



Written by [Gary Benoit](#) on November 28, 2008

Fed Announces Another \$800 Billion in Bailout Funding

The Fed also announced an additional \$600 billion to purchase mortgage-backed securities guaranteed by Fannie Mae and Freddie Mac and to purchase directly mortgages held by these two government-backed lenders.



Undeterred by the mind-boggling sum of taxpayer dollars the Bush administration has already committed to spend, Treasury Secretary Henry Paulson announced that more such moves may be in the offing before the Bush administration leaves office two months from now.

Regardless of any short-term stimulus effects such actions may create, the long-term consequences on the American (and global) economy will be nothing short of calamitous. For one thing, the Bush administration has increased the national debt by many trillions of dollars, and will push this year's annual deficit alone to the unheard-of figure of roughly a trillion dollars. For another, the inflationary effects of the massive new injection of money will cause the value of the dollar to depreciate at a dizzying clip in coming years, destroying savings, discouraging thrift, and eroding confidence in the viability of the U.S. dollar both at home and abroad. Finally, and perhaps most grievously of all, the strings attached to this mother of all bailouts have already allowed the federal government to take partial ownership in banks and other financial institutions and, in the longer run, will authorize the federal government to nationalize any industry that it pleases — to destroy our once-hallowed free-market system in the name of saving it.



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