Public Private Investment Program: Program Purpose & Overview

United States: Department of the Treasury

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Public-Private Investment Program

Program Overview & Description

On March 20, 2009, the Troubled Asset Relief Program (TARP) established the Public-Private Investment Program (PPIP), which was designed to support market-based solutions that would stabilize and revitalize the housing and financial sectors. The TARP Powerpoint was created to explain the PPIP and includes the following segments:

1. The Problem
2. The Solution
3. Program Design
4. Program Participants
5. Impact of PPIP

The Problem

After the default of about $12 trillion in subprime mortgages, the United States experienced a housing and financial crisis. The crisis caused a severe curtailment of credit to families, small businesses, and financial institutions. The crisis was fueled by a significant decline in confidence in the value of mortgage-backed securities in the residential mortgage market and a perceived lack of adequate capital to support the housing finance system. These events led to a severe credit crunch, which threatened the health of the entire financial system and the stability of the American economy.

The Solution

To respond to the crisis, the U.S. government launched several programs to assist financial institutions and encourage the flow of credit to support mortgage holders and small businesses. The government aimed to support the market for these assets and ensure that the financial system had sufficient capital to support housing finance.

Program Design

To design the PPIP, Treasury established the Mission, Community Development, and Financial Stability Committees to ensure that the program met the needs of the nation. The program was designed to be market-based, with Treasury providing liquidity to financial institutions to drive market outcomes. The program was intended to maximize the impact of each taxpayer dollar and ensure that the government was not exposed to any risk.

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Program Participants

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Impact of PPIP

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Read more about program status.