy the world.

Public policies must also deal not mainly with ideal justice, however, but with realizing moral values in democratic societies where citizens (and philosophers) disagree about what ideal justice is. Unfortunately, in a pluralist society; how if at all can governments justify a policy of progressive taxation, affirmative action,[164] the "right" to abortion (to slaughter your own children),[165] universal healthcare,[166] and the like? But, the wrong (even criminal) policies must be rejected for the nation to have future. Public policies must be also concerned with moral problems raised by the need for political compromise, whistleblowing, civil disobedience, and criminal punishment.[167] The truth is always the majority, even though that the wrong view, today, can occupy 90% of the people with the controlled media, propaganda, misinformation,[168]and the wrong (political correctness and critical race theory)[169]education.

Democracy, today, faces many challenges with all these conflicts of interest, corruption, ignorance,[170]lawlessness, and anarchy. Increasing political inequality, the decline of widespread

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[161] See, Federal Debt Trends Over Time. https://datalab.usaspending.gov/americas-finance-guide/debt/trends/ and https://www.usdebtclock.org/

[162] The bail out cost is now: bank reserves $3,228.4 billion x 2.40% (i_{IOR}) = $77.482 billion per annum. Plus the ONRRPA: $2,161.885 billion x 2.30% (i_{ONRRP}) = $49.723 billion. Total bail out cost: $127.205 billion per annum.

[163] The bail in cost is: bank deposits $18,077.9834 billion x (-9.05%) real deposit rate = $1,636.057 billion per annum. These robberies cannot be named monetary policy, even if we want to be politically correct.

[164] See, affirmative action, Today, we have reached adverse discrimination and many abuses of these original Executive Orders of 1961, 1965, and 1968.

[165] This is the worst crime in human history, it is a criminal law. It causes the death not only to the child, but to his mother, father, family, decedents, and to the nation.

[166] See, universal healthcare

[167] See, Political compromise, whistleblowing, civil disobedience(i.e., peaceful protests or nonviolent resistance).

[168] Dr. Brix (COVID-19 "expert") exposes her own corruption by misinforming President Trump and the American people. A lot of COVID rules were made up by them (the "experts" liars). *Fox News*, July 19, 2022.

[169]"Critical Race Theory (CRT) teaches that people are either "oppressor" or "oppressed", "good" or "bad" based on their race. It then claims that the only way to stop racism is to tear down existing institutions and overthrow and replace our constitutional form of government. Racism is wrong. Every person is created in the image of God, deserving of equal treatment and respect. But CRT is not the solution to racism in America. Instead, it only compounds the problem."
https://adflegal.org/blog/what-critical-race-theory?sourcecode=10016058_r500&utm_source=grant&utm_medium=ppc&utm_campaign=Blog&gclid=EAIaIQobChMI1afu17qr-QIVr_TjBx1ongNXEAAYAyAAEgKTTPD_BwE

[170] I do not believe that people are bad; our problem is one, IGNORANCE, which causes all the other problems.

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political participation, voter fraud,[171]media and big Tech dishonesty, the increasing power of non-majoritarian organizations and institutions on the domestic and global stages, the rise of global problems, the growing need for moral, ethical, and objective specialized expertise in an increasingly complex public policy environment, and the existence of often radical forms of social, political, immoral and perverse minorities all combine to exert significant pressure on existing pseudo-democratic regimes. They also problematize many of our core moral, ethical, and traditional assumptions about democracy and its justification. The theoretical strength of a true democracy over other regimes is grounded in strong commitments to political equality and individual liberty, best realized and protected by the constitutions of democratic systems. Individuals enjoy an equal ability to influence the political agenda, either directly (voting power) or via representatives, or through their writing and criticism (dialogue, διαλεκτική)[172]and to have their concerns feed into wider processes of decision making and policy formation. Functioning democracies provide meaningful opportunities for citizens to communicate legally their concerns to decision makers and thereby effectively track the will of the people, otherwise they do not know what is missing and in what problem to act and solve. In a democratic government citizens are free in so far as they live as equals under institutions and laws, which are accountable to them and which they could change or reject if they so wished.

