

Over-the-counter credit default swap contracts twice the size of America's GDP

By [Global Research](#)

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Over-the-counter credit default swap contracts – you know, the kind which brought down Bear, Lehman, AIG, etc. – totaled as much as [\\$62 trillion](#) at the end of 2007.

The New York Fed [bragged](#) today about how much the CDS totals have been reduced:

Market participants have significantly reduced levels of outstanding CDS trades via multilateral trade terminations (tear-ups) to lower outstanding notional amounts, reducing counterparty credit exposures and operational risk. To date in 2009, tear-ups have eliminated approximately \$7 trillion of CDS trade notional amounts, in addition to the \$32 trillion eliminated in 2008.

Indeed, DTCC confirms that there are now approximately [\\$25 trillion](#) in outstanding CDS. That's still almost twice the size of America's gross domestic product.

And if the CDS numbers have been reduced from their astronomical 2007 peaks, it is partly because the American taxpayer has paid a pretty penny to make some of the CDS "go away".

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