

## Financial Rescue Nears GDP as Pledges Top \$12.8 Trillion (Update1)

By Mark Pittman and Bob Ivry

March 31 (Bloomberg) -- The U.S. government and the Federal Reserve have spent, lent or committed \$12.8 trillion, an amount that approaches the value of everything produced in the country last year, to stem the longest recession since the 1930s.

New pledges from the Fed, the Treasury Department and the Federal Deposit Insurance Corp. include \$1 trillion for the [Public-Private Investment Program](#), designed to help investors buy distressed loans and other assets from U.S. banks. The money works out to \$42,105 for every man, woman and child in the U.S. and 14 times the \$899.8 billion of currency in circulation. The nation's gross domestic product was \$14.2 trillion in 2008.

President [Barack Obama](#) and Treasury Secretary [Timothy Geithner](#) met with the chief executives of the nation's 12 biggest banks on March 27 at the White House to enlist their support to thaw a 20-month freeze in bank lending.

"The president and Treasury Secretary Geithner have said they will do what it takes," Goldman Sachs Group Inc. Chief Executive Officer [Lloyd Blankfein](#) said after the meeting. "If it is enough, that will be great. If it is not enough, they will have to do more."

Commitments include a \$500 billion line of credit to the FDIC from the government's coffers that will enable the agency to guarantee as much as \$2 trillion worth of debt for participants in the Term Asset-Backed Lending Facility and the Public-Private Investment Program. FDIC Chairman [Sheila Bair](#) warned that the insurance fund to protect customer deposits at U.S. banks could dry up because of bank failures.

'Within an Eyelash'

The combined commitment has increased by 73 percent since November, when Bloomberg first estimated the funding, loans and guarantees at \$7.4 trillion.

"The comparison to GDP serves the useful purpose of underscoring how extraordinary the efforts have been to stabilize the credit markets," said [Dana Johnson](#), chief economist for Comerica Bank in Dallas.

"Everything the Fed, the FDIC and the Treasury do doesn't always work out right but back in October we came within an eyelash of having a truly horrible collapse of our financial system, said Johnson, a former Fed senior economist. "They used their creativity to help the worst-case scenario from unfolding and I'm awfully glad they did it."

Federal Reserve officials project the economy will keep shrinking until at least mid-year, which would mark the longest U.S. recession since the Great Depression.

The following table details how the Fed and the government have committed the money on behalf of American taxpayers over the past 20 months, according to data compiled by Bloomberg.

	--- Amounts (Billions)---	
	Limit	Current
Total	\$12,798.14	\$4,169.71
Federal Reserve Total	\$7,765.64	\$1,678.71
Primary Credit Discount	\$110.74	\$61.31
Secondary Credit	\$0.19	\$1.00
Primary dealer and others	\$147.00	\$20.18
ABCP Liquidity	\$152.11	\$6.85
AIG Credit	\$60.00	\$43.19
Net Portfolio CP Funding	\$1,800.00	\$241.31
Maiden Lane (Bear Stearns)	\$29.50	\$28.82
Maiden Lane II (AIG)	\$22.50	\$18.54
Maiden Lane III (AIG)	\$30.00	\$24.04
Term Securities Lending	\$250.00	\$88.55
Term Auction Facility	\$900.00	\$468.59
Securities lending overnight	\$10.00	\$4.41
Term Asset-Backed Loan Facility	\$900.00	\$4.71
Currency Swaps/Other Assets	\$606.00	\$377.87
MMIFF	\$540.00	\$0.00
GSE Debt Purchases	\$600.00	\$50.39
GSE Mortgage-Backed Securities	\$1,000.00	\$236.16
Citigroup Bailout Fed Portion	\$220.40	\$0.00
Bank of America Bailout	\$87.20	\$0.00
Commitment to Buy Treasuries	\$300.00	\$7.50
FDIC Total	\$2,038.50	\$357.50
Public-Private Investment*	\$500.00	0.00
FDIC Liquidity Guarantees	\$1,400.00	\$316.50
GE	\$126.00	\$41.00
Citigroup Bailout FDIC	\$10.00	\$0.00
Bank of America Bailout FDIC	\$2.50	\$0.00
Treasury Total	\$2,694.00	\$1,833.50
TARP	\$700.00	\$599.50
Tax Break for Banks	\$29.00	\$29.00
Stimulus Package (Bush)	\$168.00	\$168.00
Stimulus II (Obama)	\$787.00	\$787.00
Treasury Exchange Stabilization	\$50.00	\$50.00
Student Loan Purchases	\$60.00	\$0.00
Support for Fannie/Freddie	\$400.00	\$200.00
Line of Credit for FDIC*	\$500.00	\$0.00
HUD Total	\$300.00	\$300.00
Hope for Homeowners FHA	\$300.00	\$300.00

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he FDIC's commitment to guarantee lending under the Legacy Loan Program and the Legacy Asset Program includes a \$500 billion line of credit from the U.S. Treasury.

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