

## Public Private Partnership

On March 23rd, Secretary Geithner detailed the Administration's plan for a "Public Private Partnership" using TARP funds.

Republicans are concerned that this plan continues to shift risk onto the taxpayer. The Administration wants wealthy investors to buy bad assets with taxpayer money. By providing hedge funds and Wall Street investors with a 95 percent taxpayer subsidy, the Administration is simply paying "cash for trash." This is not a "public-private partnership," as the Administration claims. It is a public gift designed to hide the fundamental flaws in our financial system.

Paying the right price for the assets is a major concern. How much are these troubled assets worth? No matter what you call them - "impaired," "toxic," or "legacy" -- the true value of these assets are not known. If you overpay for bad assets, you help banks at the expense of the American people. If you underpay, troubled institutions will remain so. Either way, private investors will be happy to participate in the program - because they are investing public money for their own personal gain.

Government action should not create implied guarantees. Limiting risk through the use of government guarantees may help to entice the private sector into purchasing troubled assets, but could also leave taxpayers holding the bag at the end of the day. This plan hides the true multi-trillion dollar cost of this unprecedented intervention. Even if troubled assets are undervalued, as the Administration hopes, nothing in this plan solves the problems in our financial system.

The American people deserve an exit strategy. More government spending and trillion dollar programs will not get the economy moving again. Until the Administration produces an exit strategy, market uncertainty will persist and this crisis

will endure. Americans deserve real solutions that will get the economy moving again.

NOTE: On April 2, 2009, Congressman Spencer Bachus (AL), the top Financial Services Committee Republican, introduced legislation to prevent TARP recipients from gaming the Public-Private Investment Program.