

Bachus Statement on the Obama Administration's TARP, Banking Proposals

Calls for Government Intervention & 'Exit Strategy'

WASHINGTON - Congressman Spencer Bachus (R-AL), the top Financial Services Committee Republican, issued this statement regarding Treasury Secretary Timothy Geithner's speech on the Obama Administration's Troubled Assets Relief Program (TARP) proposals:

"No one underestimates the economic challenges that confront us. The issue is whether the solution is more government borrowing and spending. Unfortunately, today's announcement lacked crucial details that every taxpayer deserves to know, specifically how much will these proposals cost and when will this government's intervention end. The American people sense that we must move away from the continued cycle of taxpayer-funded bailouts, and I agree.

"Secretary Geithner has essentially proposed the creation of a 'bad bank' to remove toxic assets from the balance sheets of financial institutions. There are benefits to a 'bad bank' undertaken by an industry-organized and funded facility, albeit with strong government cooperation and sanction. However, establishing a taxpayer-funded, government-run bad bank is the wrong answer. That approach will not guarantee an increase in lending and would guarantee that working American families are exposed to even more risk from bad decisions made on Wall Street. Taxpayers deserve relief, especially considering the Democrat-controlled Congress just released \$350 billion in the remaining TARP funds and are poised to spend over \$1 trillion of taxpayers' money in their special interest grab-bag stimulus proposal.

"To bring certainty to the markets, which will take time, we must lay out an exit strategy that will allow private capital to replace tax dollars. Long-term goals that phase out government intervention, not increase it, will put us on a path toward economic recovery. Doubling-down the taxpayers' money will only worsen this situation."

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NOTE: See also THE NAME SPEAKS FOR ITSELF: A "BAD BANK"

