

US 'exposure to crisis \$23.7tn'

The total exposure of the US government to the financial crisis could hit \$23.7 trillion (£14.3tn), according to a watchdog report.

Neil Barofsky, overseeing the Troubled Asset Relief Program (Tarp), made the estimate in prepared remarks to a House of Representatives committee.

The worst-case estimate represents the maximum exposure if all parties offered support requested maximum assistance.

The figure includes all government and Federal Reserve initiatives.

'Repeated failure'

"From programmes involving large capital infusions into hundreds of financial institutions, to a mortgage modification programme, to public-private partnerships using tens of billions of taxpayer dollars to purchase 'toxic' assets from banks, Tarp has evolved into a programme of unprecedented scope, scale and complexity," said Mr Barofsky, special inspector general of Tarp.

However, he said the programme was only part of the wider effort to rescue the US economy.

"As massive and important as Tarp is on its own, it is just one part of a much broader federal government effort to stabilise and support the financial system.

"The total potential federal government support could reach \$23.7tn," he added.

Mr Barofsky said any judgement on the effectiveness of Tarp should be made in the context of the government's overall efforts to revive the economy.

He also criticised the government for "repeatedly" failing to adopt recommendations from his office regarding transparency.

<http://news.bbc.co.uk/2/hi/business/8160282.stm>