

# — CONGRESSIONAL OVERSIGHT PANEL —

*Elizabeth Warren, Chair | Sen. John E. Sununu | Rep. Jeb Hensarling | Richard H. Neiman | Damon Silvers*

## Opening Statement of Richard H. Neiman

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Good morning. Secretary Geithner, we are pleased to have you here with us today to share your perspective.

This is a unique opportunity not just for our Panel but also for the American people watching us today; it is the Panel's first hearing with the Treasury Secretary from either Administration. We were disappointed that your predecessor, Secretary Paulson, was not available for a formal hearing with the Panel. I believe it is critically important for us to be having this dialogue now, early in your term, to facilitate our working relationship going forward and to inform the public about your efforts.

Speaker Nancy Pelosi asked me to serve on this Panel in part to be a voice for the states and their residents. I am also New York State's Superintendent of Banks, and in that capacity I feel my job is about more than overseeing banks- it is also about helping people in financial distress.

Under New York Governor David Paterson, we have taken aggressive action at the state level in response to the crisis, from borrower outreach and increased enforcement to one of the most comprehensive pieces of mortgage reform legislation in the nation.

But the fact is that the states cannot bring an end to the foreclosure crisis or get us out of this recession by themselves without a federal partner. However, people across the country just aren't sure if the Treasury's efforts are working, which makes your job harder at the federal level.

I hope to use this hearing to ask you some tough questions, but also to give you a chance to demonstrate that Treasury's plan can work. You may be aware that I placed a blog post on a prominent website yesterday that asked people to submit questions to you. I placed it on the Huffington Post because that blog reaches over ten million readers per month, thus representing a good, but imperfect, cross section American opinion. Literally, within hours of the posting there were hundreds of responses that expressed deep concerns and even skepticism about the program- many accompanied by deeply personal stories.

I read every one of these questions on the train ride down to Washington last night and it made me think a lot. It gave me a better sense of people's views, but it also made me really wonder why people aren't seeing progress in Treasury's plan. Perhaps it is because it is hard to see results in one, two, or three months, but perhaps it is because things are not working as well as we would like. It seems to me that what is needed is a better system for measuring success that Treasury could provide to inform the American taxpayer. For instance:

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How should we measure whether the financial system is stabilizing? Should we be looking at credit default spreads or tangible capital ratios or some other metrics? How will we know that we are making progress?

How do we measure if the program has increased the amount of bank lending to consumers, small businesses, and corporations? What is the impact of the decline in borrower demand versus a tightening of underwriting standards by banks?

Mr. Secretary, does Treasury have its own metrics for determining success in reaching its goals? If so, can they be shared with the American public and posted on your website so that all citizens can see how your plan is measuring up?

My worry is that if you do not, one of the most common questions I encounter when I hear from people about your plan will remain unanswered. One person put it quite directly on the blog, stating “I would ask the same question that almost everyone is asking: when are those banks going to stop sitting on all that money and start lending again?”

That question is undoubtedly a common question, yet the recent snapshot reports from Treasury show banks are making progress and attempting to be responsive in meeting credit needs. However, additional information is clearly needed to get to the bottom of this. Metrics would help, and our panel will be issuing a report on this question in May that will specifically focus on credit availability and small business and consumer lending, including your programs to restart the securitization markets.

It is my personal view that, although disagreement exists among very smart people including Nobel Prize winners on both sides of the issues, you have a plan that can work. But it can only work with the support of the American people. To support it, people need to understand it and need to feel that they can adequately judge it.

I see this hearing as an important contribution to an inclusive process, and my questions today will reflect comments and concerns that I have received from a broad range of Americans. I hope today is only the beginning of a more collaborative relationship and I look forward to your remarks.