



September 28, 2008

JUST THE FACTS: House Republicans Secure Maximum Protections for Taxpayers in Significantly Improved Economic Rescue Plan

Just the facts on how House Republicans ensured Wall Street rescues itself and taxpayers have the maximum protections in a significantly improved economic rescue package:

- **Economic assistance will be financed by Wall Street, not Main Street:** Republicans successfully included measures to ensure Wall Street pays its fair share and secured maximum taxpayer protections for Main Street.
 - **Federal insurance program protects taxpayers, forces Wall Street to share the burden:** Requires the establishment of an insurance guarantee program that in lieu of purchasing assets with taxpayer funds is available to insure assets at no cost to the taxpayer. Costs would be fully paid for by participating companies (i.e. those receiving the assistance). Assets insured by the program would count against the total funds the Secretary would otherwise have available to make purchases.
 - **Up-front Treasury authority cut in half:** Secretary Paulson's original proposal sought \$700 billion in up-front, immediate authority. The new economic rescue plan cuts this up-front authority in half. The Treasury would have \$250 billion in immediate authority, with another \$100 billion available after the Secretary reports to Congress. Congress has the authority to withhold the remaining \$350 billion.
 - **Taxpayers protected against losses:** Taxpayers would be first in line to recoup losses from participating financial institutions in the event they fail or lose money – not shareholders and certainly not corporate executives.
 - **No golden parachutes for Wall Street:** Irresponsible corporate executives at participating institutions will not be rewarded with golden parachutes or severance pay.
- **No liberal slush funds:** Democrats wanted to direct 20 percent of the revenues from the program into a slush fund for ultraliberal allies like ACORN. **Republicans successfully demanded it be dropped.**
- **No trial lawyer giveaways:** Democrats wanted trial lawyer giveaways that would punish responsible borrowers and help their political allies by allowing bankruptcy judges to unilaterally rewrite mortgage terms. **Republicans successfully demanded it be dropped.**
- **No Big Labor paybacks:** Democrats wanted to continue their two-years-long Big Labor payback by giving union bosses seats on the boards of participating financial companies. **Republicans successfully demanded it be dropped.**
- **Bipartisan oversight and accountability:** Democrats wanted to stock a seven member oversight board with five Democrats and only two Republicans. **House Republicans successfully demanded the panel be truly bipartisan** with an equal number of Democrats and Republicans.
- **No more harmful "mark-to-market" accounting rules:** At the insistence of House Republicans, the Securities and Exchange Commission would have the authority to suspend "mark-to-market" accounting rules – outdated regulations that artificially undervalue good mortgage assets and have helped exacerbated this economic crisis.
- **Protection for community banks from Wall Street excess:** The rescue plan helps local community banks across the country by allowing them to write off losses on Fannie and Freddie mortgage assets they hold.