During the Annual Meeting in Davos (2022) of the World Economic Forum, they (the "forerunners") proved impudently again that they do not care about us (the people), they (the globalists) were laughing for our problems, they said that they will track our pollution and our carbon fumes, they want to destroy the sovereignty of the nations, and to impose the one world government.[173] What kind of deception is this? What the leaders of our "democratic"

[171] "The November 2020 U.S. election is an assault in the core of democracy." (Lou Dobbs, *Fox Business*, November 30, 2020).

[172] See, Georgios Iliopoulos, "Διάλογος και διαλεκτική στη σωκρατική κληρονομιά / Dialogue and Dialectic in Socrates' Legacy", https://www.academia.edu/44478751/%CE%94%CE%B9%CE%AC%CE%BB%CE%BF%CE%B3%CE%BF%CF%82_%CE%BA%CE%B1%CE%B9_%CE%B4%CE%B9%CE%B1%CE%BB%CE%B5%CE%BA%CF%84%CE%B9%CE%BA%CE%AE_%CF%83%CF%84%CE%B7_%CF%83%CF%89%CE%BA%CF%81%CE%B1%CF%84%CE%B9%CE%BA%CE%AE_%CE%BA%CE%BB%CE%B7%CF%81%CE%BF%CE%BD%CE%BF%CE%BC%CE%B9%CE%AC_Dialogue_and_Dialectic_in_Socrates_Legacy

[173] See, *Fox News*, 5/25/2022. One of them said: "Russia's invasion of Ukraine may have marked the start of "a third world war," and Russian President Vladimir Putin must be defeated, "as soon as possible", if the world wants to preserve civilization. That was the stark message that Hungarian-born Jewish billionaire and "philanthropist" George Soros delivered on Tuesday to attendees at the 2022 World Economic Forum in Davos, Switzerland. "Even when the fighting stops, as it eventually must, the situation will never revert to where it was before", warned the 91-year-old (ἐχθρόςτῆςἀνθρωπότητος) G. Soros. "Other issues that concern all of humanity -- fighting pandemics and climate change, avoiding nuclear war, maintaining global institutions -- have had to take a back seat to that struggle. That's why I say civilization may not survive." He has the illusion that he is the civilizer of the world. (*Sic*).https://us.cnn.com/2022/05/24/economy/george-soros-davos-world-economic-forum/index.html. In addition, the Treasury Secretary, Janet Yellen, said, "banning abortion would be very damaging to the economy", (*Fox News*, 5/27/2022). These people and the administration are atheist, against families, barbaric and sick people. They are controlled "forerunners" by the dark powers.

governments are doing? Why people are voting for them? Who is in control of this fallen world? Then, for what policies, social benefits, and forecasting for the future of our economy, of our country, and of the world can we talk? For these reasons, the social cost is inadmissible, creeping, and unbearable for all humans.

6. Conclusions: Policy 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.[174] Monetary policy is primarily concerned with the management of interest rates (target federal funds rate) and the total supply of money in circulation and it is carried out by the central bank (the Fed).The three policy rules that were used, here, show that the Fed had a target rate very low (for many years was zero), which made the monetary policy ineffective and risky. The interest on reserves and on the overnight reverse repurchase agreements have made this new policy costly for taxpayers and depositors, too. Thus, the latest modern monetary policy (with ample reserves) is having a high social cost and it is not effective; the limited reserves policy was better, simpler, and less costly. Fiscal policy is a collective term for the taxing and spending actions of the government to improve the social welfare, but has caused high inflation and negative growth (stagflation). In the United States, the national fiscal policy is determined by the executive and legislative branches of the government, but there are many political issues (unethical politics, liberalism, globalism, "global warming", etc.) and conflicts between the two parties (Republicans and Democrats), which avert its application.[175] The analysis, in this paper, shows that our government, central bank, and institutions must learn about efficiency. Their cost exceeds many times the social benefits.

