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New York Times: "Many in Government Knew Weeks Ago About A.I.G. Bonuses ... The question was direct and prescient. Representative Joseph Crowley, Democrat of New York, asked the Treasury secretary in an open hearing what could be done to stop American International Group from paying \$165 million in bonuses to hundreds of employees in the very unit that had nearly destroyed the company."

New York Times: "A.I.G. Sues U.S. for Return of \$306 Million in Tax Payments ... While the American International Group comes under fire from Congress over executive bonuses, it is quietly fighting the federal government for the return of \$306 million in tax payments, some related to deals that were conducted through offshore tax havens."

New York Times, Op-Ed: "Off With the Bankers ... A.I.G. can hardly claim that its generous bonuses attract the best and the brightest. So instead, it defends the payments by arguing they're needed to retain employees who are crucial for winding down transactions that are "difficult to understand and manage." In other words, only the people who stuck the knife into the American International Group can neatly extract it for a decent burial."

Wall Street Journal, Lucian Bebchuk: "AIG Still Isn't Too Big to Fail ... The AIG bailout -- at \$170 billion and rising -- may end up as the costliest rescue of a single firm in history. There is much debate about bonuses paid to AIG's executives. But there is far too little debate on the government's willingness to back all of AIG's obligations."

Wall Street Journal, Op-Ed: "AIG and 'Political Risk' ... After quietly tolerating \$170 billion in bailout money for AIG, why have the public, Congress and the administration suddenly blown up about a tiny fraction of that amount that is being paid out in retention payments and bonuses? After all, the AIG bailout channels U.S. taxpayer dollars to foreign banks and even potentially covers hedge-fund profits."

Fox News: "Obama Envoy Holbrooke Served on AIG Board When Controversial Bonuses Approved ... Obama administration special envoy Richard Holbrooke was on the American International Group Inc. board of directors in early 2008 when the insurance company locked in the bonuses now stoking outrage across the U.S."

The Economist: "Top watchdog ... Should the Fed take up the cudgel as America's regulator-in-chief? ... BARACK OBAMA'S government is using the firestorm over American International Group to press a priority of its own: new authority to take over any big, troubled financial institution and a watchdog to look for risk in the entire financial system. But the controversy has also created a new obstacle for those plans. The most logical agency to fill those roles had been the Federal Reserve, but political support for that idea may have been hurt by its role in the bail-out of AIG."

Associated Press: "World markets mixed on worries about US inflation ... Stock markets were mixed Friday as investors turned cautious amid worries the U.S. Federal Reserve's latest move to combat recession in the world's largest economy

will lead to rampant inflation."

Financial Times, Op-Ed: "Do not let the 'cure' destroy capitalism ... Capitalism has been wounded by the global recession, which unfortunately will get worse before it gets better. As governments continue to determine how many restrictions to place on markets, especially financial markets, the destruction of wealth from the recession should be placed in the context of the enormous creation of wealth and improved well-being during the past three decades. Financial and other reforms must not risk destroying the source of these gains in prosperity."

Washington Post: "In New Dilemma, Banks Cite Two Paths to Disaster ... Some bank executives warned yesterday that the government is forcing them toward a disastrous choice between accepting restrictions on compensation that could cripple their ability to compete with rivals, or returning billions in federal aid, which could retard lending and damage the economy."

Washington Post: "Fannie, Freddie Decry Bill to Tax Bonuses ... Legislation to severely tax bonuses at companies receiving government aid may imperil the Obama administration's housing recovery program by igniting an exodus of employees from Fannie Mae and Freddie Mac, employees at the companies said."

Washington Post, Charles Krauthammer: "Bonfire of the Trivialities ... That's \$165 million in bonus money handed out to AIG debt manipulators who may be the only ones who know how to defuse the bomb they themselves built. Now, in the scheme of things, \$165 million is a rounding error. It amounts to less than 1/18,500 of the \$3.1 trillion federal budget. It's less than one-tenth of 1 percent of the bailout money given to AIG alone. If Bill Gates were to pay these AIG bonuses every year for the next 100 years, he'd still be left with more than half his personal fortune."

Washington Post, Eugene Robinson: "Does Geithner Get It? ... President Obama's claim that Timothy Geithner faces a more daunting set of challenges than any Treasury secretary since Alexander Hamilton may be an exaggeration, but not by much. Geithner may indeed be the hardest-working man in Washington. But to survive, let alone succeed, he's going to have to make a more convincing case that he's part of the solution and not part of the problem."

Los Angeles Times, Editorial: "Wise up, Mr. Geithner ... The AIG fiasco shows that the Treasury secretary needs a crash course in political smarts."

New York Daily News, Editorial: "Pelosi's pitchfork: Congressional Democrats stage reckless attack on outside AIG bonuses ... The vote by Congress to tax Wall Street bonuses out of existence was economic populism run amok. This was legislating by rage, fear and panic."

Investor's Business Daily, Editorial: "Ben's \$1.2 Tril Bet ... Desperate times breed desperate measures, and clearly that's very much on the mind of Fed chief Ben Bernanke. On Wednesday he announced the Fed will print money to buy U.S. Treasuries in unheard-of amounts - nearly \$1.2 trillion."

Investor's Business Daily, Editorial: "Unraveling Reagan ... The 90% tax on AIG and other companies' bonuses is no innocent reining-in of excess. It's a return in microcosm to the high tax rates abolished by Ronald Reagan more than a quarter-century ago."

Investor's Business Daily, Editorial: "Congress' Bonus Babies ... Barney Frank compiles an enemies list, Chris Dodd confesses he did in fact author the AIG stimulus loophole. So just who is going to go after those million-dollar retention bonuses at Fannie Mae?"

Washington Examiner: "It's Obama's Crisis Now ... You might have missed it, but a key moment in Barack Obama's young presidency occurred Wednesday afternoon as he began his trip to California to become the first sitting president to appear on a late-night comedy show. Heading for his helicopter, Obama made a statement about the AIG bonuses, and he didn't use the word 'inherited.'"

Politico: "Dodd draws fire for tortured tale ... Sen. Chris Dodd (D-Conn.) could have prevented a media firestorm by giving a simple explanation about why Congress couldn't stop AIG executives from receiving lavish bonuses - and about his role in the ongoing brouhaha."

Roll Call: "No Pile-On Yet for Geithner to Resign ... Despite a handful of calls from Republicans for Treasury Secretary Timothy Geithner to resign, most Senate Republicans are holding their fire, arguing that with few of Treasury's top jobs still unfilled, it would be unwise and dangerous to leave a vacuum at the top."

The Hill: "Obama defends 'outstanding' Geithner on Leno show ... President Obama called Treasury Secretary Timothy

Geithner "a calm and steady guy" on "The Tonight Show" Thursday in what was marqueeed as the first cameo on a late-night talk show by a sitting president."

The Hill: "Democrats' blame game ... Democrats, rocked by public outrage over bonuses, on Thursday began blaming each other over who was responsible for the mess."