



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 29, 2008
(House)

STATEMENT OF ADMINISTRATION POLICY
H.R. 3997 - Emergency Economic Stabilization Act of 2008

The Administration strongly supports and urges swift passage of H.R. 3997. This legislation is the product of intensive bipartisan efforts over the last several days and represents an expeditious response by the Federal government to thwart a brewing crisis in the Nation's financial markets. The Administration commends Congress for taking this swift and necessary action.

Passage of H.R. 3997 is of tremendous importance to *all* Americans. If the financial markets fail to function, American families will face great difficulty in getting loans to purchase a home, buy a family car, or finance a child's education. Businesses, too, will be unable to attract the credit they need to retain and create jobs. H.R. 3997 would enable the Department of the Treasury, operating under appropriate oversight established in the legislation, to remove troubled assets that are currently clogging our financial system and inhibiting the flow of capital.

Because the vast majority of Americans responsibly pay their mortgages, the Administration expects that much, if not all, of the amounts provided for in the legislation to buy or insure troubled assets will ultimately be recouped. For this reason, the true "cost" of this legislation should be far less than \$700 billion. Even so, a commitment of taxpayer resources of such a magnitude requires many safeguards. The legislation thus contains several provisions, agreed to jointly by the Congress and the Administration, to ensure appropriate oversight over this process and to ensure that taxpayer resources are not used to finance windfalls for irresponsible corporate executives. The negotiations conducted to improve this package also resulted in the addition of several further provisions to protect taxpayers, including provisions to provide them an equity interest in institutions receiving assistance and the creation of a program to guarantee troubled mortgage assets at no cost to taxpayers as an alternative to direct purchases.

By passing this legislation, Congress will have taken a difficult but necessary action in the face of a serious threat to the Nation's economy and prosperity. The Administration believes that this legislation should be passed as quickly as possible to enable its prompt signature into law. A strong bipartisan showing in support of the legislation will send an important, helpful signal to markets here and abroad that the Federal government will take the actions necessary to get our financial system back on track. Swift enactment will enable the Nation's economy to mitigate a substantial near-term risk, to smooth and accelerate its recovery from a financial market shock, and to once again demonstrate its resilience and underlying strength.

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