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## The Fed Enabling Biden and Congress' Destructive Agenda

According to the Congressional Budget Office (CBO), 2021 will be the second year in a row in which the federal debt exceeds Gross Domestic Product (GDP). CBO also projected that this year's federal deficit will be 2.3 trillion dollars, which is 900 billion dollars less than last year. However, CBO's projections do not include the 1.9 trillion dollars "stimulus" bill Congress is likely to pass.



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The CBO's report was largely ignored by Congress and the media. One reason the report did not get the attention it deserves is Federal Reserve Chairman Jerome Powell's continued commitment to making sure Fed policies enable Congress to spend as much as Congress deems necessary to address the economic fallout from the coronavirus panic.

As financial analyst Peter Schiff points out, the Fed's commitment to ensuring the government can run up massive debt means the Fed will not allow interest rates to increase to anywhere near what they would be in a free market. This is because increasing interest rates would cause the federal government's debt payments to rise to unsustainable levels. Yet, the Fed cannot admit it is going to keep rates near, or even below, zero indefinitely without unsettling the markets. So, the Fed continues to promise interest rate hikes in the future and the markets pretend to believe the Fed. When (or if) the lockdowns end, the Fed will find a new crisis justifying "temporarily" keeping interest rates low.

The Federal Reserve has not just endorsed massive federal spending, Fed Chairman Powell has also endorsed masks, vaccines, and social distancing to defeat the coronavirus and restore the economy. It is disappointing, but not surprising, to see the Fed go full Fauci.

The overreaction to coronavirus is a cause of the explosion in federal spending and debt we have witnessed over the last year. However, federal spending already greatly increased from January 2017 until the lockdowns. This spending growth occurred under a Republican president, a Republican Senate, and, from 2017 to 2019, a Republican House. One bright spot in Democratic control of the presidency and both houses of Congress is more Republicans will fight excessive spending and claim to be "deficit hawks."

Republican hypocrisy in claiming to care about spending and debt only when a Democrat sits in the Oval Office is one reason why Democrats can so easily disregard debt. Another reason is the left's embrace of Modern Monetary Theory. Modern Monetary Theory is the latest version of the fairy tale that politicians need not worry about debt and deficits as long as the central bank can monetize the federal debt.

Unless the government changes course, America will experience a crisis greater than the Great



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Depression. The crisis will include a final rejection of the dollar's world reserve currency status. There will also be much increased price inflation. At that point Congress will have no choice but to limit spending, although it will try to hide cuts in popular entitlement programs by "adjusting" government measures of inflation. Congress could then blame the Fed for the reduction in value of government benefits.

Those who know the truth have two responsibilities. First, ensure they and their families are protected when the crash comes. Second, redouble efforts to spread the ideas of liberty and grow the liberty movement so politicians are pressured to cut spending and debt and to end the Fed.

*Ron Paul is a former U.S. congressman from Texas. This article originally appeared at the [Ron Paul Institute for Peace and Prosperity](#) and is reprinted here with permission.*



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