

**Statement by Rep. Michele Bachmann
House Financial Services Subcommittee on Capital Markets,
Insurance and Government Sponsored Enterprises
“American International Group’s Impact on the Global Economy: Before, During,
and After Federal Intervention”**

March 18, 2009

Thank you, Mr. Chairman, for holding this incredibly timely hearing.

And, thank you, Mr. Liddy, for being here today. It would be hard not to begin by expressing the same distaste that you did over the \$165 million in retention bonuses that have become the eye of the public storm of taxpayer outrage these days. Like so many of my colleagues, I am just stupefied by the audacity of executives who even as they were able to retain their jobs by the grace of hard-working taxpayers are unwilling to deny their million-dollar bonuses.

But – and I say this as someone who voted against the financial service sector bailouts each and every time – I am equally stunned at the feigned surprise of those in government who say they are shocked by these bonuses. AIG disclosed these payments as far back as May 8, 2008 in a filing with the SEC. And, then in November –after American taxpayers had already funded a commitment of over \$150 billion to AIG, giving the U.S. government an 80% stake in the company – AIG convened a working group to examine the bonuses. Representatives from the Federal Reserve were part of that reviewing committee.

So, I find it rather disingenuous that so many in government, from the Secretary Geithner to Senator Dodd and others in Congress – are expressing shock not only about these particular bonuses, but about the stark reality that the misguided bailout “strategy” has led America’s political class to this conundrum. When you insert yourself as the lead stakeholder in American businesses, don’t be surprised when you are held accountable for business decisions like these.

In this particular case, AIG is literally rewarding with bonuses as high as \$6.4 million some of the very same executives who were selling the risky products that got AIG in trouble in the first place. And, over the next year, the amount of bonuses promised under current AIG contracts will rise to about \$450 million. Simultaneously, taxpayer assistance to AIG has grown to \$170 billion.

This situation makes crystal clear one thing: We need an exit strategy from the bailout mania.

Yet, even as Congress and the Administration fretted about the lack of oversight and accountability in the TARP, they conspired to release the second \$350-billion tranche of taxpayer dollars under the program. And, the President’s budget includes another financial service sector bailout that could put American taxpayers on the hook for another

\$750 billion. TARP has not received high marks for success from anyone. *Clearly* there is not adequate transparency or accountability in the program, or in several other lending facilities administered by the Fed, for that matter. AIG has now received four taxpayer-funded bailouts. Every single one was negotiated in secret and taxpayers have been left wondering where or how their money was being spent.

We need an exit strategy from the current bailout-band-aid-short-term strategy for addressing the lagging market that has been implemented thus far. That should be our number one focus.

I look forward to the opportunity to hear from today's panel about the current situation with AIG.

Thank you, Mr. Chairman, and I yield back the balance of my time.