GAO Completes FED Audit

The Government Accounting Office has completed its audit of the Federal Reserve, and one of the most interesting tidbits it contains is a list of the banks that received federal bailout funds and the amounts they received. It may make your hair curl a little when you seen the dollar amounts. Many of these banks have been publicly flogged in recent weeks over increased banking fees. The numbers here may turn your stomach when you consider the fact that the mechanism the FED used to create these funds was simply to make new money out of thin air. They simply went into the existing accounts held by the banks and added a few zeros to their balancesâ€¦ that's not a joke.

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Keep in mind as you read through this list that $1 Billion is about $3.30 per person living in the United States. Based on that, Citigroup (which received the most funds of any of the banks) wound up getting around $8,250 per American.

If you are wondering how this might impact you personally, the answer is inflation. Although the FED's public position is that inflation is very low, they don't look at either food or energy costs when calculating the inflation rate. That means that if you've been able to find a way to kick the pesky habit of eating, and you don't travel, you're probably doing OK. But if you've been to a grocery store since the financial crisis began, you know that your personal cost for food has gone up significantly. And if you've been to a gas station since the end of 2008, you know that your gas prices have also gone through the roof.

It also boggles the mind to consider that more than $3 Trillion of the money the FED created was given to banks that are based overseas. On a per person basis, that amounts to just about $10,000 per American man, woman and child given to the banks of other countries.
Here is the list.

- Citigroup Inc - $ 2,513 Trillion
- Morgan Stanley - $2,041 Trillion
- Merrill Lynch & Co. $1,949 Trillion
- Bank of America Corporation $1,344 Trillion
- Barclays PLC (United Kingdom) $868 Billion
- Bear Stearns Companies, Inc. - $853 Billion
- Goldman Sachs Group Inc. - $814 Billion
- Royal Bank of Scotland Group PLC (United Kingdom) - $541 Billion
- Deutsche Bank AG (Germany) - $354 Billion
- UBS AG (Switzerland) -$287 Billion
- JP Morgan Chase & Co. - $391 Billion
- Credit Suisse Group AG (Switzerland) - $262 Billion
- Lehman Brothers Holdings Inc. - $183 Billion
- Bank of Scotland PLC (United Kingdom) - $181 Billion
- BNP Paribas SA (France) - $175 Billion
- Wells Fargo & Co. - $159 Billion
- Dexia SA (Belgium) - $159 Billion
- Wachovia Corporation - $142 Billion
- Dresdner Bank AG (Germany) - $135 Billion
- Societe Generale SA (France) - $124 Billion
- All other borrowers - $2,639 Tillion
- Total - $16,115 Trillion

In total, the audit reveals that the FED created roughly $52,000 for each and every person living in the United States. This is significant.

As more dollars are created, the value of every dollar in circulation drops. Since oil is traded in US Dollars, OPEC simply adjusts its price based on the perceived value of the dollar. Add in the speculators and you have the recipe for a very volatile market and much higher pump prices. This is also one of the primary reasons for food prices increasing. As oil goes up, the cost for transporting everythingâ€¦ including foodâ€¦ also goes through the roof.

Keep all of this in mind the next time you hear anyone talk about the financial crisis or the bailout. Because the numbers are so large, it is often difficult to grasp their impact. But there is a tangible cost to each one of us in our everyday lives.

byJim Malmberg

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