Written by [Wallis W. Wood](#) on September 29, 2012

Helicopter Ben Bernanke Strikes Again

I did a double take when I saw the story on CNN.com. For a moment, I thought I had clicked on the Personal Liberty website instead — something I do with great frequency. Here's what the subhead read:

"Central banks are printing money like crazy. And inflation is gold's best friend."

Not much to disagree with, is there? Knowing about CNN's liberal bias, you won't be surprised to learn that the actual headline wasn't nearly as kind to those of us who skew slightly to the right. It read: "Not just for lunatics."

So while you and I (and our fellow gold bugs) might be crazy as loons, our ranks are growing every day. Welcome, former middle-of-the-roaders!

If you're not concerned about what the money masters in Washington are doing to the U.S. dollar, you should be. It has been losing value virtually every day since the Federal Reserve was founded nearly 100 years ago. The reason why is as simple as Economics 101: When you produce more of something, the price, or value, of each individual unit goes down.

The Fed has been producing an awful lot of dollars in recent years. And Ben Bernanke, its chairman, just announced that the flood of fiat currency is about to get a whole lot worse.

At the conclusion of the Federal Open Market Committee meeting two weeks ago, the group issued an announcement that included the following:

> To support continued progress toward maximum employment and price stability, the Committee expects that a highly accommodative stance of monetary policy will remain appropriate for a considerable time after the economic recovery strengthens.

In that September 13 announcement, the committee made it clear what it meant by "highly accommodative." It would launch a third round of quantitative easing, purchasing $40 billion worth of mortgage-backed securities every month for an indefinite period. This will be in addition to the $45 billion in Treasury bonds it is already committed to buying through Operation Twist.

How long will it last? Until "Helicopter Ben" and his buddies on the committee decide it's no longer necessary. That could be a very long time, my friends. No wonder some pundits are referring to this third round of "quantitative easing" (Fed speak for "massive money creation") not as QE3, but as QE Infinity.

Basically, the Fed has guaranteed that the money spigot will pour out half a trillion dollars more a year. In addition, the Fed also said that it would keep interest rates at "exceptionally low levels" by maintaining a target range for bank borrowing (the federal funds rate) of 0 to .25 percent. And it would do so, the statement said, "at least through mid-2015."

Since Wall Street loves every short-term stimulus it sees, no matter the long-term effects on the economy, it came as no surprise the Dow Jones industrial average and Standard & Poor's 500 index soared to their highest levels in five years after the Fed announcement. Gold and silver also rose, along with other traditional inflation hedges, such as real estate and other commodities. Not surprisingly, the U.S. dollar dropped in value.

The Rest Of The World Jumps on the Bandwagon

But it isn't just our own central bank that has promised more stimulus. Mario Draghi, the president of the European Central Bank, announced that the ECB would buy "unlimited" amounts of European sovereign debt, in an effort to keep stimulate the economies of Europe.

This follows a ruling by the German high court that the European Stability Mechanism does not violate the country's constitution. The court did declare, however, that the German parliament must approve any further increases to the ESM. Currently, German is liable for about 27 percent of the 700 billion euro total, or 190 billion euros.

Last week, Japan joined the party. The Bank of Japan announced on Sept. 19 that it would expand its own stimulus program. It plans to increase the amount of debt it purchases from 70 trillion yen to about 80 trillion yen, a difference of $126 billion. It will continue its purchases throughout 2013. So Japan is also in the trillion-dollar stimulus club.

At the same time it announced its new stimulus program, the Bank of Japan also did away with its previous minimum bids for Japanese government bonds. Previously, the floor had been set at 0.1percent. Under the new rules, the yield on Japanese bonds can go below zero. In other words, buyers at the end of the loan period could receive less money than they invested, making a negative return on their investment.

What's an investor to Do?

Porter Stansberry, one of my favorite analysts, warned that "the Bernanke Asset Bubble is now in full force." Indeed, it is. In fact, there seems to be a globally coordinated plan among the world's central bankers to "stimulate" their respective economies.

You and I may believe that the best way to do this is for government to get the heck out of the way. Let the free enterprise system do what it does so well: create new jobs and even whole new industries. Turn millions of people from tax recipients to taxpayers. And then see how a steadily improving economy can mean more prosperity for almost everyone. And, yes, even more income (taxes) for Uncle Sam.

Of course, a free and unfettered economy is the last thing the bureaucrats and money manipulators in Washington want us to have. No, their solution will continue to be the creation of a massive amount of new money and credit.

The inevitable effect will be a decline in the purchasing power of the dollar — and the euro and the yen, too. There will also be an increase in the prices of all sorts of assets, including stocks, housing and commodities.

But the biggest winner of all is likely to be gold — just as it has been for the past decade (for the past two millennia, in fact). Oh, and don't forget its less-expensive sister, silver.

Both precious metals have come off of their all-time highs. And it's possible they could even correct a bit further in the next few weeks.

But long term, there has never been a better way to protect the purchasing power of your savings than to exchange paper currencies for things of real and enduring value. And nothing does that job better than gold and silver.

Buy some today and some more tomorrow. When the tide of new money begins hitting, you'll be very glad you did.

Until next time, keep some powder dry.

***Chip Wood** was the first news editor of* The Review of the News *and also wrote for* American Opinion*, our two predecessor publications. He is now the geopolitical editor of* Personal Liberty Digest*, where his Straight Talk column appears weekly. This article first appeared in PersonalLiberty.com and has been reprinted with permission.*