

# Economic Recovery Plan for the United States

## Fed Annual Monetary Intermediation Cost 1984 to 2011 Estimated using M2M Money Stock<sup>1</sup>

Assumptions

Fed Reserve Requirement (RR) 10.0%

Intermediation Cost Federal Reserve System (\$)								Intermediation Cost Federal Reserve System (% Est.)			
(N)	(A)	(B) = (A <sub>N</sub> ) - (A <sub>N-1</sub> )	(C) = (B <sup>3</sup> ) x (1-RR)	(D)	(E)=(C)+(D)	(F)	(G) = (F <sub>N</sub> - F <sub>N-1</sub> )/F <sub>N-1</sub>	(H) = (E) / (F)	(I)	(J) = (G) - (H)	
#	Year (End 12/31)	MoneyStock M2M-NS <sup>1</sup> (\$ Billions)	\$ Increase Prior Year (\$ Billions)	Money Stock Change Intermediation Cost (\$ Billions)	Actual (Net) Budget <sup>2</sup> (\$ Billions)	Total Annual Intermediation Cost (\$ Billions)	GDP <sup>3</sup> (\$ Billions)	GDP <sup>3</sup> (% Growth)	Intermediation (% GDP Cost)	Inflation % CPI-U (EOY) <sup>4</sup>	GDP-Intermediation Net (% GDP)
0	1983	\$1,349.9					\$3,688.1				
1	1984	\$1,429.7	\$79.8	\$71.82	\$0.607	\$72.427	\$4,034.0	9.379%	1.795%	3.949%	7.583%
2	1985	\$1,618.6	\$188.9	\$170.01	\$0.487	\$170.497	\$4,318.7	7.058%	3.948%	3.799%	3.110%
3	1986	\$1,883.9	\$265.3	\$238.77	\$0.504	\$239.274	\$4,543.3	5.201%	5.267%	1.098%	-0.066%
4	1987	\$1,921.2	\$37.3	\$33.57	\$0.504	\$34.074	\$4,883.1	7.479%	0.698%	4.434%	6.781%
5	1988	\$1,968.6	\$47.4	\$42.66	\$0.564	\$43.224	\$5,251.0	7.534%	0.823%	4.419%	6.711%
6	1989	\$2,019.8	\$51.2	\$46.08	\$0.582	\$46.662	\$5,581.7	6.298%	0.836%	4.647%	5.462%
7	1990	\$2,115.3	\$95.5	\$85.95	\$0.604	\$86.554	\$5,846.0	4.735%	1.481%	6.106%	3.255%
8	1991	\$2,323.2	\$207.9	\$187.11	\$0.685	\$187.795	\$6,092.5	4.217%	3.082%	3.064%	1.134%
9	1992	\$2,574.4	\$251.2	\$226.08	\$0.771	\$226.851	\$6,493.6	6.584%	3.493%	2.901%	3.090%
10	1993	\$2,713.9	\$139.5	\$125.55	\$0.894	\$126.444	\$6,813.8	4.931%	1.856%	2.748%	3.075%
11	1994	\$2,691.4	(\$22.5)	(\$20.25)	\$0.958	(\$19.292)	\$7,248.2	6.375%	-0.266%	2.675%	6.641%
12	1995	\$2,721.3	\$29.9	\$26.91	\$1.029	\$27.939	\$7,542.5	4.060%	0.370%	2.538%	3.690%
13	1996	\$2,881.1	\$159.8	\$143.82	\$1.084	\$144.904	\$8,023.0	6.371%	1.806%	3.322%	4.564%
14	1997	\$3,074.1	\$193.0	\$173.70	\$1.124	\$174.824	\$8,505.7	6.016%	2.055%	1.702%	3.961%
15	1998	\$3,430.6	\$356.5	\$320.85	\$1.192	\$322.042	\$9,027.5	6.135%	3.567%	1.612%	2.567%
16	1999	\$3,688.2	\$257.6	\$231.84	\$1.214	\$233.054	\$9,607.7	6.427%	2.426%	2.685%	4.001%
17	2000	\$3,882.2	\$194.0	\$174.60	\$1.245	\$175.845	\$10,129.8	5.434%	1.736%	3.387%	3.698%
18	2001	\$4,459.7	\$577.5	\$519.75	\$1.411	\$521.161	\$10,373.1	2.402%	5.024%	1.552%	-2.622%
19	2002	\$4,876.1	\$416.4	\$374.76	\$1.534	\$376.294	\$10,766.9	3.796%	3.495%	2.377%	0.301%
20	2003	\$5,247.3	\$371.2	\$334.08	\$1.655	\$335.735	\$11,414.8	6.018%	2.941%	1.879%	3.076%
21	2004	\$5,587.7	\$340.4	\$306.36	\$1.498	\$307.858	\$12,123.9	6.212%	2.539%	3.256%	3.673%
22	2005	\$5,682.5	\$94.8	\$85.32	\$1.476	\$86.796	\$12,901.4	6.413%	0.673%	3.416%	5.740%
23	2006	\$5,858.0	\$175.5	\$157.95	\$1.613	\$159.563	\$13,584.2	5.292%	1.175%	2.541%	4.118%
24	2007	\$6,196.1	\$338.1	\$304.29	\$2.411	\$306.701	\$14,253.2	4.925%	2.152%	4.081%	2.773%
25	2008	\$6,744.3	\$548.2	\$493.38	\$2.536	\$495.916	\$14,081.7	-1.203%	3.522%	0.091%	-4.725%
26	2009	\$7,327.3	\$583.0	\$524.70	\$2.914	\$527.614	\$14,133.6	0.369%	3.733%	2.721%	-3.364%
27	2010	\$7,895.2	\$567.9	\$511.11	\$3.211	\$514.321	\$14,735.9	4.261%	3.490%	1.496%	0.771%
28	2011	\$8,925.9	\$1,030.7	\$927.63	\$3.398	\$931.028	\$15,321.0	3.971%	6.077%	2.962%	-2.106%
TOTALS		\$8,925.9	\$7,576.0	\$6,818.40	\$37.706	\$6,856.106	\$257,631.8	<b>5.22%</b>	<b>2.48%</b>	<b>2.90%</b>	<b>2.70%</b>
Averages			\$270.57	\$243.51		\$244.86	Count(Years)	28	28	28	28
								Average Annual Growth			

