

# Largest Money Transfer in Recorded History: \$4.6 Trillion Spent on the Bank Bailout to Date

CMD Report

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## TALLY SHOWS THAT THE FEDERAL RESERVE IS THE REAL SOURCE OF BAILOUT FUNDS

Today, the Real Economy Project of the Center for Media and Democracy (CMD) released an assessment of the total cost to taxpayers of the Wall Street bailout. CMD concludes that multiple federal agencies have disbursed \$4.6 trillion dollars in supporting the financial sector since the meltdown in 2007-2008. Of that, \$2 trillion is still outstanding.

CMD's assessment demonstrates that while the press has focused its attention on the \$700 billion TARP bill passed by Congress, the Federal Reserve has provided by far the bulk of the funding for the bailout in the form of loans amounting to \$3.8 trillion.

Little information has been disclosed about what collateral taxpayers have received in return for these loans, sparking the [Bloomberg News](#) lawsuit covered earlier. CMD also concludes that the bailout is far from over as the government has active programs authorized to cost up to \$2.9 trillion and still has \$2 trillion in outstanding investments and loans.

Learn more about the 35 programs included in the CMD tally by visiting our [Total Wall Street Bailout Cost Table](#), which contains links to pages on each bailout program with details including the current balance sheet for each program.

## TREASURY DEPARTMENT SELF-CONGRATULATION PREMATURE

While the Treasury Department has been patting itself on the back for recouping some of the Troubled Asset Relief Program (TARP) funds and allegedly making money off of its aid to Citigroup, the CMD accounting shows that TARP is only a small fraction of the federal funds that have gone out the door in support of the financial sector. Far more has been done to aid Wall Street through the back door of the Federal Reserve than through the front door of Congressional appropriations.

The tally shows that more scrutiny needs to be given by policymakers and the media to the role of the Federal Reserve especially as the Fed has accounted for the vast majority of the bailout funds, yet provides far less disclosure and is far less directly accountable than the Treasury.

## DOWNLOAD THE FINANCIAL CRISIS TRACKER

In addition to a comprehensive [here Wall Street Bailout Table](#) which will be updated monthly as a resource for press and the public, CMD is also making available a [Financial Crisis Tracker](#), a widget that links to the table that can be downloaded to websites and provides up-to-date numbers on the financial crisis and the bailout. The Financial Crisis Tracker shows unemployment rates, housing foreclosure rates and the bailout total on a monthly basis. It is a more accurate measure of how we are doing as a nation than any Wall Street ticker.

LINKS:

[WALL STREET BAILOUT TABLE](#)

## **KEY FINDINGS**

### **FINANCIAL CRISIS TRACKER**

AMONG THE KEY FINDINGS

#### 1) \$4.6 TRILLION IN TAXPAYER FUNDS HAVE BEEN DISBURSED

Altogether, \$4.6 trillion of taxpayer funds have been disbursed in the form of direct loans to Wall Street companies and banks, purchases of toxic assets, and support for the mortgage and mortgage-backed securities markets through federal housing agencies. This is an astonishing 32% of our GDP (2008) 130% of the federal budget (FY 2009).

#### 2) TARP vs. Non-TARP FUNDING

Most accountings of the financial bailout focus on the Troubled Asset Relief Program (TARP), enacted by Congress with the Emergency Economic Stabilization Act of 2008. However, a complete analysis of the activities of all the agencies involved in the bailout including the FDIC, Federal Reserve and the Treasury reveals that TARP, which ended up disbursing about \$410 billion was less than a tenth of the total U.S. government effort to contain the financial crisis. TARP funds only account for about 20% of the maximum commitments made through the bailout and less than 10% of the actual funds disbursed.

#### 3) THE FEDERAL RESERVE HAS PLAYED THE PRIMARY ROLE IN THE BAILOUT

The Federal Reserve has provided by far the bulk of the funding for the bailout in the form of loans – \$3.8 trillion in total. Little information has been disclosed about what collateral taxpayers have received in return for many of these loans. Bloomberg News is suing the Federal Reserve to make this information public. On March 19, 2010 Bloomberg won its suit in the 2nd Circuit Court of Appeals, but it is not clear if this case will continue to be litigated to the Supreme Court.

#### 4) FEDERAL SUPPORT FOR THE HOUSING MARKET IS ON THE RISE

A key component of the bailout has been the federal support for mortgages and mortgage-backed securities, primarily through the Federal Reserve. Altogether, the government has disbursed more than \$1.5 trillion in non-TARP funds to directly support the mortgage and housing market since 2007.

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