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There is No Pushback Against Endless Currency Spending

Neither the Fed nor US elected officials (from either side of the aisle), opt for anything other than spending 'debt-created currency', which is not the same as wealth, created through productivity. Our nation of consumers seems unaware that as the biggest economy, only because we spend more than anybody else, is not sustainable. It's gotten so bad that once-reputable economists advocate a panacea where we spend another 10 trillion dollars in a hope we develop technology to pay our debt—as likely as investing your paycheck on lottery tickets.

The US economy was falling apart last fall and was saved by the coronavirus, which gave the elite the go-ahead to print at the rate of 35 trillion per annum during April, and more than 20 trillion per annum, April and May. But printing only worked when created dollars found their way back into US paper—which put off repayment of printing debt where each created dollar functioned as an IOU for US goods and services. It's not our trade deficit that is the ultimate problem—it's our capital deficit—if dollars out in the world are not being used to buy US paper, we have to fund that deficit ourselves, with the Fed as the printer of last resort.

Up until 2014, when the central banks of the world went off the dollar standard and onto the gold standard (investing in gold rather than the dollar), extending US debt worked well. Any energy bought, was paid for in dollars, dollars that were used to buy US paper assets. Because we always ran a deficit (consuming more than we produced), our debt rose, which was not a problem when dollars were reinvested in US paper. But now, considering that China is the world's biggest energy importer and Russia the biggest energy exporter, prospects for the petrodollar are dire, because Russia supplying energy and China using that energy constitute a huge market—a market in which neither nation supports US dollar assets, meaning that the US, dependent on the petrodollar, is now functioning as a credit card holder on which we cannot service the interest payments.

With a world short dollars and having to sell US dollar assets to get dollars, the US has to print more than any nation to cover its deficit, and since the repo failings last fall, along with stepped-up printing to deal with lost lockdown productivity, printing has accelerated to the point that US net interest expense, with added entitlement and veteran's benefits, has reached 106% of tax receipts—meaning

we have to print 6% more than our total tax receipts to stay even. And this is before we see the actual impact of the economic lockdown on the economy.

Because they are without a strategy to right the economy, the Fed will print until the final bell, if necessary, bailing out the entire Eurodollar market, the states, the cites, pension funds, Fannie and Freddie, etc. Right up to the end when the world rejects the dollar, a process that began in 2014 when the central banks opted to buy gold in lieu of dollars—when central banks went on a gold standard.

As illustration of the economic realty, consider the Fed, the 'social warriors', and both US political parities in a struggle with one another to re-distribute existing wealth amongst themselves, as dogs fighting over a bone. Both QE and MMT are each an unconstitutional re-distribution of wealth—taking from one individual to give to another is nothing more than looting on an institutional level.

Meanwhile (in the make-believe United States economy), the dollar is experiencing an annualized 15% drop, while gold has been rising at an annualized rate of more than 20%. But these numbers do not indicate what is coming because there is no monetary fix for US debt. We won't be able pay the debt through inflation, or productivity, or lifting limits on the amount of US paper banks can hold as reserves. We are not in control of our national economic destiny. We do not control whether or not we will have negative interest rates. The response of the world to our debt and our inability to service that debt will determine whether we have unimagined negative interest rates or unimagined runaway inflation.

When the world has finally had enough of our profligate consumption, and lack of production, any past benefit from the dollar will quickly fade as the world dumps dollar assets to get the dollars they need to service dollar-denominated debt. Along the way, the first central bank to come up with a viable digital currency will mark the end of dollar dominance. Whoever brings it and what it is (likely a gold-backed, convertible, digital currency), is uncertain, but enough nations that want out of the dollar suggests that it could arrive sooner rather than later.

What we saw in China with capital fight, when Chinese used Bitcoin to move their wealth offshore, will become economic reality for the US, because capital flight only stops with higher interest rates, making investment in US dollar assets more attractive. But, as we saw last fall (and what the Fed presents in cloaked jargon), there can be no rise in interest rates that does not destroy US markets.

What is all this telling us? We are in the endgame; we don't know how long we have, but before long global accounts will be settled in gold, requiring a gold price ten times the current price—for openers. With both parties and the Fed spending as if it were 1929, with sanctioned looting in the streets (reparations), Americans only economic protection is gold and silver. So, get it while you can, because before long, the United States will be analogous to a failing airline's last advertising campaign: 'Get in on US Capital Flight—Reserve Now—Book Early'.

You can get my blog by email: erik@neverhadaboss.com. You can access my fiction online at: neverhadaboss.com. Comments by email are much appreciated.