A WEEKLY WASHINGTON UPDATE

CAPITOL CONNECTION

CONGRESSMAN GARY G. MILLER
CALIFORNIA'S 42ND DISTRICT

October 7, 2009

Dear Constituent:

While last Saturday marks the one year anniversary of the Troubled Asset Relief Program (TARP) being signed into law, questions continue to linger regarding the future of this controversial program. As the current Treasury Secretary, Timothy Geithner, is considering whether or not to extend TARP past its December 31, 2009 expiration, hundreds of billions of dollars in existing commitments will remain on the government's books for the next several years.

Last year, our economy faced historic and unprecedented challenges that posed a clear threat to our country's economic underpinnings. The housing markets experienced significant upheaval and increased delinquencies and defaults among borrowers contributed to turmoil in the mortgage finance sector. As a result, our entire economy was affected—banks stopped lending and everyday Americans were affected by this severe credit crunch. Following these sobering events, then Treasury Secretary Paulson, Federal Reserve Board Chairman Bernanke, and President Bush warned repeatedly that an economic crash would be imminent if Congress did not swiftly pass legislation to address the financial markets crisis. After the House failed to pass an economic rescue package the first time, not listening to their warnings proved to be dangerous, as evidenced by the subsequent $1 trillion loss in the stock markets in the days that followed. After meeting with Secretary Paulson, Chairman Bernanke, and President Bush's economic advisors, I heeded their warnings and voted for the Emergency Economic Stabilization Act (EESA), which established the TARP, in order to prevent a catastrophic collapse of our economy. This $700 billion economic rescue plan granted $250 billion in immediate authority to the Department of Treasury to purchase assets from financial institutions, with an additional $100 billion after the Secretary reported to Congress. Congress then had the authority to withhold the remaining $350 billion.

While some viewed this as a bailout for the fat cats on Wall Street, my sole reason in voting for this legislation was to ensure Americans with good credit could continue to access home, auto, and student loans and small businesses would be able to access the loans they need to keep their businesses open and their employees paid. While the legislation was being considered, it was my understanding that TARP funds were to be used to finance the purchase of troubled assets, such as residential and commercial mortgage-related assets, including mortgage-backed securities and whole loans, in order to alleviate the credit crunch and stabilize the overall economy. However, mid-October, after this legislation was signed into law, the Department of Treasury changed the rules of the game for TARP and used funds to purchase shares in a broad array of financial institutions.

Since its enactment, I have repeatedly expressed frustration with the way TARP has been implemented and consequently **voted against** releasing the additional $350 billion in TARP funds. From the outset, the program has been implemented with far too little transparency and in a manner inconsistent with the way it was presented to Congress last fall. After reports of financial institutions using TARP funds for unwarranted bank acquisitions and other questionable purposes, I sent a letter to then Secretary Paulson urging Treasury to prohibit them from doing so. I continue to believe that these practices are an improper use of taxpayer dollars, anti-competitive and was not the intention of Congress during consideration of the EESA. To ensure that participating institutions are adhering to the program's purposes, I encouraged Secretary Paulson to closely track the usage of TARP funds and to report the Department's findings to Congress. I also sent a letter with several of my colleagues to the Federal Reserve Board of Governors requesting greater transparency of the lending facilities they have authorized to ensure accountability to the nation's taxpayers. Further, last December the Department of Treasury again changed the rules of TARP by unilaterally deciding that it would make $13.4 billion in TARP funds available to certain domestic auto manufacturers. These troubling actions clearly were not the intent of TARP.

I am extremely disappointed with the way TARP has been managed and am working vigorously in Congress to ensure that taxpayer dollars are spent wisely and most efficiently. Subsequently, I **voted against** the $787 billion American Recovery and Reinvestment Act which was passed earlier this year. Rather than enact policies that save, protect, and create jobs, this so-called stimulus package has been growing government while the private sector has continued to lose jobs. In fact, nearly three million jobs have been lost since the enactment of this bill. If another stimulus is brought up for a vote, you can rest assured that **I will vote against** any measure that wastes valuable taxpayer dollars on frivolous government programs.

As TARP recipients are beginning to repay these funds, I have requested that Treasury use these taxpayer dollars to pay down our enormous national debt. It is crucial that Congress put an end to a borrow-and-spend philosophy and get our nation's fiscal house in order. All in all, we must reform the areas of our nation's financial sector that led to this crisis and we must make sure our economy fully recovers and this never happens again.

Sincerely,

GARY G. MILLER
Member of Congress

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