

Troubled Asset Relief Program (TARP)

On September 18, 2008, Treasury Secretary Henry Paulson and Federal Reserve Chairman Ben Bernanke informed congressional leaders of a looming doomsday scenario if domestic action was not taken to unfreeze the credit markets.

A majority of House Republicans opposed the TARP from the outset because it left the American taxpayer responsible for a \$700 billion bailout, while injecting government into private sector corporations and the free market.

Republicans who supported TARP did so reluctantly, because of the warning by the Treasury Secretary and Federal Reserve Chairman that we were on the cusp of a global catastrophe not been witnessed in our lifetime and that failure to act would have resulted in the demise of the free enterprise system.

Significant changes to the bill were made by Republicans. However, both Republican supporters and opponents of TARP felt the legislation was not thoroughly vetted, failed to include the necessary oversight, and that the standard of "too big to fail" allowed the government to pick winners and losers in the market.

One of the important safeguards included was a requirement that the Administration had to submit a request to Congress for the remaining \$350 billion, along with a detailed plan on how they intend to use the funds. The majority of Republicans supported a Joint Resolution to disapprove the release of the \$350 billion because there was no such detailed plan. Additionally, Republicans did not want to further burden the American taxpayer. There have been no emergency meetings with the Secretary of the Treasury, no daily statements from the President about the need to act. Certainly banks should be lending more and the credit markets are still experiencing stress, but both are functioning.