



# OFF THE NEWS

## The Creeping Nationalization of U.S. Debt Markets

“The effective nationalization of the U.S. bond markets and banks is the unspoken truth that Dallas Federal Reserve President Lorie Logan and Fed Chairman Jerome Powell will never address publicly. Since the Federal Open Market Committee began targeting Fed funds as a policy mechanism decades ago, the short-term interest rate market has become a function of FOMC policy and ever-more-frequent open market operations. Equity market investors do not seem to understand what this creeping nationalization of the heretofore private credit markets implies. As the public debt of the United States grows, after all, the implicit claim of the Treasury on all private U.S. assets also expands apace.”

—Christopher Whalen, *The Institutional Risk Analyst*

## The World Is Us

U.S. states renamed for countries with similar GDPs.



Sources: Bureau of Economic Analysis and International Monetary Fund

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## The Greek Miracle

“In 2010 and 2011 Europe was enveloped in a severe economic crisis. At the center of this upheaval was Greece. With an economy that was barely 12 percent the size of Italy’s GDP and only 20 percent of Spain’s, Greece had somehow taken center stage in this European calamity. The global markets had abruptly severed the flow of funds to Greece in late 2009, and the Greek economy was being kept afloat by the International Monetary Fund and other Eurozone member countries as Greek leaders strove to stanch the bleeding. Efforts to stabilize Greece and bring calm to broader European waters were, however, flagging, as global markets were increasingly infected by the drama playing out in Greece and in other corners of Europe.

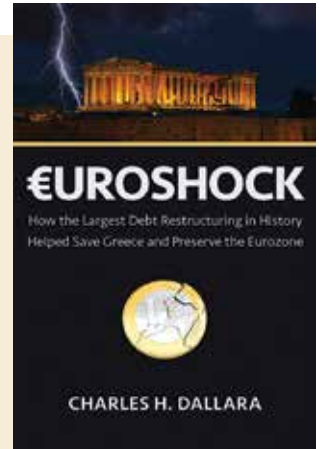
The frantic search for solutions began to circle around an exceedingly vexing question: would Greece’s debt to private creditors need to be reduced and restructured—as an essential complement to economic reform—in order to bring

stability to Greece and ease the virulent spread of market pessimism surrounding Europe?

It is no exaggeration to say that at that moment the future of the European economy hung in the balance, as did the potential risk of round two in the global financial crisis.

This book is the story of how that dilemma was eventually resolved.”

—from **Euroshock: How the Largest Debt Restructuring in History Helped Save Greece and Preserve the Eurozone** (Rodin Books, 2024) by Charles Dallara, who in 2011–2012 led private creditors in negotiating a restructuring of Greek debt



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