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For Immediate Release
October 3, 2008

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Why I Voted for the Economic Rescue Bill **by Senator Larry Craig**

The United States Senate is not known for its speed, but that's how our Founding Fathers envisioned it when they formed Congress' two chambers in 1787. In my 17 years in the Senate, there have been two exceptions to that tradition: responding to 9/11 and to the current failures in our housing and credit markets. Both were necessary.

After 9/11, the Senate put aside partisan differences and moved at warp speed to compensate victims, to strengthen intelligence gathering and our national security operations, to create the Department of Homeland Security and to pump up our devastated airline system, vital to our daily economy.

Seven years later, we have been hit with an economic 9/11 and a credit meltdown preventing families from buying homes or autos or sending their children to college. It's stopping farmers from getting loans, and small businesses from maintaining the line of credit needed to meet their payrolls. The credit market freeze means community banks have stopped lending to small businesses which are curtailing operations and can't pay their workers, who then cannot meet their families' bills or buy groceries.

Just as we did after September 2001, the Senate went to work to shape a responsible legislative rescue plan from the initial demands handed us by the Administration to allow the Treasury Secretary to buy toxic mortgage assets from at-risk financial institutions, in order to free up credit. As proposed, he would not have been answerable to Congress or the courts.

Needless to say, that plan didn't fly. By the time it was before the House of Representatives on Monday, September 29, it included strong protections for taxpayers by requiring all money recouped from these mortgage assets to be returned to the Treasury to retire the debt. It required transparency of all rescue operations, in part by requiring both judicial and Congressional review. It even gave Congress the authority to end the rescue if it was not serving the taxpayer's interest. And it eliminated any chance that greedy CEOs would enrich themselves at the taxpayer's expense, through excess compensation or so-called "golden parachutes."

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While I would have supported the House plan, the bill that came before the Senate two days later offered even more taxpayer safeguards. It increased the current protection of your deposits in any FDIC-insured bank or credit union from \$100,000 to \$250,000, a move intended to forestall runs on banks.

The Senate rescue plan also contained some previously-passed provisions important to Idahoans, including a four-year extension of the Craig/Wyden county payments to rural schools – at a 75 percent increase over the last authorization. County payments are vital to keeping our rural schools on par with their urban counterparts, and this provision will save the jobs of 120 Idaho teachers. Another important provision increases the exemption for middle income taxpayers for the next year from the onerous Alternative Minimum Tax – a burden that could have added \$1,800 to some tax bills.

The necessary speed in which the Senate acted did have consequences. It allowed the media and others to incorrectly label this action as a “bailout.” It’s not a bailout. No sums of money are being transferred to private companies or to CEOs. To restore confidence in the credit market, the federal government is acquiring or insuring troubled mortgage-backed securities to allow financial institutions to stabilize and continue lending money. When the market is stable and the full values of these assets are restored, they will be sold and all revenues will be returned to the Treasury to pay off the debt.

I fully understand Idahoans’ skepticism and opposition to this action. I’ve read your emails and received your phone messages. Your strong, principled views have made me work even harder to study the stakes before us and the need for this extraordinary intervention. In the end, I felt confident that the safeguards we implemented mean this rescue will result in little costs when it is completed. And I was unwilling to stand by and do nothing while banks failed and hard-working Americans’ investments, pensions, homes, small businesses and very way of life were put at risk.