

Re: Confused about the Federal Reserve?

Source: <http://sci.tech-archive.net/Archive/sci.econ/2007-11/msg00120.html>

- *From:* "Dan in Philly" <[djrr8@xxxxxxx](mailto:djr8@xxxxxxx)>
 - *Date:* Wed, 28 Nov 2007 02:27:24 GMT
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"phil scott" wrote in message ...
<snip>

that last sentence of yours is true and reveals that we pay immediately...due to depreciation of existing dollars when new ones are printed to offset debt... (inflation)...

True. We avoid some taxes by monetizing some of the debt; this is offset by the 'inflation tax' as our dollars lose value. So long as inflation is only ~2% that seems like a good deal to me.

<orangatang1@xxxxxxxxxxxxxxxx> wrote in message ...

<snip>

You make it sound like the Fed is an independent corporation, or group of people.

Dude, it is.

"that federal reserve banks are not federal instrumentalities for purposes of the Act, but are independent, privately owned and locally controlled corporations."

The individual Fed banks are private. But monetary policy is an extension of the US government. When money is created, the individual Fed banks don't become richer.

Dan in Philly

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