
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS

March 16, 2009

Wall Street Journal: Small Business Loans Criticized ... President Barack Obama is set to release a plan Monday raising the federal guarantee on small-business loans up to 90%, but a study by Congress's watchdog agency contends that insufficient oversight is in place for that program."

Wall Street Journal: "U.S. to Toughen Finance Rules ... The Obama administration, moving with increasing speed, has inked the main contours of its plan to revamp financial-market oversight -- changes that will ripple through the economy, affecting everything from the operations of international banks to consumer protection."

Wall Street Journal: "AIG Faces Growing Wrath Over Payouts ... Troubled insurer American International Group Inc., now 80% owned by U.S. taxpayers, spent the weekend deflecting mounting criticism of how government funds have been funneled to various banks and used to pay employee bonuses at the business unit that almost sank the company."

Wall Street Journal, James Freeman: "Bear Stearns: The Fed's Original 'Systemic Risk' Sin ... One year ago today, the Federal Reserve saved Bear Stearns from bankruptcy. The central bank's agreement to invest \$30 billion (later reduced to \$29 billion) in Bear's opaque securities greased a sale of the firm to J.P. Morgan Chase. For the first time since the 1930s, the federal government was putting taxpayers at risk to rescue a Wall Street investment bank. To this day, the government has not explained precisely why."

Financial Times: "Summers & 'outrage' at AIG bonuses ... President Barack Obama's administration expressed outrage on Sunday at \$165m of bonuses paid by the troubled insurance group AIG, as the company revealed that European banks had benefited heavily from its massive government rescue."

Financial Times, Nigel Lawson: "Capitalism needs a revived Glass-Steagall ... That capitalism has been shown, in practice, to be endemically flawed should come as no surprise. That is the nature of mankind. What is more important is that history, notably the history of the world after the second world war, has demonstrated beyond dispute that every other system of economic organisation is far worse. So capitalism both deserves to survive, and will survive, just as it did after the even greater economic disaster of the 1930s."

New York Times: "Bracing for a Bailout Backlash ... The Obama administration is increasingly concerned about a populist backlash against banks and Wall Street, worried that anger at financial institutions could also end up being directed at Congress and the White House and could complicate President Obama's agenda."

Los Angeles Times: "In outline, bank rescue plan calls for public-private partnership ... Although the formal unveiling is still a couple of weeks away, the broad outlines of President Obama's long-delayed plan for reviving the nation's financial system are coming clear: an ambitious but untested attempt to partner up private capital with government funds while limiting the risk to taxpayers."

Washington Times, Editorial: "Destroying housing market More taxes, fewer deductions are twin killers ... A majority of economists are so dissatisfied with President Obama's handling of the economy that they gave him an "F" grade, a new Wall Street Journal/NBC survey finds. As the Journal noted, this dissatisfaction is across the political spectrum - not just with Republican economists. Treasury Secretary Tim Geithner got even an even lower level of "F" than Mr. Obama."

Roll Call: "Financial Mess Dominates Sunday's Talk ... Anger over hundreds of millions of dollars in bonuses to employees at bailed-out insurer AIG and debate over President Barack Obama's budget and efforts to rescue the economy dominated the Sunday talk shows."

The Hill: "Former Rep. Simmons to take on Dodd ... Former Rep. Rob Simmons (R-Conn.) told the Associated Press on Sunday that he will take on Sen. Chris Dodd (D) in 2010."

The Hill: "Bernanke: Recession should end in 2009 ... Federal Reserve Chairman Ben Bernanke said in an interview Sunday he expects the current recession to end this year."

New York Times, Op-Ed: "Rated F for Failure ... WHEN Standard & Poor's, the bond-rating agency, lowered General Electric's rating to AA+, from AAA, last week, many were shocked at the tarnishing of one of America's most revered corporations. But the real scandal is how long it took S.&P. to make that minor change - and that the other major ratings firm, Moody's, still hasn't - even though G.E.'s dividend has been slashed by two-thirds and its stock price had fallen below \$7, from nearly \$40 a year ago."

Politico: "Wall Street is feeling unloved ... Freshman New York Rep. Michael McMahon had a chance meeting with President Barack Obama last week, and he used it to issue a word of warning: Watch what you say about Wall Street."

National Review, Op-Ed: "Right Kind of Bailout ... The Obama administration promises action on dealing with the nation's housing and foreclosure crisis. Most recently, Obama has assured Americans that the relief will go only to honest borrowers who have fallen into financial difficulty rather than those who took out "liar's loans" - i.e., loans in which the borrowers provided false information about their financial situation, with the tacit blessing of the lender. But there are few details, and even the head of the FDIC admits that it's hard to separate the good borrowers from the bad. Now's the perfect time to look at a better approach to dealing with the mortgage crisis."

National Review, David Freddoso: "We Are AIG' ... What's going on with the Troubled Asset Relief Program, or TARP? Wednesday's hearing of the Government Oversight Committee's Domestic Policy Subcommittee served as a revelation of how little everyone really seems to know."