

Congress of the United States  
CONGRESSIONAL OVERSIGHT PANEL

## Opening Statement of Ted Kaufman

### Congressional Oversight Panel Hearing with Treasury Secretary Timothy Geithner

December 16, 2010

Good morning, Mr. Secretary. We appreciate your willingness to join us this morning.

It is easy to forget today the sense of panic that overwhelmed our economy in late 2008. The stock market was plummeting. Employment was plummeting. Home values were plummeting. I can remember turning on the television, flipping between news channels, and seeing anchor after anchor looking frightened and confused. The American financial system, the envy of the world, was never supposed to collapse in this way.

Today, we know that the panic ended, and you played a key role in that turnaround. As the Panel has stated in the past, the Troubled Asset Relief Program (TARP) provided critical support to the financial markets at a time when market confidence was in freefall. Combined with the Recovery Act, it has restored a degree of stability to our markets and to our economy. The Congressional Budget Office recently estimated that, at the end of the day, the TARP will cost about \$25 billion – an astronomical sum, to be sure, but far less than anyone expected even six months ago.

As Treasury has conducted its work to repair the banking system, governments and businesses and private citizens across the country have done their part to help build the road to recovery. Thanks to their shared efforts, the economy is in a tremendously better place today than it was when the TARP was enacted. But we must not forget the pain that continues to plague so many Americans.

Fifteen million Americans still cannot find a job. As many as thirteen million families will lose their homes to foreclosure in the next few years. The panic of 2008 has subsided, but it has been replaced by the gnawing pain of countless men and women who can't find work, who can't keep their homes, and who don't know whether their own economic story will ever end in recovery.

The TARP was never intended to be a complete solution to these problems. But even now that your authority to make major changes to the TARP has expired, you still can take steps to help strengthen the broader economy.

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For example, the Panel's report this week on foreclosure prevention laid out a series of steps that Treasury can take to help more Americans keep their homes. You could make it easier for homeowners to receive a loan modification by allowing borrowers to apply online, and you could focus on helping each and every homeowner who has received a loan modification to avoid sliding backward into foreclosure.

These steps will make only a modest difference in Treasury's efforts to prevent foreclosure. But they illustrate a larger point: that although TARP's broad legacy may already have been determined, the details remain to be decided. In fact, Mr. Secretary, you will decide them. You continue to manage \$54 billion in the auto industry, \$50 billion at a variety of banks, \$48 billion at AIG, and \$30 billion in authority to prevent foreclosures. That is a weighty obligation, and I look forward to hearing you describe how you will handle it.

I hope we can use today's hearing to focus on the remaining opportunities to reshape the TARP to strengthen the economy for all Americans.

Before we proceed, I look forward to my fellow panelists' opening statements. Let me turn now to Mr. McWatters.