



Restoring America's Financial Security

As we look at our banking system in the light of the global credit crisis that has paralyzed our financial system and brought uncertainty to our economy, I recognize that we must make long-term changes to our nation's financial structure by reforming the way we regulate our financial services industry to ensure that the events that led to the crisis are not repeated. I also believe that we need to carefully consider how to protect consumers and taxpayers from the excesses of Wall Street.

While I am concerned that the sweeping reform legislation recently passed by the House of Representatives will further freeze credit and ultimately cost our economy jobs at a time when unemployment is at staggering levels, I do support efforts to carefully examine our regulatory system, determine where and how it failed, and make the changes needed to ensure that these failures do not happen again. I believe that steps need to be taken to bring transparency and accountability to our financial services industry. I do not believe companies should become so big that our entire economy sinks or swims based on their health. In addition, I am concerned about the large bonuses being paid out by institutions that received federal assistance and that the compensation structure in the financial service industry encouraged, rather than discouraged, the high-stakes risk taking that has thrown our economy into a tailspin.

I also strongly support efforts to empower American families to take ownership of their own financial situations through credit counseling and financial education. You can be confident that I will continue to consider efforts to reform our financial regulatory system very carefully and with the best interests of Idahoans in mind.

Oversight of the Troubled Asset Relief Program (TARP):

As institutions that received federal assistance through TARP begin to repay the money they owe the taxpayer, I strongly oppose any efforts to use this funding for anything besides paying down our growing national debt. When TARP was originally created, Republicans insisted that TARP include a number of taxpayer protections, including a requirement that any repaid funds be returned to the taxpayer. TARP is scheduled to expire at the end of 2009, and according to a recent analysis by the Department of the Treasury, TARP is now projected to cost \$200 billion less than previously projected. Over \$100 billion in TARP funding has already been repaid by banks, and the federal government has already realized a \$10 billion profit in interest paid on the repaid loans.

Unfortunately, it is clear that the taxpayer protections on which Republicans insisted were necessary—now that companies are paying back the TARP payments they received and the taxpayer is making billions of dollars in interest, the Democrats are trying to turn the program from a one-time emergency measure to a permanent slush fund for growing government. This is one reason that I vigorously opposed Democrats' recent efforts to pay for a new \$150 billion stimulus bill with TARP funds.

TARP was never intended as a bailout. It was an investment in our financial system to ensure that our economy didn't crash, allowing credit to be thawed and providing taxpayers with a long-term investment on which they would see a good return. I am deeply disappointed with the way the Obama Administration has implemented TARP, and I strongly believe that Congress must stand firm on this issue: TARP has run its course, and the program needs to end now.

This is why I am a cosponsor of H.R. 4110, the TARP Sunset Act of 2009, which would have ended TARP at the end of 2009. TARP was originally scheduled to expire then, but Treasury Secretary Geithner extended the program for an additional year.

TARP has left a bad taste in the mouths of most Idahoans, including me, but it has served its purpose by stopping the hemorrhaging of our nation's financial system in 2008 and lessening the blow of the recession we are currently facing. Having served its purpose, it needs to end. Congressional oversight of this program continues to be critical, and you can be confident that I will continue to carefully scrutinize the government's response to this crisis.

Financial Regulatory Reform:

On December 11, 2009, the House passed H.R. 4173, the Wall Street Reform and Consumer Protection Act, a nearly 1,300-page bill that includes sweeping reforms of our financial regulatory system. While I support efforts to carefully examine our regulatory system, determine where and how it failed, and make the changes needed to ensure that these failures do not happen again, I am concerned about a number of provisions in the legislation that would dramatically increase the government's role in industries beyond the financial industry.

For example, I am concerned that the proposed Consumer Financial Protection Agency would create a new regulatory agency with broad authorities that could dramatically impact the availability of credit for American consumers. Rather than addressing the actual gaps in existing regulation and fixing them, this legislation simply piles on another bureaucracy with no indication that this regulator will be any more effective than the old ones. H.R. 4173 would dramatically expand the role of government, including the authority of the Federal Reserve, and give the government broad, undefined authority to regulate huge segments of the economy—including non-financial institutions that had nothing to do with causing the financial crisis.

I am also concerned about efforts to make shoring up institutions that the government deems "too big to fail" permanent federal policy by creating a permanent \$200 billion bailout fund. The government's emergency efforts in 2008 were just that—emergency actions. They should not become the status quo for the way that the government handles the failure of private companies.

Rather than protect our nation against further economic damage from underregulated institutions, this bill would cost the economy even more jobs. H.R. 4173 will further restrict access to credit for families, farmers and small businesses who are already struggling to keep their businesses afloat. In fact, a recent study found that the bill will reduce net new jobs by 4.3% and significantly increase interest rates. At a time when our economy is suffering from double-digit unemployment, this bill would make things even more difficult for our nation's job creators. Because of these concerns, I could not support H.R. 4173 when it came before me.

Financial Literacy:

The current economic environment has made it clear that the financial crisis we face is not only a national one, but an individual one as well. The high cost of education and other goods and services and the easy availability of credit have left many Americans deeply in credit card debt, and the mortgage crisis has revealed that many Americans purchased homes without knowing what they were getting into and have now discovered that they don't have the ability to pay their mortgages in the long term.

I strongly support efforts to educate all Americans on how to manage their finances and prepare for the future. Financial literacy allows individuals to make sound financial decisions, provide for their own economic security, and meet goals like obtaining a college education, starting a small business, or owning a home. When young people learn to be financial responsible at an early age, they benefit throughout their lives, and I support financial literacy programs in our schools. Of course, it is never too late to become financially knowledgeable, and I would encourage you to visit the Idaho Department of Finance website at www.finance.idaho.gov/Education/FinancialLiteracy to learn more about saving and investing wisely, protecting yourself from fraud, and effectively managing finances for your family or your business.