$29 Trillion and Counting

by John Hoefle

Dec. 19—In July 2009, the Special Inspector General of the Troubled Asset Relief Program (TARP) caused a furor by reporting that the bailout of financial institutions by the U.S. government and the Federal Reserve stood at $23.7 trillion. Since that time we have seen a flurry of duelling claims, ranging from the Ministry of Bailouts's absurd claims that the bailouts cost taxpayers virtually nothing, and may have even turned a profit, to the recently released study by the Levy Institute,[1] which puts the total at $29 trillion.

The Levy study, along with those by Bloomberg News and the Government Accountability Office, have shed considerable light on how much money the various bailout facilities have spent, lent, or promised, and who got the money. The sums involved are staggering, as is the extent to which U.S. taxpayer money was used to bail out foreign-based banks. The Treasury and the Fed have a lot of explaining to do, preferably in criminal court.

As measures of the true cost of the bailout, however, all of these studies fall short. The least of their problems is that they all rely on the official figures released by the Treasury and the Fed, two notorious liars. But since what they admit is damning enough, it will do. The more significant problems with these studies are: 1) They do not measure other ways in which regulatory policy, and the economy as a whole, are being manipulated to facilitate the looting of the public by the financial system; and 2) They do not measure the effects upon the present and future, of policies which destroy people in favor of saving financial claims.

What, after all, is the true cost of a financial policy which is being used to usher in genocide against the human race? How do you measure that in mere dollar terms?

Saving the Empire

Those with a penchant for remembering the propaganda which has spewed forth from Wall Street and Washington in recent years, will recall being told that the bailout was being done reluctantly, that saving Wall Street, as unpleasant as it may be, was necessary to save Main Street. We're doing this for you, said the thieves.

We said they were lying at the time, and these reports on the bailout bear that out in spades. They were not saving America, but sacrificing America to save the British Empire! That's not only criminal, but treasonous!

The Levy report, for example, breaks the bailout

1. James Felkerson, *$29,000,000,000,000: A Detailed Look at the Fed's Bailout by Funding Facility and Recipient* (University of Missouri: Kansas City, December 2011); Levy Economics Institute of Bard College, Working Paper No. 698.

programs down into two categories, one consisting of funds provided by the Fed to other central banks through the Central Bank Liquidity Swap (CBLS) program, and the other consisting of the multitude of other facilities created to shovel money into the financial system, known by acronyms such as TAF, TALF, TSLF, PCDF, etc. Taken together, these programs lent a total of $29.6 trillion, according to Fed data.

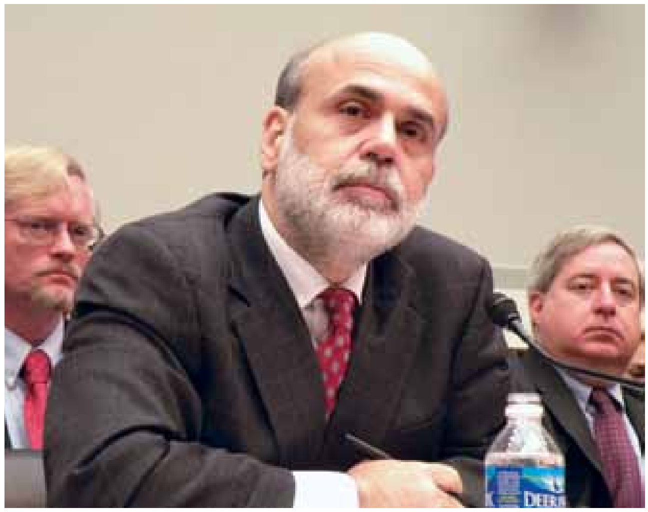
Under the CBLS program, just over $10 trillion was provided by the Fed to foreign central banks between December 2007 and September 2011. The vast majority of that money, $8 trillion, went to the European Central Bank, while another $918 billion went to the Bank of England. The remaining $1 trillion or so was divvied up among the central banks of Switzerland, Japan, Denmark, Sweden, Australia, South Korea, Norway, and Mexico. These swaps were all in the form of loans, and all the loans made during the period covered by the study have supposedly been paid back. However, the program is still active, with $54 billion in loans outstanding as of Dec. 14.

In the second category, some $19.6 trillion in support was provided through an alphabet soup list of programs. The Primary Dealer Credit Facility (PDCF), created to lend money to investment banks, was the largest, at $9 trillion, followed by the Term Auction Facility (TAF), which lend money to commercial banks, at $3.8 trillion.

