

Congress of the United States

CONGRESSIONAL OVERSIGHT PANEL

Opening Statement of Richard Neiman

Congressional Oversight Panel Hearing with Assistant Secretary for Financial Stability Herb Allison

October 22, 2009

Mr. Assistant Secretary, thank you for being here today. You know more than anyone how important today's hearing is to the American public. It was about a year ago that the U.S. government told the American taxpayer that the financial system faced possible collapse if taxpayers did not provide \$700 billion to rescue it.

The taxpayers did what was asked, and they did it even though it meant swallowing what some perceive as a very bitter pill. I don't have to tell you about the reluctance, and in some cases the outrage, of providing financial support to some of the very institutions that helped cause the crisis, many of which pay their employees more money in one year than many Americans make in lifetime.

So the stakes of the effectiveness of Treasury's use of that \$700 billion are very high. Treasury's programs have to work to stabilize the financial system, but they also have to work so people feel that they have also gained from the \$700 billion infusion. Treasury's programs must restore credit for small businesses that promote entrepreneurship and create jobs, and the programs must keep people in their homes by preventing avoidable foreclosures. Success in these endeavors goes beyond just restoring confidence in our *financial* system; this success is critical to maintaining confidence in our *democratic* system.

Remembering back to our first hearing with Secretary Geithner in April, I am glad to say that we can have a different conversation today than we had then. The Department of Treasury deserves credit for making substantial progress. We are by no means out of this crisis, but yours and Secretary Geithner's efforts averted disaster, and that should be recognized.

But our gains remain fragile, particularly as they apply to the people who need Treasury's programs the most. As you and I discussed in our last hearing together over the summer, it is critical that we redouble our efforts to help the millions of homeowners facing foreclosures. I am grateful to Treasury for participating in our hearing last month in Philadelphia. It was the first time Treasury, Fannie Mae, and Freddie Mac came together in a public forum with housing advocates and mortgage lenders to discuss the progress of the Administration's foreclosure prevention programs. I intend to follow up on several of the issues that came out of that hearing with you today.

I also intend to ask you about improving access to credit for the tens of thousands of small businesses that employ the vast majority of our economy's workers. I'd like to commend your

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office and the Administration for announcing initiatives yesterday to provide capital for community banks that are substantial lenders to small businesses. One year later, the financial system needs to start working better for small businesses and all Americans.

I look forward to our conversation.