Failing Stimulus And The IMF's New 'Multilateral' World Order

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by Brandon Smith , January 29, 2015

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My theme for 2015 has been the assertion that this will be a year of shattered illusions; social, political, as well as economic. As I have noted in recent articles, 2014 set the stage for multiple engineered conflicts, including the false conflict between Eastern and Western financial and political powers, as well as the growing conflict between OPEC nations, shale producers, as well as conflicting notions on the security of the dollar's petro-status and the security and stability of the European Union.

Since the derivatives and credit crisis of 2008, central banks have claimed their efforts revolve around intervention against the snowball effect of classical deflationary market trends. The REAL purpose of central bank stimulus actions, however, has been to create an illusory global financial environment in which traditional economic fundamentals are either ignored, or no longer reflect the concrete truths they are meant to convey. That is to say, the international banking cult has NO INTEREST whatsoever in saving the current system, despite the assumptions of many market analysts. They know full well that fiat printing, bond buying, and even manipulation of stocks will not change the nature of the underlying crisis.

Their only goal has been to stave off the visible effects of the crisis until a new system is ready (psychologically justified in the public consciousness) to be put into place. I wrote extensively about the admitted plan for a disastrous "economic reset" benefiting only the global elites in my article 'The Economic End Game Explained'.

We are beginning to see the holes in the veil placed over the eyes of the general populace, most notably in the EU, where the elites are now implementing what I believe to be the final stages of the disruption of European markets.

The prevailing illusion concerning the EU is that it is a "model" for the future the globalists wish to create, and therefore, the assumption is that they would never deliberately allow the transnational union to fail. Unfortunately, people who make this argument do not seem to realize that the EU is NOT a model for the New World Order, it is in fact a mere stepping stone.

The rising propaganda argument voiced by elites in the International Monetary Fund and the Bank For International Settlements, not to mention the ECB, is not that Europe's troubles stem from its ludicrous surrender to a faceless bureaucratic machine. Rather, the argument from the globalists is that Europe is failing because it is not "centralized enough". Mario Draghi, head of the ECB and member of the board of directors of the BIS, tried to sell the idea that centralization solves everything in an editorial written at the beginning of this year.

"***Ultimately, economic convergence among countries cannot be only an entry criterion for monetary union, or a condition that is met some of the time. It has to be a condition that is fulfilled all of the time. And for this reason, to complete monetary union we will ultimately have to deepen our political union further: to lay down its rights and obligations in a renewed institutional order."***

Make no mistake, the rhetoric that will be used by Fabian influenced media pundits and mainstream economic snake-oil salesmen in the coming months will say that the solution to EU instability as well as global instability is a single global governing body over the fiscal life of all nations and peoples. The argument will be that the economic crisis persists because we continue to cling to the "barbaric relic" of national sovereignty.

In the meantime, internationalists are protecting the legitimacy of stimulus actions and banker led policy by diverting attention away from the failure of the central planning methodology.

Mario Draghi has recently announced the institution of Europe's own QE bond buying program, only months after Japan initiated yet another stimulus measure of its own, and only months after the Federal Reserve ended QE with the finale of the taper.

I would point out that essentially the moment the Fed finalized the taper of QE in the U.S., we immediately began to see a return of stock volatility, as well as the current plunge in oil prices. I think it should now be crystal clear to everyone where stimulus money was really going, as well as what assumptions oblivious daytraders were operating on.

The common claim today is that the QE of Japan and now the ECB are meant to take up the slack left behind in the manipulation of markets by the Fed. I disagree. As I have been saying since the announcement of the taper, stimulus measures have a shelf life, and central banks are not capable of propping up markets for much longer, even if that is their intention (which it is not). Why? Because even though market fundamentals have been obscured by a fog of manipulation, they unquestionably still apply. Real supply and demand will ALWAYS matter – they are like gravity, and we are forced to deal with them eventually.

Beyond available supply, all trade ultimately depend on two things – savings and demand. Without these two things, the economy will inevitably collapse. Central bank stimulus does not generate jobs, it does not generate available credit, it does not generate higher wages, nor does it generate ample savings. Thus, the economic crisis continues unabated and even stock markets are beginning to waver.

