

Section Two: Additional Views

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In producing monthly reports assessing the performance of programs under the Troubled Asset Relief Program (TARP), the Congressional Oversight Panel has worked effectively to build consensus among panel members. While it is unusual that any single panel member would fully agree with every sentence and statement in a comprehensive oversight report, in each previous case, I have found broad agreement with the sentiment and priorities pursued, and as a result, voted to support their release.

In reviewing the drafting of the April Oversight Report, however, it became clear that much of the content pursued topics which strayed far from the Panel's core mission. Moreover, the April Report engages in a premature discussion of dramatic changes in Treasury's chosen approach to supporting stabilization in the US financial markets. These and other concerns are more fully discussed in the joint additional views which I have submitted with Richard Neiman.³⁷³ Given the magnitude of these differences, I am unable to support the full April Oversight Report.

In addition to the concerns expressed in the joint additional views, I wish to briefly highlight two significant areas of disagreement with the Report's choice of content and prioritization. In the end, these differences were simply too great to overcome through the submission of supplemental views alone.

1. The main element of the April Report, a discussion of alternatives to the programs Treasury has established under the TARP, takes the Panel too far from its core mission of monitoring and assessing the performance of existing programs and making recommendations for improvement. In utilizing resources to pursue this lengthy discussion (pp. 70-87), the Panel has lost the opportunity to develop a more in depth assessment of key questions including:

- How much lending and what type of lending has been done by firms receiving funding under the Bank Capital Program (CPP)?
- What factors have driven roughly 200 financial institutions to decline CPP funding after their applications had been approved, and what implications does this have for the success of the program?

³⁷³ Part B of Section 2 of this report, *infra*.

- How successful have the initial TALF auctions been, and what implications does this have for the structure and price discovery mechanism of the PPIP?
- To what extent has the recent debate and proposed legislation regarding taxation and limitation of executive compensation discouraged firms from participating in CAP, TALF, and the PPIP?

2. The April Report contains a lengthy discussion (pp. 60-70) of the unfolding financial crisis in Ireland, Iceland, the United Kingdom, and other European Countries. While a short description of the steps each nation has taken may be appropriate to the context of the Report, attempting a detailed analysis of the economic – and political – response is well outside the core mission of the Congressional Oversight Panel. Given the very dynamic nature of the current crisis, and the relative proximity of recent decisions taken in these countries, it is of little use to employ these examples to guide our oversight of the Treasury Programs.

In summary, the central parts of the April Report of the Congressional Oversight Panel is consumed with discussion which, although interesting to many readers, is at the edge of – and outside – the core mission of the Panel. Expending resources to develop this analysis has precluded a more detailed assessment of the performance of TARP programs to date. Furthermore, the prominence of alternate approaches could be used incorrectly to suggest that the Panel believes that existing programs have failed, or that it has concluded that the Administration Plan is not viable.

Given the weight of these concerns, I am unable to support the release of the April Oversight Report.