



Written by [William F. Jasper](#) on November 14, 2008

## Federal Reserve Loaned Nearly \$2 Trillion

What is perhaps most outrageous about the latest revelations of these huge bailouts is that the Fed has refused to provide information to the public (the taxpayers who are footing the bill) or their elected representatives as to where all of that money is going, claiming this is "confidential" information.

Equally maddening is the fact that Congress has been largely AWOL on the matter; it was [Bloomberg News](#) that brought it to light with a Freedom Of Information Act (FOIA) lawsuit filed against the Fed on November 7. Bloomberg's suit is seeking details of the "emergency loans" and the collateral the Fed has accepted as protection against losses.



Aside from *Bloomberg*, CNN's Lou Dobbs appears to be about the only voice in the major media expressing outrage over the colossal transfer of wealth.

On his November 10 [program](#), Lou Dobbs noted:

Members of Congress tonight have no idea what's going on with the federal government's huge bailout of the financial industry. The government has already given financial institutions trillions of dollars quite literally, the Fed putting out \$2 trillion in loans over the past year and a half.

Congress don't [sic] know who has received that money and the Federal Reserve refuses to be held accountable or to give any kind of transparency at all.

CNN's Lisa Schiavone told Dobbs' audience:

The Federal Reserve tells CNN that about \$1.5 trillion in loans have been issued by the Central Bank. It's an extraordinary amount of money, considering the fact that in the summer of 2007, outstanding Fed loans stood at \$100 million. But out of concern for the reputations and soundness of the institutions involved, the Fed will not report who is getting the money now and what collateral they're using.

Belatedly, some members of Congress have jumped on board the Bloomberg/CNN hold-the-Fed-accountable bandwagon.

"There cannot be accountability in government and in our financial institutions without transparency," Texas Senator John Cornyn said in a November 13 statement. "Many of the financial problems we are facing today are the direct result of too much secrecy and too little accountability."

Similarly, Rep. [Walter B. Jones](#) (R-N.C.) sent a letter on November 12 to Federal Reserve Chairman Ben Bernanke appealing for "transparency."

"I was disappointed to learn through recent press reports that the Federal Reserve is refusing Bloomberg News' Freedom of Information Act (FOIA) request for details on the recipients of nearly \$2



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trillion in emergency loans from American taxpayers," Congressman Jones wrote.

"At a time when many Americans have serious concerns about their own financial security, it is important for our nation to have confidence in the actions of the Federal Reserve," Jones continued. "When taxpayer dollars are used to bail out financial institutions, the American people deserve full disclosure on who receives those funds and under what terms. Americans need to know how their hard-earned dollars are being spent."

"I strongly urge you to immediately reconsider your decision to deny the Bloomberg News request. The Federal Reserve should know better than anyone that blocking transparency in financial markets will only delay America's economic recovery," Jones concluded.

House Republican leader John Boehner and Republicans Jeb Hensarling of Texas and Scott Garrett of New Jersey have also criticized Bernanke and the Fed for refusing to divulge information.

What is striking in the congressional comments thus far is both the small number of senators and representatives weighing in on this issue and the weakness of their pleas, in light of the seriousness of the unprecedented exercises of power by the Fed. The elected officials seem to be conceding to the Fed the power to continue pouring whatever amounts of newly created credit into whichever entities it chooses — as long as it is "transparent" about it, i.e., tells Congress and the public how much is going to whom.

Of course, Congress has itself to blame; for years Rep. Ron Paul (R-Texas) has been virtually alone in warning that the Fed's powers are not only destructive but also unconstitutional and incompatible with either prosperity or liberty. Instead of begging the Fed to be more transparent, [Paul](#) has urged his colleagues to exercise their constitutional duty to abolish the Fed.

Unfortunately, Congress instead has allowed itself to be stampeded into giving the Fed even more power, which is why it has been able to get away thus far with its enormous secret lending program.

As [The New American reported](#) recently, the Fed and the secretary of the Treasury were unconstitutionally given broad new powers under the Emergency Economic Stabilization Act of 2008:

Since last December, the Federal Reserve has aggressively transformed itself from a mere central bank into a lender of last resort for every niche in the financial sector, expanding an already hypertrophied money supply by hundreds of billions of new dollars. Meanwhile, the Treasury secretary, thanks to the Emergency Economic Stabilization Act of 2008, is poised to become a permanent financial czar, with emergency powers that will likely remain on the books long after the current crisis has passed.

In a word, we are witnessing a bloodless coup, in which all remaining constitutional limits on the financial powers of the federal government are being discarded in the name of national emergency.

Congress is responsible for allowing this rampant pillaging of our economic system. Ultimately, that means the people will have to put serious pressure on Congress to curtail and eliminate those illicit powers — while we still have an economy.

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