As demand collapses due to a lack of strong jobs and savings, it pulls down on the central bank fiat fueled rocket ship like an increase in gravity. The rocket (in this case equities markets and government debt) hits a point of terminal altitude. The banks are forced to pour in even more fiat fuel just to keep the vessel from crashing back to Earth. No matter how much fuel they create, the gravity of crashing demand increases equally in the opposite direction. In the end, the rocket will tumble and disintegrate in a spectacular explosion, filled to capacity with fuel but unable to go anywhere.

Oil markets have expressed this reality in relentless fashion the past few months. Real demand growth in oil has been stagnant for years, yet, because of stimulus, because of the real devaluation of the dollar, and because of market exuberance, prices were unrealistically high in comparison. The crash of oil is a startling sign that the exuberance is over, and something else is taking shape…

The disconnect within banker propaganda could be best summarized by Mario Draghi's recent statements on the ECB's new stimulus measures. When asked if he was concerned about the possibility of European

QE triggering currency devaluation and hyperinflation, Draghi had this to say:

"I think the best way to answer to this is have we seen lots of inflation since the QE program started? Have we seen that? And now it's quite a few years that we started. You know, our experience since we have these press conferences goes back to a little more than three years. In these 3 years we've lowered interest rates, I don't know how many times, 4 or 5 times, 6 times maybe. And each times someone was saying, this is going to be terrible expansionary, there will be inflation. Some people voted against lowering interest rates way back at the end of November 2013. We did OMP. We did the LTROs. We did TLTROs. And somehow this runaway inflation hasn't come yet.

So the jury is still out, but there must be a statute of limitations. Also for the people who say that there would be inflation, yes When please. Tell me, within what?"

Firstly, if you are using "official" CPI numbers in the U.S. to gauge whether or not there has been inflation, then yes, Draghi's claim appears sound. However, if you use the traditional method (pre-1990's) to calculate CPI rather than the new and incomplete method, inflation over the past few years has stood at around 8%-10%, and most essential goods including most food items have risen in price by 30% or more, far above the official 0%-1% numbers presented by the Bureau of Labor Statistics.

But beyond real inflation numbers I find a very humorous truth within Draghi's rather disingenuous statement; yes, QE has not yet produced hyperinflation in the U.S. (primarily because the untold trillions in fiat created still sit idle in the coffers of international banks rather than circulating freely), however, what HAS stimulus actually accomplished if not inflation? Certainly not any semblance of economic recovery.

Look at it this way; I could also claim that if international bankers lined up on a stage at Davos and danced the funky-chicken, hyperinflation would probably not result. But what is the point of dancing the funky chicken, and really, what is the point of QE? Stimulus clearly has about as much positive effect on the economy as jerking around rhythmically in tight polypropylene disco pants.

Japan and the ECB are in fact launching sizable stimulus measures exactly because the QE of the Federal Reserve achieved ABSOLUTELY NOTHING except the purchase of 5-6 years without total collapse (only gradual collapse). And what is the real cost/benefit ratio of that purchase of half a decade of fiscal purgatory? When the breakdown of debt and forex markets does occur, it will be a hundred times worse than if the Fed had done nothing at all. Which brings me to our current state of affairs in 2015, and the IMF plan to take advantage…

IMF head Christine Lagarde put out a press release this past week, one which was probably drafted for her by a team of ghouls at the BIS, mentioning the formation of what she called the "New Multilateralism".

Lagarde begins with the same old song about accommodative monetary policy:

"Besides structural reforms, building new momentum will require pulling all possible levers that can support global demand. Accommodative monetary policy will remain essential for as long as growth remains anemic – though we must pay careful attention to potential spillovers. Fiscal policy should be focused on promoting growth and creating jobs, while maintaining medium-term credibility."

