



Written by [Selwyn Duke](#) on October 17, 2021

## The Fed's Legalized Counterfeiting Is Spiking Prices, Impoverishing You, and Enriching a Few

If “a person is ever charged with counterfeiting, he should tell the judge he was engaging in monetary policy,” quipped the late economist Walter E. Williams. This comes to mind when pondering the 21st-century government habit called “quantitative easing.” Most Americans have probably heard this term, but may not know that it amounts to weasel words. It’s a euphemism — something you say when you don’t want to say what you really mean — sort of like using “pleasingly plump” instead of “fat.”



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As for quantitative easing (QE), it actually means creating money backed by nothing; it’s legalized counterfeiting.

If you want to know why consumer prices rose at their fastest rate since 2008, 5.4 percent year over year in September, realize it’s no mystery. Some will blame greater demand due to Americans returning to “post-pandemic life” and labor shortages, and these *may* be immediate factors. But the big picture — and it is the big picture because it has become status quo — is that our government can create dollars at will.

Fox News host Tucker Carlson reported on this Tuesday evening in a segment about the Federal Reserve, an entity few Americans understand. “The Federal Reserve was created way back in 1913 by an act of Congress, and it had really two main goals: Maximize employment and keep prices stable. Keep inflation under control,” he stated, providing some background.

Yet “it may be a measure of the way that bureaucracies work that over time, the Federal Reserve has actively undermined both of those objectives,” Carlson added. “It’s the classic story of the fireman turned arsonist, or for that matter the COVID czar who helped create COVID — irony of ironies, it seems like we read a lot of those lately.”

“Every month, the Federal Reserve officials print more than 100 billion new dollars in American currency, and then they inject those dollars into our financial system by buying assets like bonds and securities,” Carlson stated moments later. “This is not a normal thing to do; it’s a radical thing to do, and it was supposed to be temporary. It was in response to a crisis.” He then continued:

In medical terms, quantitative easing is like chemotherapy. There are times when it can save your life, but fundamentally it’s poison. If you keep taking it, it will kill you. Pretty much everyone agrees on that, and pretty much everyone understands that ultimately, quantitative easing causes horrible inflation, and it’s easy to understand why — you don’t need to be an expert. The more money you print, the less that money is worth; it’s supply and demand. You buy diamonds by the carat, but you buy dirt by the yard. Overabundance



decreases value.

So every new dollar you print buys less. If you keep printing them, you wind up devaluing your own currency. That's one thing a responsible government should never do. It may enrich banks in a tiny number of big investors who give to the [Democratic Party](#), but devaluing your currency screws everyone who works and who saves. And that's immoral. Those are exactly the people that a legitimate government ought to be trying to help as its core mission. And yet they're not.

All these years later, quantitative easing continues; they're still doing it. On Wall Street they joke about how it's going to go on forever. They call it "QE infinity." It's an incredibly reckless policy and everybody knows it very much, including the people who are getting rich from it .

It won't surprise a person acquainted with government, or with man's nature, that QE has been perpetuated. Much as with the judiciary, once a "precedent" is set, the ice is broken and people *feel* better about repeating a behavior even if it's destructive. It's conditioning.

One matter that should be clarified here is that while we'll generally say the government is "printing money," very little of the increased money supply is in the form of physical currency. Rather, most is an "on-paper" transaction in which the Fed creates currency out of thin air in one of two ways: either by buying assets (e.g., securities) from banks or by extending loans to banks. In the latter case, the bank only has to keep a small percentage of the loan value as a deposit; this is called "fractional reserve banking."

Regardless, the effect on the dollar is severe. And Carlson provided some tangible examples of ballooning prices. "The median existing home price last year was \$310,000 and is now over \$356,000 and a lot more in the zip code you might want to live in. Part of the reason is the cost of building materials. They're completely out of control," he stated.

"Last October, lumber went for about \$580 per thousand board feet; as of last week, it was \$712," Carlson elaborated. "Last August, used cars, which you might need, were selling for an average price of \$21,000; this August, a year later, they were almost \$28,000 — same car, \$7,000 more."

Walter Williams, whom I cited in my opening line, minced no words regarding government's currency-creation addiction. "Printing new money to introduce into the game makes me a thief," he [wrote](#) in 2005. "I've obtained objects of value for nothing in return." Hence his comment about what counterfeiters should tell judges.

Williams also explained a major reason why this price-spiking mass counterfeiting is perpetuated, stating:

When inflation is unanticipated, as it so often is, there's a redistribution of wealth from creditors to debtors. If you lend me \$100, and over the term of the loan the Federal Reserve increases the money supply in a way that causes inflation, I pay you back with dollars with reduced purchasing power. Since inflation redistributes (steals) wealth from creditors to debtors, it helps us identify inflation's primary beneficiary. That identification is easy if you ask: Who is the nation's largest debtor? If you said, "It's the U.S. government," go to the head of the class.



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Whatever the motivation, wanton currency “creation” can have devastating effects. As even John Maynard Keynes, viewed as a “big-government” economist, [warned](#) in 1919, Vladimir “Lenin is said to have declared that the best way to destroy the Capitalist System was to debauch the currency. By a continuing process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens.”

Related to this is a line apparently incorrectly attributed to Lenin but reflecting evil intent: “The way to crush the bourgeoisie [middle class] is to grind them down between the millstones of taxation and inflation.”

The truth is that America is being ground down. And regardless of the intent, we should perhaps note that there is one major political party that mayn’t mind seeing the middle class disappear. Why?

Well, this party is supported by the rich and the poor, but the middle class votes for the other side.



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