Money Creation and the Bankruptcy of Major Banks: The Roles of the IMF, The European Central Bank and the Federal Reserve

By Bob Chapman
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Debt repayment is a subject few want to discuss, or that few understand. We know most of the largest banks in the world are broke along with at least 6-euro zone nations. There are many others, but the most concerning are the debts of major nations, which are supposedly solvent. Needless to say the US is deeply indebted and the Super-Congress Enabling Committee couldn't even lay politics aside to cut spending increases.

A bill has been entered into Congress to prohibit US funds being used via the IMF to bail out European banks and governments. We see a scant chance of passage because of the elitist control of both Houses. On the other hand it makes little difference, because the Fed has opened the swap floodgates and other avenues of secret funding to "recapitalize," bailout, European banks of all sizes and depths of default.

As we end 2011 it is all quiet on the Western Front. Behind the scenes unbeknownst to almost all the elitists are plotting and planning on how to extricate themselves from the morass they have gotten themselves into. How do they put the crisis on the back burner and extend the timeline? The vaunted 6 nations on the edge of default await aid, but one might ask from whom? That solution hasn't even been sorted out as yet, and we now find France facing a possible two level lowering of debt ratings, but even Germany is not as solvent as they were thought to be. Could it be that France and Germany might not be able to repay their debts? Now you can understand why the money machine, known as the Fed, says nothing about their bailout of Europe. 95% of the population of the world doesn't even know what a swap is. Even if they did understand they are never going to get the truth from the Fed. We saw that in court and GAO revelations recently.

The European Central Bank, ECB, does not have the Fed's ability to continue to create money and credit. That means that the taxpayers in each nation must foot the bill, unless the Fed prints money for them. Thus, we see a central bank, which really is not a central bank. Germany is still not allowing the ECB to emulate the Bank of England and Federal Reserve. Germans still vividly remember the Weimar Republic and the resultant rise of National Socialism and Adolph Hitler. Even if such possibilities do not exist today they still see rampant inflation as a result of endless funding. Northern Europeans, in spite of participating in the EU and the euro zone, understand the frailties and cultural differences of their neighbors in the south. Europe has pursed the wrong path for more than two years. There simply isn't anyway to bail out the six. They have to allow them to default and leave the euro.

The short-term cost is $6 trillion just to go sideways for a year or two. After that the underlying problem will still exist, and it will be worse. Professionals in part recognize the problems and as a result interest rates have risen and the entire European system is under pressure, including their stock markets. We know that "The President's Working Group on Financial Markets" has been active in markets worldwide, but because it is secret, we do no know the extent of market manipulation in keeping world markets up when they should be down. When Ron Paul becomes President of the United States and the reign of the bankers ends we will then be able to see what these criminals have been up too. A good part of the world is headed into recession and depression. Europe's plunge into recession is underway and that condition is just going to exacerbate the situation. What we have is a European standoff and the possibility that Germany may go its own way, becomes more plausible with every passing day.

They could leave the euro, let the six nations go under and take their losses and leave the EU as well. Remember, Germany overwhelmingly did not want either but were forced into the situation or order to regain Western Germany. The cost of that effort was outrageous. They were forced to exchange a Deutschmark for a Reich mark, one-for-one. It should be between 30 to 1. Germany is sick and tired of getting the short end of the stick and we believe 65% or more of the German people want out and that may very well happen though few see that possibility. The recent exchange with the British over City of London taxation could well have been a ruse to expedite the German exit from the euro and the EU. This is why we are always thinking outside the box.

In order to circumvent the rules the elitists have formed and funded a new bailout program via the IMF, something the IMF was not created for. That is to bail out Europe. Bailing out singular nations is one thing, but bailing out a whole continent is another. What we should say is the job of the IMF was and is to bailing out countries, so they can pay the interest on their debt to keep the banks solvent.

The big ultimate question is, who will bail out the US? The answer is no one and that is why ultimately there will be a meeting of all nations, which will revalue and devalue all currencies against one another and have a multinational default and debt settlement. That means everyone gets to pay some of the losses, except of course those who own gold and silver related assets. All the elitists know that they can monetize money and credit only for so long before hyperinflation takes place. Thus, there will be an end game.

We will never know whether several weeks ago the German bond auction was for real. Did the government only sell half its bond auction or was it a ruse? From a logical point of view it was a disaster, but everything is not always the way it seems to be. If it were bona fide it would have been an effort to try to force Germany into quantitative easing.

There is no question that the creation of money and credit known as QE has been instrumental in the monetization of debt that has then caused inflation. Professionals and investors are fortunately catching on, but they have no clue how bad this really is and is going to be.

Students of economic history, whether Keynesian or Austrian, know there is no way of avoiding the collapse of an unlimited credit expansion. The only solution is abandonment of the expansion of money and credit and a purging of the excesses of malinvestment in the system.

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