**Federal Reserve Monetary Intermediation Cost Estimate**  
 Intermediation cost percentage estimated as [(M2M Money Stock growth in \$) times (1- Reserve Requirement) + Fed net operating cost] divided by [GDP (\$)].

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**Notes**  
 1-M2M-NS Money Stock consists of: 1) currency in circulation, 2) traveler's checks of nonbank issuers, 3) demand deposits, 4) other checkable deposits (OCDs), primarily negotiable order of withdrawal (NOW) accounts, 5) savings deposits (which include money market deposit accounts, or MMDAs), and 6) balances in retail money market mutual funds (MMMFs). NS - Not seasonally adjusted.  
 2-Includes Board of Governors Expenses less recoverable expenses, Table 2 since 2011 Report.  
 a-Ignores potential interest rate manipulation intermediation costs.

**SOURCES:**

- 1-M2M Money Stock data from St. Louis Fed at <http://research.stlouisfed.org/fred2/series/M2MNS>
- 2-FRS actual budget data from Publications Annual Reports Table 2 at <http://www.federalreserve.gov/publications/budget-review/default.htm>
- 3-GDP numbers from St. Louis Fed economic data at <http://research.stlouisfed.org/fred2/series/GDP>
- 4-Inflation CPI-U (End of Yr) data from Bureau of Labor Statistics at <http://www.bls.gov/cpi/>