These modern monetary and liberal fiscal policies have maximized the social cost and the economy is going to a "transitory" inflation and deep recession (stagflation) and the country experiences a permanent destruction. How is this possible to happen with all the economists and "experts" working for the central bank and the U.S. Treasury? They must be completely controlled and just follow orders dictated by the liberal globalists. In financial markets there have been observed many unethical practices and behavior, like, (1) Scams, (2) Frauds, (3) Unfair

[174] 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

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

trading practices, (4) Securities scams, (5) Churning, (6) Insider trading,[176] (7) Window dressing, (8) Market manipulations, etc.[177]Without regulations, moderation in money supply, trust, fairness, and confidence financial markets cannot function effectively and efficiently. All these markets and institutions have been created to benefit us (the people) and maximize our wellbeing. Trust and integrity depend to an important degree on the reputation of financial markets to generate reliable valuations of companies and business undertakings and attempts. This perspective makes clear why the integrity of the management of the public trust must be accurate and reliable on correct information regarding publicly held companies and contributes to the appropriate functioning of financial markets.[178] Also, massive overvaluations of equity that occurred in the second half of the 1990s and in the early 2000s up to January 2022 have been responsible for the dot-com crisis and had been caused by misinformation and manipulation of financial results.[179] The same happened in 2007, 2015, 2018, 2019, 2020 and in 2022 by reaching DJIA = 36,799.65 (1/4/2022), with the different pseudo-euphoria (election results, vaccine, climate fantasies, etc.) and the enormous liquidity by the Fedand with only 50% margin requirements.[180] When information about the operation of public companies is false, misleading or not transparent, trust in financial markets is going to be affected adversely. This gives financial market participants a stake in the disclosure of timely and meaningful information, including by assuring that the quality of financial reporting by public companies is as high as possible. And this in turn puts the spotlight on the role of the gatekeepers of the public trust, in particular accounting firms, banks, rating agencies, supervisors, and regulators.[181] The central bank must not allow the market to grow 35% per annum.

Most of the public policies are wrong, anti-social, and inadmissible. The reason might be the ignorance of the policy makers, but some policies are intentional, are dictated by the “elites” (dark powers), who want to control the world with fear, intimidation, rules and mandates, and lately with poverty. Public policy is the process by which governments (fiscal policy) and central banks (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 minds, imposed by the “enemy”. Protecting nature and going against humans, who “destroy” the environment. The true “real world” is 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

[176]*Insider trading* is the trading of a public company’s stock or bonds or stock options based on material, nonpublic information about the company. Trading based on insider information is illegal. Many politicians are acting as insiders, due to superior information that they have.

[177] See, Hans (2020).

[178] Unfortunately, the “garbage in, garbage out” principle prevails in financial markets, public trust in the functioning of financial markets has declined as a result of major financial reporting scandals involving Enron, Tyco, WorldCom, Parmalat and others. See, Blommestein (2006).

[179] See, Jensen (2002).

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

[181]See, Blommestein(2006).

ethics, and Pareto optimality.[182] 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.

If we allow banks to decide by themselves (another deregulation) how much they want to hold as reserves, they are going to hold the amount of reserves that minimizes the risk of not having money to give their depositors when they ask for withdrawals. The question is now. Is it good to let the market solve social economic problems rather, than regulators with their law? Banks maximize their objective ignoring the risk because the government will bail them out, as it happened in 2008 that cost to the taxpayers trillions of dollars. The government passaged into U.S. law, on October 3, 2008, a $700 billion financial-sector rescue plan that was the latest in the long history of U.S. government bailouts. The 2020 COVID-19 pandemic led to multi-trillion dollar bailouts of both businesses and individuals in America and similar policies have been taken across the globe. To date, nearly $5.5 trillion has been deployed to keep the economy running in the face of this suspicious Chinese pandemic, the Wuhan coronavirus.[183]Regulators (Fed, FDIC, the comptroller of the currency, etc.) must concern about the systemic nature of risk in the banking system and should fear about policy, which is not being conducted in an orderly and reliable way, meaning that reserve requirements should exist to control MB and M^s,[184] together with higher margin requirements (since 1974, it is $r_m = 50\%$)[185] and many other regulations. Kallianiotis (2017a) suggests different optimal interest rates for our economy.[186]

[182]*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

[183] See, "US Government Financial Bailouts", https://www.investopedia.com/articles/economics/08/government-financial-bailout.asp . Also, "Emergency Economic Stabilization Act of 2008", https://en.wikipedia.org/wiki/Emergency_Economic_Stabilization_Act_of_2008 . Further, "Here's what's in the $2 trillion stimulus package — and what's next", https://www.politico.com/news/2020/03/25/whats-in-stimulus-package-coronavirus-149282 . A Chinese virologist, Dr. Li-Meng Yan said: "This virus came from a Wuhan Lab and it was intentional." (*Fox News*, 11/20/2020).

