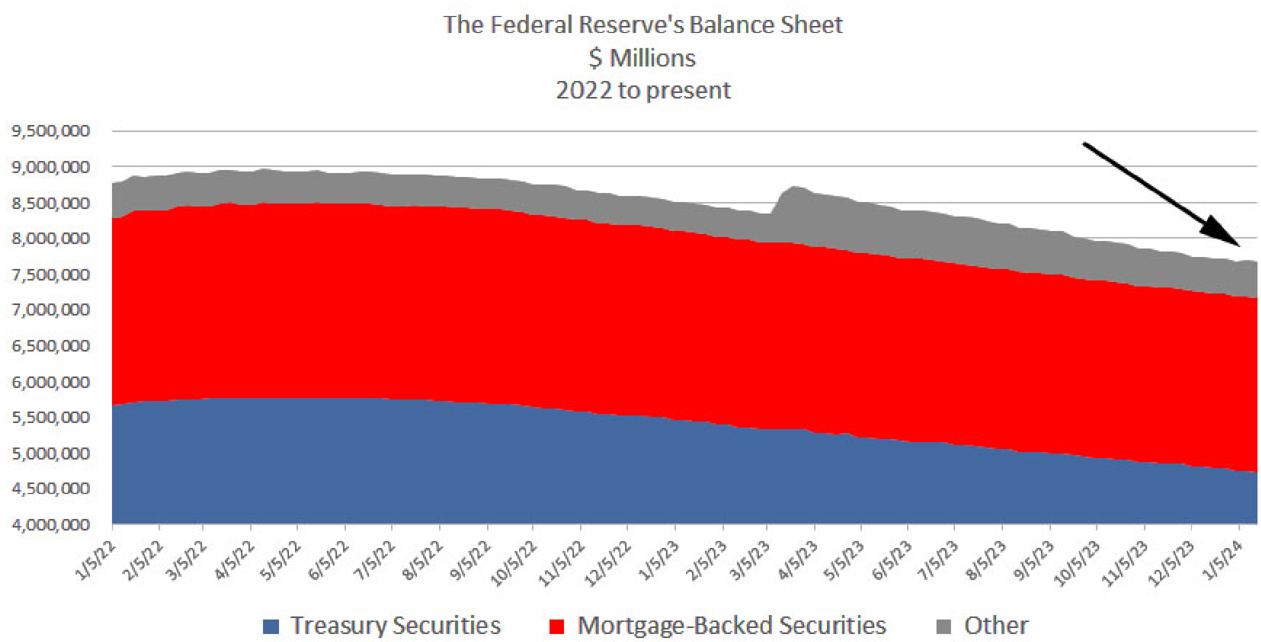
Reducing Our National Debt

by Earl P. Holt III

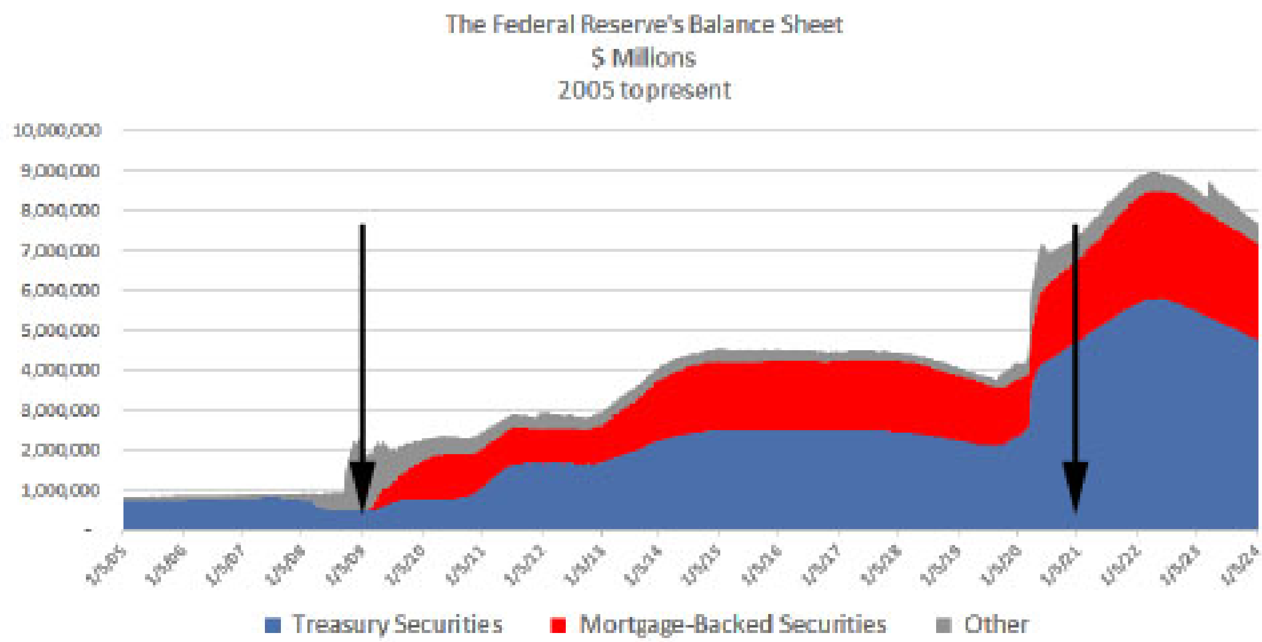
Currently, the **U.S. *National Debt*** is about **$34.5 Trillion**. That's $108,000 for every man woman and child in America. Interest alone on that debt is projected to rise to one trillion dollars ($1,000,000,000,000) per year within a couple of years at current, insane spending and interest rate levels. An interest payment of $1 Trillion would be a considerably greater amount than we annually spend on national defense.

