

Hello Everyone,

Today's missive will close out the helicopter-money theme. And, it comes just in time. There are so many things happening it is hard to keep up.

- Trade wars with China. (The reason I haven't covered is this is I don't believe it is about trade, but rather about geopolitics.
- Possible naval war with Iran. (The USS Abraham Lincoln is now in the Persian Gulf, which seems to me like putting an aircraft carrier in Elephant Butte, but I'm just an army guy.)
- Political wars among DOJ, FBI, CIA, IG, GOP, DNC, FOX, MSNBC, CNN, etc. (It's hard to keep the acronyms straight.)

So, in two weeks (next Monday is Memorial Day), we'll start on something new. I'm not sure what. My hunch is events will dictate the course.

Signed, Your I-Believe-We-Overuse-The-Word-War Financial Advisor,

Greg

KKOB 05.20.2019 Katrina Model For Helicopter Money

Brandon: So, Greg, I know you want to close out the helicopter-money series today, but I've got to tell you, it's really helped me understand not just what is happening-- but why.

I mean, I'm not happy that soup cans are smaller, or I get a bag of air instead of chips. But now I get it.

Anyway, this morning you are going to link Hurricane Katrina (?) to Fed policy Is that right?

Greg: It is. What prompted this was a friend said to me something like this, *"So, Greg, I've been reading your series about helicopter- money. How do I get some of that? I'm not a student, so I can't get student loans forgiveness. I don't have money in the stock market, so if the Fed props the markets, that doesn't help me. I'm middle class, so I won't get Universal Basic Income. And, I don't work for government, so increased*

spending there doesn't help me. Everyone gets helicopter-money except me."

Brandon: OK. Wait. Before you go on. I get what your friend is saying—and I've wondered about this myself. Unless everybody gets some of this so-called "free money", there will be all kinds of resentment. For helicopter-money to work, politicians must spread it around.

Greg: That's my take. And before your listeners start to say, "Wait, this scenario is getting far-fetched," please remember this series started because a confluence of things. Debts are skyrocketing--- and simple mathematics is telling us we're getting closer to a debt wall. And, paying down debts with printed money is an old government trick.

Plus, we have politicians pushing for student loan forgiveness and universal basic income. Meanwhile, President Trump wants lower interest rates, & more Quantitative Easing (translation: money printing). Oh, and both parties are in favor of huge infrastructure programs.

Finally, the Federal Reserve is promising to "*directly help the American people.*"

So, trial balloons are already being floated for what I'm about to say.

So, anyway, here we go.

After Hurricane Katrina hit in 2005, the Government wanted people to remain in their towns and rebuild---a noble goal. Thus, they issued between \$600 million and \$1.4 billion (FEMA doesn't like giving exact numbers) in free money.

For example, they issued residents millions in prepaid Katrina Debit Cards hoping they would buy dry wall. Instead people spent the money at tanning salons and uhhh, gentlemen's clubs. The public was outraged.

But the fact is, the government didn't really care. They just wanted money circulating.

Brandon: But wait. If everyone got free money, didn't prices rise? I mean, didn't the local Ford dealer do the logical thing and raise prices on a Ford F150?

Wait again--- I'm answering my own question. If the government now wants inflation---- so they themselves can pay back their debts with inflated dollars--- then the Katrina model makes sense. I mean, debased money means everyone's debts get easier to pay...including government.

Greg: Exactly! So, what's not to like? Helicopter-money flows. People pay off their bills. Debts are erased with funny money. Politicians get reelected. Everyone wins---at least for a while.

Brandon: But the endgame has to be higher prices across the board. I guess that's kind of OK--just so long as it doesn't get out of control.

Greg: And, Brandon, that's the fine line---maintaining control. The Federal Reserve even has a fancy name for this strategy. It's called financial repression.

Brandon: I like the phrase helicopter-money better. We're almost out of time, but you mentioned your friend reads your stuff. So, you're still sending transcripts of our Monday talks?

Greg: I am. I find they keep me accountable. And, Brandon, I don't use my email list to push investments. I don't sell names. Everything I send is free. No subscriptions. No advertising.

All I ask is you pay it forward. If what you learn helps you, then find a way to help someone else. Deal?

Brandon: Deal. How do people get the transcripts?

Greg: Sorry. Just go to gregradiotranscripts@gmail.com. Again, gregradiotranscripts@gmail.com. Just send a note saying, "Sign me up. Or, put me on the list." That's it.

Brandon: Got it. Have a great week, and in two weeks we will start a new topic.

Greg: Deal.

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