Of course, as we have already established, monetary policy does nothing to inspire demand. So, what is a global syndicate of bankers to do? Promote maximum interdependency! Lagarde laments the impediments of the sovereign attitude:

"No economy is an island; indeed, the global economy is more integrated than ever before. Consider this: Fifty years ago, emerging markets and developing economies accounted for about a quarter of world GDP. Today, they generate half of global income, a share that will continue to rise.

But sovereign states are no longer the only actors on the scene. A global network of new stakeholders has emerged, including NGOs and citizen activists – often empowered by social media. This new reality demands a new response. We will need to update, adapt, and deepen our methods of working together."

And here we have a more subtle insinuation of the planning and programming I have been warning about for years. Because national sovereignty is no longer "practical" in an economically interdependent world (a world forced into economic interdependency by the globalists themselves), we must now change our way of thinking to support a more globalist framework.

The first big lie is that interdependency is a natural economic state. Historically, economies are more likely to survive and thrive the LESS dependent they are on outside factors. Independent, self contained, self sustaining, decentralized economies are the natural and preferable cultural path. Multilateralism (centralization) is completely contrary and destructive to this natural state, as we have already witnessed in the kind of panic which ensues across the globe when even one small nation, like Switzerland, decides to break from the accepted pattern of interdependency.

Also, take note of Lagarde's reference to the growing role that developing nations (BRICS) are playing in this interdependent globalized mish-mash. As I have been warning, the IMF and the international banks fully intend to bring the BRICS further into the fold of the "new multilateralism", and the supposed conflict between the East and the West is a ridiculous farce designed only as theater for the masses.

Lagarde reiterates the IMF push for inclusion of the BRICS (new networks of influence) into the new system, as well as the IMF's role as the arbiter of global governance:

"This can be done by building on effective institutions of cooperation that already exist. Institutions like the IMF should be made even more representative in light of the dynamic shifts taking place in the global economy. The new networks of influence should be embraced and given space in the twenty-first century architecture of global governance. This is what I have called the "new multilateralism." I believe it is the only way to address the challenges that the global community faces."

The IMF head finishes with my favorite line, one which should tell you all you need to know about what is about to happen in 2015. I have for some time been following the progress (or lack of progress) in the IMF reforms presented in 2010; reforms which the U.S. Congress has refused to pass. Why? I believe the reforms remain dormant because the U.S. is MEANT to lose its veto powers within the IMF, and the IMF has already made clear that lack of passage will result in just that.

"Against this backdrop, the adoption of the IMF reforms by the United States Congress would send a long-overdue signal to rapidly growing emerging economies that the world counts on their voices, and their resources, to find global solutions to global problems.

Growth, trade, development, and climate change: 2015 will be a rendezvous of important multilateral initiatives. We cannot afford to see them fail. Let us make the right choices."

Why remove U.S. veto power? Because BRICS nations like China are about to be given far more inclusion in the IMF's multilateralist order. In fact, 2015 is the year in which the IMF's Special Drawing Rights conference is set to commence, with initial discussions in May, and international meetings in October. I believe U.S. veto power will probably be removed by May, making the way clear (creating the rationale) for the marginalization of the U.S. dollar in favor of the SDR basket currency system, soon to be boosted by China's induction.

In 2015 what we really have is a sprint towards currency and market devaluation across the spectrum. India, Japan, Russia, Europe, parts of South America, have all been debased monetarily. The U.S. has as well, most Americans just don't know it yet. The value of this for globalists is far reaching. They have at a basic level created an atmosphere of lowered economic expectations – a global reduction in living standards which will at bottom lead to third world status for everyone. The elites hope that this will be enough to condition the public to support centralized financial control as the only option for survival.

It is hard to say what kind of Black Swans and false flags will be conjured in the meantime, but I highly doubt the shift towards the SDR will take place without considerable geopolitical turmoil. The public will require some sizable scapegoats for the kind of pain they will feel as the banks attempt to place the global economy in a totalitarian choke hold. While certain institutions may be held up as sacrificial lambs (including possibly the Federal Reserve itself), the concept of banker governance will be promoted as the best and only solution, despite the undeniable reality that the world would be a far better place if such men and their structures of influence were to be wiped off the face of the planet entirely.

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