



What Does the Federal Reserve Do with the Interest It Collects on the National Debt?

FACT:

Nearly all the interest the Federal Reserve collects on government debt is rebated to the Treasury each year. That is because the Fed's charter requires interest payments in excess of the Fed's actual operating expenses to be refunded. However, before we jump to the conclusion that this is a wonderful benefit, we must remember that the banking cartel is able to use tax dollars to pay 100% of its operating expenses with few questions asked about the nature of those expenses. In other words, a blank check is given to the Federal Reserve to pay itself for just about anything it wishes so long as it is called an expense. What is left over is rebated to the Treasury. There is no secret about this, and you will find an explanation of it in my book, [*The Creature from Jekyll Island: A Second Look at the Federal Reserve*](#). Technically, there is no "profit" on this money. However, remember that creating money for the government is only one of the functions of the Fed. The real bonanza comes, not from money created out of nothing for the government, but from money created out of nothing by the commercial banks for loans to the private sector. That's where the real action is. This is the famous

slight-of-hand trick. Distract attention with one hand while the coin is retrieved by the other. By focusing on the supposed generosity of the Fed by returning unused interest to the Treasury, we are supposed to overlook the much larger river of gold flowing into the member banks in the form of interest on nothing as a result of consumer and commercial loans. That's the hand that holds the hidden coin. -GEG