

# Fake News From the Fed

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GUALFIN, ARGENTINA — Our [adventure in the desert](#) was “real news.”

It happened. To us. Close in space and time, with little room for interpretation, it is about as close to the “truth” as we can

What you see in the media, by contrast, is mostly “fake news.”

Reuters had this story yesterday:

Most Federal Reserve policymakers think the central bank should take steps to begin trimming its \$4.5 trillion balance sheet later this year as long as the economic data holds up, minutes from their last meeting showed...

Provided that the economy continued to perform about as expected, most participants anticipated that gradual increases in the federal funds rate would continue and judged that a change to the Committee’s reinvestment policy would likely be appropriate later this year,” the Fed said in its minutes.

This is the public spectacle – where tiny and often trivial bits of real news are conflated with vast myths and illusions.

The Fed fiddles with short-term interest rates... President Trump tweets a threat to the Freedom Caucus... the GOP proposes a new health-care plan...

You can’t know what any of these “facts” mean without reference to a huge of non-facts – beliefs, ideas, and prejudices that make them absurd.

Remember, a “myth” is not necessarily untrue; it just can’t be tested or disproven.

And since reality is infinitely complex, and a myth can only reflect a small trace of it... no matter how attractive or “true” a myth always leaves out more truth than it describes.

## Recommended Link



### [Rickards: Trump’s “Gold Executive Order” Will Create a MASSIVE Run on Gold](#)

Jim Rickards here. I just dropped everything I was doing to record this short, [1 minute, 34 second video](#). In it you’ll find [BRAND-NEW EVIDENCE](#) that GOLD could be in for a MASSIVE move higher. The move could start as soon as [THIS](#). [Please stop what you’re doing and watch this URGENT VIDEO, right now. Click here.](#)

## Critical Narrative

Here at the *Diary*, we make no pretense of ever knowing the “truth.”

That would be impossible. All we can do is try to identify the most ridiculous myths... and find the most useful one, the one we can believe without getting kicked in the pants.

Imagine you were a Jew in Germany in the 1930s... or a stock market investor in the U.S. in 1929... or a merchant in Moscow in 2003.

In each case, there were plenty of ways to understand what was going on. But the critical narrative was: Time to get out of town.

What is the narrative myth that matters most now?

Our guess: The Trump administration will not drain the swamp. There will be no significant cut in taxes, regulation, entitlement spending. No reflation. No boom.

And as for the Fed – it will not trim its balance sheet or ever willingly abandon its “emergency” policies.

### **Common Myths**

Whence cometh this counternarrative?

For the last couple of weeks, we’ve been trying to keep up with events... while also bringing new readers into the conversation.

So far, we’ve focused on revising common myths:

The U.S. is an empire, not a constitutional republic.

Empires follow rules of their own; they don’t act like nation-states.

They are run by an elite of insiders (aka the Deep State), not by the voters.

An empire can’t self-correct... It must continue to its own destruction.

Congress, now under the control of rival Deep State factions, can’t balance the budget or cut spending in any substantial way.

And the Fed can’t allow monetary policy to return to “normal.”

Why not?

Because the empire, the cronies, and the zombies all depend on artificially cheap credit made possible by the funny-money system that President Nixon put in place in 1971.

This money system is based on credit. And cheap credit goes first to the creditworthy – the rich, big business, big government, Wall Street, and Deep State hangers-on.

The working man puts in an hour of his limited time and gets 25 bucks. The Wall Street insider gets unlimited credit priced below the real rate of consumer inflation.

That’s why almost all income and wealth increases in the 21st century have gone to the top 10%.

And it’s why Americans in the bottom 90% have felt cheated and have turned their lonely eyes to Donald J. Trump.

#### *Recommended Link*



#### **[Shocking New Video From Wall Street Insider](#)**

If you have any money invested in the markets, please take 1 minute to [watch this short video from former Wall Street insider David Stockman](#). According to him, something BIG is happening next week. And it could mean the difference between being wiped out and walking away with a retirement fortune. We just have a few days to prepare. [Click here to watch this U.S. video.](#)

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## Doomsday Bug

Mr. Trump can stir things up. He can cause mischief. He can shift power and money from one insider faction to another.

But he can't change the system.

And neither he nor the Fed can stop the credit cycle. Unlike real money, credit is subject to the credit cycle: It goes up. It goes down.

This is the "doomsday bug" at the heart of the fake-money system: If credit were allowed to shrink, the whole shebang would collapse.

Is this "true"?

We don't know. Like anything in the public space, it is more myth than truth. It is seen through a glass darkly, at best. But that's the myth you should believe now.

If you are an investor, it is "time to get out of town." The next 10 years are likely to be lean years.

Regards,