
WEEKLY FINANCIAL SERVICES REPUBLICAN ROUND-UP 7.3.2009

MESSAGING RESOURCES/POLLING UPDATE

TARP

TARP Dividend Payments Must Go To Pay Down The Democrats' Massive National Debt. H.R. 3068, the so-called "TARP for Main Street Act," would divert dividend payments from the taxpayers' investment in financial institutions to fund the Democrats' housing credit reallocation agenda. It's too early to claim that TARP is making a profit for taxpayers. Treasury has received \$6.2 billion in dividend payments and approximately \$68 billion from repurchases, but Treasury still has \$643 billion in commitments that have yet to be repaid. Taxpayers will be made whole only after we recoup the full \$700 billion that was committed to Wall Street and other institutions. Republicans believe the TARP program should be scaled back, any profits should go back to reducing the debt and existing authorized TARP funds should not be recycled.

- Note: The New York Times: "Meanwhile, the United States has sunk more than \$79.7 billion into the automakers at this point. The C.B.O. recently estimated that the subsidy rate in the first \$55 billion of this investment was more than \$40 billion in lost value, or roughly 70 percent - the highest subsidy rate of any TARP investment."
- Washington Examiner, Byron York: "Barney Frank: Let's spend TARP profits before taxpayers can get them... The original TARP legislation required that money made from the program "shall be paid into the general fund of the Treasury for reduction of the public debt. Frank, however, wants to spend the money before it can be used to pay down anything."

Taxpayers Should Not Be Asked To Sink More Money Into The Democrats' Failed Housing Agenda. Congress, the Administration, and the private sector have already put in place a number of programs intended to help struggling families stay in their homes. These programs, which include FHA Secure, Hope for Homeowners, Making Home Affordable and the Neighborhood Stabilization Program, have not achieved the goals they were intended to accomplish. Pumping more taxpayer money into these and other similar programs will not make them any more effective.

Restoring Fiscal Discipline Must Be Our Priority. At a time when many families across America have been forced to do more with less, the Democrats continue to engage in unsustainable spending. The deficit for FY09 is expected to be \$2 trillion, and CBO expects that the public debt will reach 100 percent of GDP in 2022. The Democrats' budget, which borrows, spends, and taxes too much, comes on the heels of their \$1.2 trillion so-called stimulus, and a pork-laden \$409 billion omnibus spending bill. This generational theft must end. Americans look to Washington for solutions, however, raising taxes and continuing to borrow and spend at unprecedented rates will undermine job creation and the economic and housing market recovery.

Polling Update:

Rasmussen: "Only 17% Rate Government A Wiser Spender Than Private Business...Just 17% of Americans say the government is more likely to spend its money wisely and carefully than a private business, according to a new Rasmussen Reports national telephone survey. ...These findings are consistent with findings for months that question the government's handling of taxpayer money. Seventy-six percent (76%) of Americans, for example, say it is at least somewhat likely that a large amount of money in the \$787-billion economic stimulus plan will be wasted due to inadequate government oversight."

ON THE HORIZON

Wednesday, July 8: The Full Committee will mark up H.R. 3045, the Section 8 Voucher Reform Act at 10 am in room 2128 Rayburn.

Thursday, July 9: The Full Committee will convene a hearing on H.R. 3068, TARP for Main Street at 10 am in room 2128 Rayburn. At 2 pm, the Domestic Monetary Policy Subcommittee will meet for a hearing on the role of the Federal Reserve and systemic risk regulation in room 2128 Rayburn.

Friday, July 10: The Full Committee and the Agriculture Committee will hold a joint hearing regarding the Administration's proposal for over the counter derivatives regulation at 10 am in room 345 Cannon.

WEEKEND MUST-READS

Washington Examiner, Byron York: "Barney Frank: Let's spend TARP profits before taxpayers can get them... When President Obama announced on June 9 that some financial institutions would be allowed to repay Troubled Asset Relief Program dollars, he said the massively expensive TARP bailout had made money for the federal government. "It is worth noting that in the first round of repayments from these [TARP recipients], the government has actually turned a profit," the president said. Indeed, TARP supporters have long held out the hope that the program might be profitable."

Wall Street Journal: "Wary Banks Hobble Toxic-Asset Plan ... A look at why the program has stumbled underscores how difficult it has been to solve one of the economy's biggest problems: Mountains of bad debt sitting on the books of the nation's banks."

Washington Post, Samuelson: "Panics 'R' Us! ... Since its earliest days, the United States has suffered periodic financial crises. The first dates to 1792. In the 19th century, bank panics occurred regularly. Then, of course, came the great stock market crash of 1929 and the failure of two-fifths of the nation's banks in the Great Depression. Now we're in the midst of another crisis. It would be reassuring to think that the Obama administration's financial "reforms" -- or, indeed, any conceivable alternative -- would prevent these collapses for all time. Dream on."

Wall Street Journal, Opinion: "Spitzerism Revisited ... Eliot Spitzer has departed the national stage in ignominy, but the damage he did as an unrestrained state Attorney General lives on, notably in a dubious 5-4 victory yesterday before the Supreme Court."

Forbes, Steve Forbes: "Largely Useless, Even Harmful ... The blunt truth is that even if we had had President Obama's financial regulatory "reforms" in place four years ago--reforms designed to prevent another financial meltdown--we would still have experienced a horrific economic disaster. In other words, the Administration's prescriptions deal with the symptoms--and those badly--not the underlying causes."

Wall Street Journal: "Buying That Bank to Get Tougher ... The Federal Deposit Insurance Corp. on Thursday is expected to propose new guidelines for private-equity investors seeking to buy failed banks, people familiar with the matter said."

Washington Post: "Obama Presents Bill to Create Consumer-Finance Watchdog... The Obama administration sent a detailed proposal to Congress yesterday for creating an agency to oversee nearly all facets of consumer lending, but the breadth of its powers is setting the stage for a fierce clash on Capitol Hill."

COMMITTEE REPUBLICANS IN THE NEWS

Rep. Michele Bachmann penned this op-ed: [A Responsible Regulatory Framework Needed](#).

Rep. Scott Garrett issued this statement: [Garrett Statement on Consumer Financial Protection Agency](#).

Rep. Spencer Bachus issued this statement: [Bachus Statement on Administration's Consumer Financial Protection Agency](#).

CARTOON OF THE WEEK

(Tony Auth 7/2/2009)