

Enough Already: The G-20 and the US Tell the Bank of Japan to End Quantitative Easing

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Global Research, April 22, 2014

[CounterPunch](#) 20 April 2014

Region: [Asia](#)

Theme: [Global Economy](#)

It looks like QE is going to end with a whimper instead of a bang.

The bigwigs in the G-20 have put the kibosh on Japan's money printing extravaganza. While most analysts expect the Bank of Japan (BoJ) to announce more "easing" in the days ahead to counter weakening economic data and droopy stock prices; it's not going to happen. Why? Because the big boys have told the BoJ to knock it the hell off, that's why? Here's the scoop from the Japan Times:

"Despite lingering market pressure on the Bank of Japan to take further easing steps, its Group of 20 counterparts might not welcome the central bank's next move.

With concern mounting about how the BOJ's unprecedented purchases of government bonds and risky assets will impact global markets, the G-20 finance chiefs might pressure the BOJ in the near future to clarify how it will phase out the deflation-busting measures...

Japan Bank for International Cooperation Gov. Hiroshi Watanabe said additional BOJ easing measures would not be supported by the United States, which is gradually reducing its own bond purchasing program.

"I'm not sure whether it is good for the United States and Japan to look in much different directions," Watanabe, a former vice finance minister for international affairs, said in a meeting with reporters earlier this month. "I don't think the United States will support" further BOJ easing." ("[Experts urge BOJ to draft exit strategy](#)", Japan Times)

Repeat: "additional BOJ easing measures would not be supported by the United States."

In other words, "Stop what you are doing...NOW".

Of course, the BoJ could resist and defend its independence, but how likely is that? That would suggest that the BoJ doesn't get its marching orders from Washington, which it does, just like everyone else in the western banking cartel. So what's probably going to happen is this: BoJ chief Haruhiko Kuroda will come up with a number of goofball excuses for winding down the policy to conceal the real power-dynamic behind the decision. But the truth is obvious, Washington has ordered the BoJ to stop printing, and dad-gum-it, Japan is going to fall in line...or else. That's how things work in this-here empire.

But why the sudden turnaround, after all, Abenomics has been around for more than a year and none of the bigshots at the Fed or the G-20 ever spoke up against it. Everyone seemed

to think that QE was the greatest thing since sliced bread. Now Watanabe and Co. want to slam on the brakes and return to more conventional policies. Why? Let's take another look at the article in the Japan Times and see what they say:

"In light of the side effects of the radical program, which could also take a toll on the global economy, the BOJ must map out an exit strategy from what it calls "quantitative and qualitative monetary easing," pundits said.

Some central banks have created a framework for avoiding the adverse impact of such policies, former BOJ Deputy Gov. Kazumasa Iwata said in a recent interview. "The BOJ also ought to set certain conditions and mechanisms toward the normalization of its current policy." (Japan Times)

Hold on there, partner. What's all this talk about "adverse impact" "radical program", and QE "could take a toll on the global economy." This is the first time any of the so called experts have whispered a word about adverse effects from QE. Up to now its all been rosy projections, green shoots, and silver linings. You mean there could be unintended consequences from printing up more than \$10 trillion in funny money and shoving it into financial systems around the globe?? Is that what this is all about? Here's more:

"If the current large-scale monetary easing policy were to be protracted or such policy strengthened by additional measures, the associated side effects would instead outweigh the positive effects, and this would undermine economic stability in the long run," BOJ Policy Board member Takahide Kiuchi said last month..." (Japan Times)

So the toffs think QE is actually dangerous. Well why didn't someone think of that five years ago when the Fed first launched this bonehead program? You mean, central banks have been flying by the seat of their pants with absolutely no freaking idea the impact their wacko policies could have on the global financial system? Doesn't that seem a tad reckless to you, dear reader, or am I just overreacting? Here's more:

"Some experts have expressed caution that the BOJ may draw international criticism if it takes additional credit easing measures that could have strong side effects without preparing an exit strategy..."