Where it really gets interesting is when you look at the recipients of these funds. Two of the top three borrowers under the TAF were British banks, Barclays and the Inter-Alpha Group's Royal Bank of Scotland (RBS). The top five borrowers in the Single Tranche Open Market Operations (ST OMO) program were all foreign-based: Switzerland-based Credit Suisse, Germany's Deutsche Bank, France's BNP Paribas, RBS, and Barclays.

RBS, Deutsche Bank, and Credit Suisse were also among the top five borrowers in the TSLF and TOP programs. UBS of Switzerland was the largest borrower in the Commercial Paper Funding Facility (CPFF), although Barclays got the single-largest loan under the program; Dexia, RBS, and Fortis also made the top ten under the program. Deutsche Bank and Credit Suisse were the top two sellers of mortgage-backed securities to the Fed.

Excluding the CBLS, where the recipients have not



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Fed chair Ben Bernanke

been identified, the Levy study found that 84% of the bailout funds went to just 14 institutions, including $4.6 trillion to six foreign banks. And presumably those same foreign banks got a good chunk of the $8 trillion handed out through the European Central Bank under the CBLS.

Why was so much money given to foreign banks? The answer is simple: The purpose of the bailout was not to save the U.S. economy, but to save the British Empire. The banks that got the majority of the funds are all top players in the derivatives markets: JP Morgan Chase, Bank of America/Merrill Lynch, Citigroup, Goldman Sachs, and Morgan Stanley, Barclays and RBS in the U.K., and BNP Paribas, UBS, and Credit Suisse in continental Europe. The overriding characteristic of the bailout was, and remains, the support of the London-centered global derivatives market, the biggest financial looting operation on the planet.

While these banks are usually described as creatures of the nations in which they are based, the truth is that they are all global banks—more precisely, imperial banks. They are creatures of the British Empire, which sit like parasites in the nations where they are based—not "American" or "German" or "French," but *imperial*, looting both the people and the governments of their "home" nations. This system is what the Federal Reserve and U.S. Treasury chose to bail out, while letting the American economy collapse.

The Lying Fed

The Fed fought hard to prevent these details from ever seeing the light of day, but was finally forced by Congress to allow a limited GAO audit, and was forced by the courts to release information to Bloomberg under the Freedom of Information Act. The Fed much prefers to hide behind the American flag, while it steals us blind.

In early December, after some of these details came to public attention, Fed Chairman Ben Bernanke went on an arrogance offensive, claiming that news reports of these revelations contained "a variety of egregious errors and mistakes," and shamelessly lied that all "the disclosure issues raised in these articles have already been discussed and settled, first by the Federal Reserve through a variety of reports and public postings, and then by Congress after a public debate."

Treasury Secretary Tim Geithner has exhibited similar arrogance with his suggestions that the government has actually turned a profit on the bailout. The sleight of hand here involves defining the bailout as the TARP—when in reality the TARP is just a small part of it—and then claiming that the banks have repaid their TARP funds. The $45 billion each in TARP funds provided to Citigroup and Bank of America, for example, pale in comparison to the $2.6 trillion in support the Fed provided to Citi, and the $3.5 trillion it provided to Bank of America and its Merrill Lynch subsidiary. While the big banks have been able to pay back the TARP in this manner, the Special Inspector General of the TARP noted in October that, of the 707 banks which received TARP money, some 400 banks were still in the program, and that nearly half of them were not making their TARP dividend payments.

More than Money

As we said in the beginning, reality is much worse than these bailout figures suggest. The British Empire-run international financial system is, by intent, a criminal operation designed to loot the rest of the world. The corruption of individual institutions within that system is a reflection of the corruption of the system itself, not the other way around. The Federal government's decision to protect, rather than halt, this criminal activity inside the United States was a grave mistake. Millions of people who should have been protected have lost their jobs, their homes, their access to health care, and even to food, because the Federal government chose to protect the criminals over the victims.

We cannot quantify these costs, nor can they be measured in dollars alone, but they are all costs of the bailout policy. We are also witnessing the steady looting of our remaining savings, through interest-rate policies, understating the rate of inflation, market manipulations, and related actions. The value of our dollar itself, is being destroyed by these policies.

What is being destroyed, are not just the lives of current generations, but the lives of future generations. We are losing America to fascism, led by a fascist President and Congress, funded by fascist bankers, working for a system dedicated to enslaving humanity and reducing our population to less than 1 billion people.

What is being done is monstrous, but so is what is not being done. The future of mankind is being sacrificed, for a system that is going to fail anyway.

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