[184] See, file:///C:/Users/JK/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.IE5/51F9Y8AK/8517.pdf

The monetary base (MB) became $5.150 trillion with May 2020 and $5.592 trillion with June 28, 2022. https://fred.stlouisfed.org/series/BOGMBASE

The money supply (M^s) was $18.115 trillion, with May 2020 and became $21.755 trillion with June 28, 2022. https://fred.stlouisfed.org/series/M2

[185]See, "Margin Requirements as a Policy Tool?", https://www.frbsf.org/economic-research/publications/economic-letter/2000/march/margin-requirements-as-a-policy-tool/

[186] The optimal interest rate on deposits (savings accounts) must be: $i^*_{D_t} = \pi^e_t + 1\%$ and the optimal interest rate on loans (the highest) must be: $i^*_{L_t} = i_{P_t} + 5\%$, where i^*_D = the optimal deposit rate, π^e = expected true inflation rate, i^*_L = the optimal loan rate, and i_P = the prime rate.

Ethical and moral behavior is necessary for a business, market, society, a nation, its President,[187] and the world to survive. You cannot build on lies, corruption, exploitation, lawlessness, anarchy, immorality, perversion, fraud, and deception your existence. People must act with wisdom, courage, integrity, personality, dependability, restraint, humility, respect and self-respect,[188] and realism.[189] Markets and businesses must behave with effectiveness, efficiency, consistency, responsibility, and co-operation.[190] The public policies (monetary, fiscal, trade, etc.) have to be ethical and supportive for all citizens by minimizing their social cost. Nations owe to obey to international laws and fair international agreements. The number one objective of a policy is the welfare of the countries' citizens and not the profitability of its institutions, its politicians, and the wellbeing of the "allies". Regulations and fair laws, equal opportunities and justice, freedom and individual liberties, ethical behavior, respect of human life, democracy, election integrity, and moderation for everything in a society are important for its future. If someone is criminal, he can go as a mercenary to Ukraine, where he can kill these "bad" Russians and get also paid,[191] but he cannot kill his unborn children. This is the worst crime in human history, abortion, where two ignorant parents kill their children and at the same time kill themselves and their inheritance, too.

Finally, philosophy and science ("scientists") cannot offer many things to our society anymore because they have been eroded by this anti-humane movement (the liberal New Age plague). They became slaves to them (the liars), pawns, atheists, corrupted, immoral and unethical, politicized, followers of their financiers (grants offerors), and end up ignorant. This is a very big crisis of our fallen world, today. People have no objective instructors, guiders, and advisers; they have become pseudo-scientists. Then, what is the remedy? Back to our traditional values (moral philosophers and revelation) that led humanity for three thousand years. With wrong decisions (ἁμαρτίας) by an individual, he will destroy himself, his family, and his inheritance. Then, with wrong public policies, they destroy the lives of millions of people, the entire country, and even the lives of the future generations. Thus, the policy makers, it is absolutely necessary to be ethical, moral, and knowledgeable, with enormous practical experience. Ignorant people with zero experience cannot do these kinds of jobs; they cannot be decision makers. The current

[187] President Trump tries to change this forty years old corrupted (unethical) trend, but he is facing enormous opposition from the liberals (globalists) by using all their "innovated" means and experience since the French Revolution (1789); like Russia => Ukraine => impeachment => coronavirus => lockdown insanity => economic crisis => civil unrest => "autonomous zones" => destruction of monuments => defund the police => cultural revolution => distortion of history => keep schools closed => mail-in voting => voter fraud => January 6, etc. (*Sic*).

[188] A basic virtue for humans is "the fear of God" until they reach "the love for God".

[189]«Πᾶνμέτρονἄριστον.» (Moderation is everything).

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

[191] I remember an interview of three mercenaries in the war in Yugoslavia in 1992. The reporter asked them from what country they are. One said from America, the other from England, and the third from Spain. Then, the reporter asked, "Why are you here?" They answered: "We like to kill and if we do it in our countries, we will be in prison; now, we kill and we are also paid." (*Sic*). These criminals must be restricted by International Law; they cannot commit these crimes.

public policies are all wrong (monetary, fiscal, trade, etc.). The ethical struggle with fair public policies has to be continued in our societies.

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