

## Editorials Weigh in on Geithner's Toxic Assets Bailout

Highlight Enormous Taxpayer Exposure, Risk

March 27, 2009

"The plan is structured to transfer, as much as possible, the losses on bad assets to taxpayers"

"The only thing certain is that a great deal of taxpayer money is on the line"

"Letting bureaucrats and politicians direct our economy isn't the end to our troubles. It's only the beginning"

National Review, Editorial: "In the Market for a Better Banking Plan ... Treasury Secretary Tim Geithner finally released the details of his plan to create a public-private partnership to buy toxic assets from banks. It is unfortunately as bad as we thought it would be. Intentionally or not, the plan is structured to transfer, as much as possible, the losses on bad assets to taxpayers. ... Geithner's plan also faces two logistical problems. First, mark-to-market accounting rules might cause the plan to backfire. ... The government could avoid this problem by temporarily loosening mark-to-market rules - something policymakers are finally showing an inclination to do. ... This plan is unlikely to work, and even if it did, the cost to taxpayers would be unacceptably high." (3/25/09)

Boston Herald, Editorial: "Gambling with our bucks ... The only thing certain is that a great deal of taxpayer money is on the line - again." (3/24/09)

Washington Times, Editorial: "Uncle Sam's heavy hand ... In his wanting to blame markets and derivatives, not the government, for increased volatility, [Geithner] demonstrates that the administration doesn't understand how markets work - speculators make money by reducing price differences, by smoothing out swings in prices. Regulations that prevent or slow innovations to hedge risk mean riskier markets. ... All this strikes us as blaming the messenger for the bad news created by the government's regulation. It is a recipe for driving American company headquarters and financial brainpower abroad. This way the former can avoid oppressive regulations and attract the latter by paying higher wages. Welcome to the United States' own brain drain. ... The problems that occur stem from too much government regulation. Piling on more regulation isn't the solution." (3/27/09)

Dallas Morning News, Editorial: "Geithner's recovery plan isn't a slam dunk ... Taxpayers, who already have doled out trillions of dollars, will continue to be on the hook under the new plan." (3/23/09)

Investor's Business Daily, Editorial: "Control Freaks ... Treasury Secretary Tim Geithner's proposed sweeping reform of our nation's financial system puts the nation's banks, insurers and hedge funds under direct government control - where they least need to be. ... The irony of this, of course, was pointed out by political scientist Michael Barone, who notes the

bank bailout plan unveiled by Geithner earlier this week actually relies heavily on mostly unregulated companies to bail out regulated ones. Now, Geithner wants control of even those unregulated companies, though they're guilty of nothing other than being successful. ... Meanwhile, the Federal Reserve wants sweeping new powers to regulate, punish and oversee the financial industry, and to intervene if it thinks it needs to. And of course, in the middle of all this sits Congress itself, which will write the new laws and regulations. ... Letting bureaucrats and politicians direct our economy isn't the end to our troubles. It's only the beginning." (3/26/09)