On Tuesday, after the BOJ decided to leave its aggressive monetary easing policy in place, Kuroda said further easing was not on his mind. "We are not currently thinking about additional easing" because the economy is steadily on course to attain the 2 percent inflation target by spring 2015, he said." (Japan Times)

Kuroda is the biggest loonybin on the planet. Take my word for it. The man deserves a place of honor next to Greenspan in the Pantheon of Crackpot Bankers. The man knows absolutely nothing about economics. Seriously. Under Kuroda, Japan's GDP has shrunk to the size of an acorn, wages have dropped for 21 months straight, consumer confidence is in the toilet, 2 percent inflation is nowhere in sight, and Japan debt has ballooned to the size of a small galaxy. Still, they keep this loser at the helm because stock traders love his sorry ass. It's pathetic. Only now, the Fed and Co. are planning to shut down Kuroda's little counterfeiting operation leaving him with nothing to do except dodge brickbats from angry reporters. Good riddance.

Keep in mind that reducing asset purchases by the Fed (“tapering”) has already wreaked holy hell on the emerging markets which are still experiencing capital outflows and (potential) currency crises. And, the funny thing is, the Fed hasn’t even started trimming its \$4 trillion asset pile yet, let alone raised rates! So, just imagine, for a minute, what’s going to happen when the BoJ stops printing at the same time the Fed starts to pare-down its balance sheet. That’s the nightmare scenario, because the supply of financial assets is going to skyrocket and send stock prices off a cliff. Did someone say “1929”?

Uh huh. As it happens, there have been a few experts who have spoken out against QE. The MSM has simply made damn-sure they don’t get the airtime they need to voice their skepticism. Take, for example, William White, the former chief economist of the Bank for International Settlements, which is considered the central bank of central banks. Here’s how White slammed QE in a recent interview:

“The honest truth is no one has ever seen anything like this. Not even during the Great Depression in the Thirties has monetary policy been this loose. And if you look at the details of what these central banks are doing, it’s all very experimental. They are making it up as they go along. I am very worried about any kind of policies that have that nature...

Today, the Fed still acts as if it was in crisis management. But we’re six years past that. They are essentially doing more than what they did right in the beginning. There is something fundamentally wrong with that. Plus, the Fed has moved to a completely different motivation. From the attempt to get the markets going again, they suddenly and explicitly started to inflate asset prices again. The aim is to make people feel richer, make them spend more, and have it all trickle down to get the economy going again. Frankly, I don’t think it works, and I think this is extremely dangerous...

The fundamental problem we are still facing is excessive debt. Not excessive public debt, mind you, but excessive debt in the private and public sectors. To resolve that, you need restructurings and write-offs. That’s government policy, not central bank policy. Central banks can’t rescue insolvent institutions. All around the western world, and I include Japan, governments have resolutely failed to see that they bear the responsibility to deal with the underlying problems. With the ultraloose monetary policy, governments have no incentive to act. But if we don’t deal with this now, we will be in worse shape than before...” ([“Chief Economist Of Central Banks’ Central Bank: “It’s Extremely Dangerous... I See Speculative Bubbles Like In 2007”](#), zero hedge)

This is really brilliant analysis and it covers QE’s main flaws, so let’s summarize. White says:

1-QE is entirely “experimental” and that central banks are “making it up as they go along.”

Check.

2-There’s no longer any need for “crisis management”. (after 6 freaking years!) The Fed is merely “inflating asset prices”. (aka-Bubblemaking)

Check, again.

3-Most important: The essential problem has NOT been fixed. Government policy still supports the zombie banks and other financial institutions which have not been nationalized, not been restructured, and are still sucking the life out of the real economy. These

lumbering mastodons need to be euthanized so their debt-pile can be eliminated, their books cleared, and the economy reset. QE has merely perpetuated the problem by providing the means by which these institutions can continue to roll over their debts at zero cost to themselves creating the illusion of solvency. The US is following the same path as Japan into deflation and severe economic stagnation.

Check, check, and more check.

That sums it up perfectly. The only thing he left out was that QE has been the biggest wealth shifting scam in history. The sooner they give this program the ax, the better.

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