The ***Federal Reserve*** currently lists about **$7.7 Trillion** in Assets it holds in its portfolio. **(See far-right edge of graphic below.)** These are in the form of ***U.S. Treasury Securities*** ($5 Trillion,) ***Mortgage-Backed Securities*** ($2.2 Trillion,) and about $500 Billion in ***other securities***.



(Source: https://www.americanactionforum.org/insight/tracker-the-federal-reserves-balance-sheet/#ixzz8Q2zdxPNN)

The Fed began purchasing ***Electronically Traded Funds*** (ETFs) in January of 2009 when Obama took office, and only resumed the practice when Biden took office in January of 2021. This was intentionally done to camouflage the weak and halting growth from the destructive economic policies of both administrations. That is, when the Fed buys ETFs, its expenditures enter capital streams and tend to bid-up the value of privately-held assets like the stock market or real-estate, mimicking the appearance of a growing and vibrant economy. (Increased ETF purchases are evident in 2009 and 2021 in the graphic, below:)



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Under Obama, this practice was euphemistically termed ***"Quantitative Easing,"*** instead of its more accurate description ***"inflating the currency to deceive the public into believing the economy is vibrant."*** However, the term *quantitative easing* lost favor when it began to generate double-digit inflation levels during the Biden Administration in 2022.

HERE'S THE POINT: During Trump's 2nd term, if the Fed were to sell just $200 Billion of Fed assets each month, within approximately 40 months it will have successfully reduced our National Debt by about $7 Trillion. The resulting National Debt would not be sustainable, but it would be an encouraging step in returning to fiscal sanity. If the Fed's divestiture of assets were accompanied by REAL budget-cuts, this would create less spending for the Fed to monetize, and be even more beneficial.

If divesting itself of $200 Billion per month begins to generate the even greater risk of ***deflation*** -- which caused *The Great Depression* -- the Fed's monthly divestiture could be temporarily halted or simply reduced to $100 Billion per month. This would demonstrate to investors and foreign nations America's resolve to reduce our National Debt to a sustainable level that won't lead to our nation's insolvency.

Budget-pruning should begin with chloroforming the ***Department of Education*** (DOE,) which has damaged public education more than *"remote learning"* did during COVID lockdowns. Since its creation in late 1979, the DOE has been the cause of an **inverse correlation** between increased spending on public education and declining proficiency in math and reading. Serious budget-cutting should extend beyond the DOE to include *Foreign Aid*, the ***Energy Department***, and all those grants that are mostly welfare for treasonous, Marxist *"academics."*

In the future, it would be wise if Congress were to prohibit Fed purchases of ETFs altogether -- except the Fed's traditional purchase of Treasury obligations -- since they've been used primarily to advance the socialist political agenda of the *New Communist Party of the USA* (NCPUSA,) sometimes mistakenly referred to as the *"Democrat"* Party by those who are blind to irony.

Once decent American adults recognize the financial benefits from less Fed interventionism and responsible budgetary practices, they might very well demand that Congress abandon so-called "*Continuous Resolutions*" to fund the Yankee Government's annual spending sprees, and insist that Congress return to BALANCED Federal Budgets each and every year.